Lockheed Martin Announces Second Quarter 2009 Results

- Second quarter net sales of \$11.2 billion; Year-to-date net sales of \$21.6 billion - Second quarter earnings per share of \$1.88; Year-to-date earnings per share of \$3.55 - Second quarter net earnings of \$734 million; Year-to-date net earnings of \$1.4 billion - Generated \$1.1 billion in cash from operations for the quarter; \$2.4 billion year-to-date - Reaffirms outlook for 2009 net sales, earnings per share, cash from operations, and return on invested capital (ROIC)

PRNewswire-FirstCall BETHESDA, Md.

Lockheed Martin Corporation today reported second quarter 2009 net earnings of \$734 million (\$1.88 per diluted share), compared to \$882 million (\$2.15 per diluted share) in 2008. Net earnings in 2009 included higher pension expense as previously disclosed in our January 22, 2009 earnings release and in our 2008 Form 10-K. In the second quarter of 2009, the FAS/CAS pension adjustment was (\$115) million, which decreased net earnings by \$75 million (\$0.19 per share). The second quarter of 2008 included a FAS/CAS pension adjustment of \$32 million and an unusual gain of \$85 million, which together increased net earnings by \$77 million (\$0.19 per share).

Net sales for the second quarter of 2009 were \$11.2 billion, compared to \$11.0 billion in 2008. Cash from operations for the second quarter of 2009 was \$1.1 billion, compared to \$1.5 billion in 2008.

"Our second quarter results reflect recent changes in program priorities undertaken by our U.S. Government customers as well as performance challenges in our IS&GS business segment," said Bob Stevens, Chairman, President and CEO. "While the operational strength demonstrated in Aeronautics, Electronic Systems, and Space Systems was not matched by IS&GS, we remain committed to setting and achieving high standards of operational excellence. We are applying additional resources to improve execution in this important business area. Despite these challenges, we remain committed to delivering innovative solutions for our customers as a global security company and driving shareholder value for our investors."

Summary Reported Results and Outlook

The following table presents the Corporation's results for the periods referenced in accordance with generally accepted accounting principles (GAAP):

REPORTED RESUL	.TS		2nd Quarter		Year-to-Date	
(In millions, except p share data)	er 2009 	2008	2009	2008		
Net sales	\$11,236 ====================================	\$11,039 =====		09 \$21, == ====		
Operating profit						
Segment operating Unallocated corpor FAS/CAS pensior Stock compensati Unusual items Other, net	ate, net: n adjustment on expense	(115) (42) 85 (29)	32 (40) 1 (35) ((229) (72) 01 (14)	64	
Interest expense	76	92	152	179		
Other non-operating (expense), net(1)		34	44	27		
Earnings before inco	ome taxes	1,054	1,305	2,032	2,389	
Income taxes	320	423 	632	777		

Net earnings	\$734	\$882	\$1,400	0 \$1,6	12
==	== =	=			
Diluted earnings per sha	re \$	1.88 \$ =====	\$2.15 =====	\$3.55 =====	\$3.90
Cash from operations(2)	\$1	,136 \$	61,488	\$2,354	\$2,368

- (1) Includes interest income and unrealized gains (losses), net on marketable securities held in a Rabbi Trust to fund certain employee benefit obligations.
- (2) In the fourth quarter of 2008, the Corporation reclassified the effect of exchange rate changes on cash from "Cash from operations" to a separate caption in the Statement of Cash Flows. Accordingly, the prior period amount now reflects this presentation.

The following table and other sections of this press release contain forward-looking statements, which are based on the Corporation's current expectations. Actual results may differ materially from those projected. See the "Forward-Looking Statements" discussion contained in this press release.

2009 FINANCIAL OUTLOOK(1)	2009 Projections
(In millions, except per share data and percentages)	April 2009 Current Update
' '	00 - \$45,700 \$44,700 - \$45,700 ===================================
Operating profit:	
Segment operating profit Unallocated corporate expense FAS/CAS pension adjustment Unusual items, net Stock compensation expense Other, net	(460) (460)
Interest expense Other non-operating (expense) / income, net Earnings before income taxes	(305) (305) (5) 45 \$4,165 - \$4,265 \$4,095 - \$4,195
	\$7.15 - \$7.35
ROIC(2) >/=	= 18.5%

- (1) All amounts approximate
- (2) See discussion of non-GAAP performance measures at the end of this document

The Corporation's updated outlook for 2009 diluted earnings per share incorporates the following revisions:

- a reduction in projected segment operating profit in our Information Systems & Global Services business segment, which partially was offset by increases in both the Aeronautics and the Space Systems business segments:
- an increase in Other unallocated corporate expense, net and Other non-operating income, net as a result of improved market performance during the second quarter on Rabbi Trust assets and non-qualified deferred compensation liabilities;
- -- a reduction in the projected full-year effective tax rate; and
- the benefit from a reduction in projected weighted average shares outstanding.

It is the Corporation's practice not to incorporate adjustments to its outlook for proposed acquisitions, divestitures, joint ventures, or other unusual activities until such transactions have been consummated.

Balanced Cash Deployment Strategy

The Corporation continued to execute its balanced cash deployment strategy during the second guarter by:

- repurchasing 5.6 million shares at a cost of \$453 million in the quarter and 13.7 million shares at a cost of \$1.0 billion for the year-to-date period;
- paying cash dividends totaling \$222 million in the quarter and \$449 million for the year-to-date period;
- -- investing \$31 million in the quarter and \$187 million during the first half of the year for acquisition and investment activities; and
- -- making capital expenditures of \$167 million during the quarter and \$299 million during the first six months of the year.

Segment Results

The Corporation operates in four principal business segments: Electronic Systems; Information Systems & Global Services (IS&GS), Aeronautics; and Space Systems.

The following table presents the operating results of the four business segments and reconciles these amounts to the Corporation's consolidated financial results.

(In millions)	2nd Quarter	Year-to-Date
	2009 2008	2009 2008
Net sales		
Information Systems Services	& Global 3,018 2,85 3,086 2,8	\$3,095 \$5,989 \$5,884 58 5,779 5,362 884 5,867 5,691 2,202 3,974 4,085
Total net sales		11,039 \$21,609 \$21,022 ======
Operating profit		
Information Systems	& Global 248 272 399 30	\$409 \$796 \$775 2 490 502 66 754 689 268 436 499
Segment operating Unallocated corporati (expense), net	e income	1,315 2,476 2,465 48 (336) 76
		\$1,363 \$2,140 \$2,541 == ======

In our discussion of comparative results, changes in net sales and operating profit generally are expressed in terms of volume and/or performance. Volume refers to increases (or decreases) in sales resulting from varying production activity levels, deliveries, or service levels on individual contracts. Volume changes typically include a corresponding change in operating profit based on the estimated profit rate at completion for a particular contract for design, development, and production activities. Performance generally refers to changes in contract profit booking rates. These changes to our contracts for products usually relate to profit recognition associated with revisions to total estimated costs at completion of the contracts that reflect improved (or deteriorated) operating or award fee performance on a particular contract. Changes in contract profit booking rates on contracts for products are recognized by recording adjustments in the current period for the inception-to-date effect of the changes on current and prior periods. Recognition of the inception-to-date adjustment in the current or prior periods may affect the comparison of segment operating results.

```
($ millions) 2nd Quarter Year-to-Date

2009 2008 2009 2008

Net sales $3,076 $3,095 $5,989 $5,884

Operating profit $406 $409 $796 $775

Operating margin 13.2% 13.2% 13.3% 13.2%
```

Net sales for Electronic Systems decreased by 1% for the quarter and increased by 2% for the first six months of 2009 from the comparable 2008 periods. During the quarter, the decrease mainly was due to lower volume on air defense programs at Missiles & Fire Control (M&FC). This decrease partially was offset by growth in simulation and training activities at Platforms & Training (P&T) and in radar programs and surface naval warfare activities at Maritime Systems & Sensors (MS2).

During the first six months of the year, the increase mainly was due to higher volume on tactical missile programs and fire control systems at M&FC and in simulation and training activities at P&T. The increase in simulation and training also included sales from the first quarter 2009 acquisition of Universal Systems and Technology, Inc. These increases partially were offset by declines in integrated defense technology programs at MS2.

Operating profit for Electronic Systems decreased by 1% for the quarter and increased by 3% for the first six months of 2009 from the comparable 2008 periods. During the quarter, the decrease in operating profit mainly was due to lower volume on air defense programs at M&FC and the absence of favorable 2008 performance adjustments on integrated defense technology programs at MS2 in 2009. These decreases partially were offset by higher volume and improved performance in platform integration activities at P&T.

During the first six months of the year, the increase in operating profit primarily was attributable to improved performance on platform integration activities and the benefit recognized in the first quarter of 2009 from favorably resolving a simulation and training contract matter at P&T. These increases partially were offset by declines in volume on integrated defense technology programs at MS2.

Net sales for IS&GS increased by 6% for the quarter and 8% for the first six months of 2009 from the comparable 2008 periods. In both periods, increases in Defense and Civil partially were offset by declines in Intelligence. Defense sales increased due to higher volume on mission and combat systems activities and readiness and stability operations. Civil increased mainly due to higher volume on enterprise civilian services. Intelligence sales declined slightly between periods.

Operating profit for IS&GS decreased by 9% for the quarter and 2% for the first six months of 2009 from the comparable 2008 periods. During the second quarter, operating profit declines in Civil and Intelligence more than offset growth in Defense. The decrease in Civil primarily was attributable to the absence of a favorable 2008 performance adjustment on an enterprise civilian services program. The decrease in Intelligence was mainly due to lower volume and performance on security solutions activities. The increase in Defense mainly was due to volume and improved performance in mission and combat systems and readiness and stability operations.

During the first six months of the year, operating profit declines in Civil and Intelligence more than offset growth in Defense. The decrease in Civil primarily was attributable to the absence in 2009 of a benefit recognized in the first quarter of 2008 for a contract restructuring and the second quarter 2008 performance adjustment discussed above, both of which occurred on an enterprise civilian services program. The decrease in Intelligence was mainly due to lower volume and performance on enterprise integration activities. The increase in Defense mainly was due to volume and improved performance in mission and combat systems and readiness and stability operations.

The prior period amounts for IS&GS have been reclassified to conform to its current lines of business (Civil, Defense and Intelligence). The realignment had no impact on the segment's operating results.

Aeronautics (\$ millions)		d Quarter	Yea	ar-to-Date
	2009	2008	2009	2008

 Net sales
 \$3,086
 \$2,884
 \$5,867
 \$5,691

 Operating profit
 \$399
 \$366
 \$754
 \$689

 Operating margin
 12.9%
 12.7%
 12.9%
 12.1%

Net sales for Aeronautics increased by 7% for the quarter and 3% for the first six months of 2009 from the comparable 2008 periods. During the quarter, the increase in Combat Aircraft sales partially was offset by declines in Air Mobility and Other Aeronautics Programs. The increase in Combat Aircraft mainly was due to higher volume on F-35 and F-16 programs. The decrease in Air Mobility mainly was attributable to lower volume on C-130J support and C-5 programs. The decrease in Other Aeronautics Programs principally was due to lower volume on sustainment activities, which partially was offset by growth on advanced development programs.

During the first six months of the year, sales increased in all three lines of business. The increase in Combat Aircraft mainly was due to higher volume on F-35 and F-16 programs, which more than offset lower volume on the F-22 program. The increase in Other Aeronautics Programs principally was due to growth on advanced development programs, which more than offset the lower volume on sustainment activities. Air Mobility sales increased slightly between periods.

Operating profit for Aeronautics increased by 9% for both the quarter and first six months of 2009 from the comparable 2008 periods. In both periods, the growth in operating profit primarily was due to increases in Combat Aircraft and Air Mobility. The increase in Combat Aircraft operating profit primarily was due to higher volume and improved performance on the F-35 program and improved performance on the F-22 program. These increases more than offset declines in operating profit on F-16 programs mainly due to the absence of favorable 2008 performance adjustments in 2009. The increase in Air Mobility was mainly attributable to improved performance on C-130 support activities and C-5 programs.

Net sales for Space Systems decreased by 7% for the quarter and 3% for the first six months of 2009 from the comparable 2008 periods. During the quarter, declines in sales at Space Transportation and Satellites more than offset growth in Strategic & Defensive Missile Systems (S&DMS). The decrease in Space Transportation primarily was due to lower volume in commercial launch vehicle activities and on the Orion program in 2009. There were no commercial launches during the first six months of 2009. During the first six months of 2008, there was one commercial launch which occurred during the second quarter of the year. The sales decline in Satellites was due to lower volume in commercial satellite activities, which more than offset higher volume in government satellite activities. There were no commercial satellite deliveries during the first six months of 2009. In 2008, there was one commercial satellite delivery during the second quarter and two during the first six months of the year. S&DMS sales increased mainly due to higher volume on strategic missile programs.

During the first six months of the year, declines in sales at Space Transportation and S&DMS more than offset growth in Satellites. The decrease in Space Transportation primarily was due to lower volume in commercial launch vehicle activities and on the Orion program in 2009. S&DMS sales decreased mainly due to lower volume on defensive missile programs, which more than offset growth in strategic missile programs. The sales growth in Satellites was due to higher volume in government satellite activities, which partially was offset by lower volume in commercial satellite activities.

Operating profit for Space Systems decreased by 16% for the quarter and 13% for the first six months of 2009 from the comparable 2008 periods. During the quarter, Satellites operating profit decreased primarily due to the decline in commercial deliveries, which more than offset increases associated with the higher volume on government satellite activities. In Space Transportation the decrease mainly was attributable to volume on the Orion program and volume and performance on the space shuttle's external tank program. The decrease in S&DMS primarily was attributable to lower volume on defensive missile programs.

During the first six months of the year, Space Transportation's operating profit decrease mainly was attributable to lower equity earnings on the United Launch Alliance joint venture and the absence in 2009 of a benefit recognized in 2008 from the successful negotiations of a terminated commercial launch vehicle contract. The decrease in S&DMS' operating profit primarily was attributable to lower volume on defensive missile programs. In Satellites, the operating profit increase mainly was due to higher volume and improved performance on government satellite activities, which was partially offset by lower volume in commercial satellite activities.

Unallocated Corpor (\$ millions)	ate Income (2nd Qu	` '	, -	-to-Date	
	2009 2	2008	2009	2008	
FAS/CAS pension a Stock compensation Unusual items Other, net	•	\$(115) (42) 85 (29)) \$32 (40) (35)	2 \$(229 (72) 101 (14)) \$64 (75)
Unallocated corpora income (expense),		(194) ===	\$48 =====	\$(336) ===	\$76

Consistent with the manner in which the Corporation's business segment operating performance is evaluated by senior management, certain items are excluded from the business segment results and included in "Unallocated corporate income (expense), net." See the Corporation's 2008 Form 10-K for a description of "Unallocated corporate income (expense), net," including the FAS/CAS pension adjustment.

The FAS/CAS pension adjustment (calculated as the difference between FAS 87 expense and the CAS cost amounts) resulted in an expense in 2009 compared to income in 2008 due to the negative actual return on plan assets in 2008 and a lower discount rate at December 31, 2008. This trend is consistent with the Corporation's previously disclosed assumptions used to compute these amounts.

For purposes of segment reporting, unusual items are included in "Unallocated corporate income (expense), net":

2009 -

-- There were no unusual items during the first six months of the year.

2008 -

- Second quarter earnings, net of state income taxes, of \$85 million associated with reserves related to various land sales that are no longer required. Reserves were recorded at the time of each land sale based on the U.S. Government's assertion of its right to share in the sale proceeds. This matter was favorably settled with the U.S. Government in the second quarter. This item increased net earnings by \$56 million (\$0.14 per share) during the second quarter of 2008; and
- -- A first quarter gain, net of state income taxes, of \$16 million representing the recognition of a portion of the deferred net gain from the 2006 sale of the Corporation's ownership interest in Lockheed Khrunichev Energia International, Inc. (LKEI) and International Launch Services, Inc. (ILS). At the time of the sale, the Corporation deferred recognition of the gain pending the expiration of its responsibility to refund advances for future launch services. This item increased net earnings by \$10 million (\$0.02 per share) during the first quarter of 2008.

These items increased 2008 net earnings by \$66 million (\$0.16 per share) during the first six months of 2008.

Income Taxes

Our effective income tax rates were 30.4% and 31.1% for the quarter and six months ended June 28, 2009 and 32.4% and 32.5% for the quarter and six months ended June 29, 2008. These rates were lower than the statutory rate of 35% for all periods due to tax benefits for U.S. manufacturing activities and dividends related to our employee stock ownership plans. The effective tax rates for the second quarter and first six months of 2009 are lower than the comparable periods in 2008, primarily due to the partial elimination of a valuation allowance previously provided against certain foreign company deferred tax assets arising from carryforwards of unused tax benefits and the extension of the research and development (R&D) credit as a result of the enactment on October 3, 2008, of the Emergency Economic Stabilization Act (EESA) of 2008. Although EESA retroactively extended the R&D credit for two years from January 1, 2008 to December 31, 2009, we did not recognize the benefit until EESA became law in the fourth quarter of 2008.

Headquartered in Bethesda, Md., Lockheed Martin is a global security company that employs about 146,000 people worldwide and is principally engaged in the research, design, development, manufacture, integration and sustainment of advanced technology systems, products and services. The Corporation reported 2008 sales of

Conference call: Lockheed Martin will webcast the earnings conference call (listen-only mode) at 11:00 a.m. E.D.T. on July 21, 2009. A live audio broadcast, including relevant charts, will be available on the Investor Relations page of the company's web site at: http://www.lockheedmartin.com/investor.

FORWARD-LOOKING STATEMENTS

Statements in this release that are "forward-looking statements" are based on Lockheed Martin's current expectations and assumptions. Forward-looking statements in this release include estimates of future sales, earnings and cash flow. These statements are not guarantees of future performance and are subject to risks and uncertainties. Actual results could differ materially due to factors such as: the availability of government funding for our products and services both domestically and internationally; changes in government and customer priorities and requirements (including changes to respond to the priorities of Congress and the Administration, budgetary constraints, and cost-cutting initiatives); the impact of economic recovery and stimulus plans and continued military operations in Iraq and Afghanistan on funding for existing defense programs; the award or termination of contracts: actual returns (or losses) on pension plan assets, interest and discount rates and other changes that may impact pension plan assumptions; changes in counter-party credit risk exposure; difficulties in developing and producing operationally advanced technology systems; the timing and customer acceptance of product deliveries; materials availability and performance by key suppliers, subcontractors and customers; charges from any future impairment reviews that may result in the recognition of losses and a reduction in the book value of goodwill or other long-term assets; the future impact of legislation, rulemaking, and changes in accounting, tax, defense procurement, or export policies; the future impact of acquisitions or divestitures, joint ventures or teaming arrangements; the outcome of legal proceedings and other contingencies (including lawsuits, government investigations or audits, and environmental remediation efforts); the competitive environment for the Corporation's products and services; and economic, business and political conditions domestically and internationally.

These are only some of the factors that may affect the forward-looking statements contained in this press release. For further information regarding risks and uncertainties associated with Lockheed Martin's business, please refer to the Corporation's SEC filings, including the "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Risk Factors," and "Legal Proceedings" sections of the Corporation's 2008 annual report on Form 10-K, which may be obtained at the Corporation's website: http://www.lockheedmartin.com/

It is the Corporation's policy to only update or reconfirm its financial projections by issuing a press release. The Corporation generally plans to provide a forward-looking outlook as part of its quarterly earnings release but reserves the right to provide an outlook at different intervals or to revise its practice in future periods. All information in this release is as of July 20, 2009. Lockheed Martin undertakes no duty to update any forward-looking statement to reflect subsequent events, actual results or changes in the Corporation's expectations. We also disclaim any duty to comment upon or correct information that may be contained in reports published by investment analysts or others.

NON-GAAP PERFORMANCE MEASURES

The Corporation believes that reporting ROIC provides investors with greater visibility into how effectively Lockheed Martin uses the capital invested in its operations. The Corporation uses ROIC to evaluate multi-year investment decisions and as a long-term performance measure, and also uses ROIC as a factor in evaluating management performance for incentive compensation purposes. ROIC is not a measure of financial performance under generally accepted accounting principles, and may not be defined and calculated by other companies in the same manner. ROIC should not be considered in isolation or as an alternative to net earnings as an indicator of performance.

The Corporation calculates ROIC as follows:

Net earnings plus after-tax interest expense divided by average invested capital (stockholders' equity plus debt), after adjusting stockholders' equity by adding back adjustments related to postretirement benefit plans.

2009 Projections (In millions, except percentages) April 2009 **Current Update** Net Earnings Combined Combined Interest Expense (multiplied by 65%)(1) Return >/= \$3,000 >/= \$3,000 Average debt (2, 5) Combined Combined Average equity (3, 5) Average Benefit Plan

Adjustments(4,5)

- (1) Represents after-tax interest expense utilizing the federal statutory rate of 35%.
- (2) Debt consists of long-term debt, including current maturities, and short-term borrowings (if any).
- (3) Equity includes non-cash adjustments, primarily for unrecognized benefit plan actuarial losses and prior service costs, the adjustment for the adoption of FAS 158 in 2006 and the additional minimum pension liability in years prior to 2007.
- (4) Average Benefit Plan Adjustments reflect the cumulative value of entries identified in our Statement of Stockholders' Equity discussed in Note 3.
- (5) Yearly averages are calculated using balances at the start of the year and at the end of each quarter.

LOCKHEED MARTIN CORPORATION

Condensed Consolidated Statement of Earnings

Unaudited

Diluted

Common shares reported in stockholders' equity at guarter end:

(In millions, except per share data and percentages)

	THREE M ENDED	ONTHS) 	SIX MC ENDED	NTHS
	June 28, June 2009 (a) 2009	008 (a) 20	009 (a) 200	
Net sales Cost of sales	10,22	5 \$11,039 4 9,848 	\$21,609 19,592	\$21,022 18,762
			017 2,26	0
Other income (e net	71	172 12 	23 281 	
Operating profit Interest expense Other non-opera income (expense	e 7	6 92	152	179
Earnings before	income 1,054			
Income tax expe	ense 	320 42	3 632	777
Net earnings		4 \$882	\$1,400	\$1,612 ====
Effective tax ra	ate 30.4	1% 32.49		32.5%
Earnings per co				
Diluted	\$1.88			
Average numbe outstanding Basic		399.3	390.2 40)2.9

(a) It is our practice to close our books and records on the Sunday prior to the end of the calendar quarter. The interim financial statements and tables of financial information included herein are labeled based on that convention.

381.7

409.5

394.2 413.2

393.9

390.9

LOCKHEED MARTIN CORPORATION Net Sales, Segment Operating Profit and Margins Unaudited

(In millions, except percentages)

THREE MONTHS ENDED

June 28, 2009 June 29, 2008 % Change

Net sales

Electronic Systems \$3,076 \$3,095 (1)%

Information Systems & Global

Services 3,018 2,858 7 Aeronautics 3,086 2,884 2,056 2,202 Space Systems (7) \$11,236 \$11,039 2% Total net sales

====== ======

Operating profit

Electronic Systems \$406 \$409 (1)%

Information Systems & Global

Services 248 272 (9)Aeronautics 399 366 9 Space Systems 224 268 (16)

Segment operating profit 1,277 1,315 (3)

Unallocated corporate

(expense) income, net (194)48

> \$1,083 \$1,363 (21)%

=====

Margins:

Electronic Systems 13.2% 13.2%

Information Systems & Global

8.2 9.5 Services 12.7 Aeronautics 12.9 Space Systems 10.9 12.2

Total operating segments 11.4% 11.9%

Total consolidated 9.6% 12.3%

SIX MONTHS ENDED

June 28, 2009 June 29, 2008 % Change

\$21,022

3%

Net sales

Electronic Systems \$5,989 \$5,884 2% Information Systems & Global

Total net sales

5,362 Services 5,779 8 Aeronautics 5.867 5,691 3 Space Systems 3,974 4,085 (3)

\$21,609

Operating profit

\$796 Electronic Systems \$775 3% Information Systems & Global Services 502 (2) 490 Aeronautics 754 689 9 Space Systems 436 499 (13)Segment operating profit 2,476 2,465 Unallocated corporate (expense) income, net (336)76

Margins:

Electronic Systems 13.3% 13.2%

Information Systems & Global

 Services
 8.5
 9.4

 Aeronautics
 12.9
 12.1

 Space Systems
 11.0
 12.2

Total operating segments 11.5% 11.7%

Total consolidated 9.9% 12.1%

В

LOCKHEED MARTIN CORPORATION

Selected Financial Data Unaudited (In millions, except per share data)

THREE MONTHS ENDED

June 28, 2009 June 29, 2008

Unallocated corporate (expense) income, net

 FAS/CAS pension adjustment
 \$(115)
 \$32

 Stock compensation expense
 (42)
 (40)

 Unusual items
 85

 Other, net
 (37)
 (29)

Unallocated corporate

(expense) income, net \$(194) \$48

THREE MONTHS ENDED

June 28, 2009 June 29, 2008

FAS/CAS pension adjustment

FAS 87 expense \$(259) \$(115) Less: CAS costs (144) (147)

FAS/CAS pension adjustment -

(expense) income \$(115) \$32

==== ===

THREE MONTHS ENDED JUNE 29, 2008(1)

\$56 \$0.14

Earnings Operating profit Net earnings per share

Unusual Items - 2008

Earnings associated with prior years' land sales

Partial recognition of the

deferred gain from the 2006 sale of LKEI and ILS

\$85 \$56 \$0.14 ===

\$85

SIX MONTHS ENDED

June 28, 2009 June 29, 2008

Unallocated corporate (expense) income, net

FAS/CAS pension adjustment \$(229) \$64 Stock compensation expense (72)(75)Unusual items 101

(35)Other, net (14)

Unallocated corporate

\$(336) (expense) income, net \$76

=====

SIX MONTHS ENDED

June 28, 2009 June 29, 2008

FAS/CAS pension adjustment

FAS 87 expense \$(518) \$(231) Less: CAS costs (289)(295)

FAS/CAS pension adjustment -

\$(229) (expense) income \$64 ===== ===

SIX MONTHS ENDED JUNE 29, 2008(1)

Earnings Operating profit Net earnings per share

Unusual Items - 2008

Earnings associated with

prior years' land sales \$85 \$56 \$0.14 Partial recognition of the

deferred gain from the 2006

sale of LKEI and ILS 16 0.02 10

> \$101 \$66 \$0.16

С

LOCKHEED MARTIN CORPORATION Selected Financial Data Unaudited (In millions)

> THREE MONTHS SIX MONTHS ENDED ENDED -----

June 28, June 29, June 28, June 29, 2009 2008 2009 2008 -----

Depreciation and amortization of plant and equipment

Electronic Systems Information Systems & Glob	\$59 pal	\$6	6 \$1	17 \$	120
Services	18	17	32	33	
Aeronautics	47	43	94	85	
Space Systems	42	37	85	73	
Segments	166	163	328	311	
Unallocated corporate expen	se, net	15	12	28	24
					
Total depreciation and amortization					
of plant and equipment	\$1	81 \$	175	\$356	\$335
===:	===	== =	===	====	

THREE MONTHS SIX MONTHS ENDED ENDED -----

June 28, June 29, June 28, June 29, 2009 2008 2009 2008

Amortization of purchased intangibles

Electronic Systems Information Systems & Globa	\$3 al	\$1	\$5	\$6	
Services	10	10	21 2	23	
Aeronautics	13	13	25	26	
Space Systems	1		3	2	
Segments	27	24	54	57	
Unallocated corporate expens	e, net		3		6
Total amortization of purch intangibles	nased 327	\$27	\$54	\$63	

D

LOCKHEED MARTIN CORPORATION Condensed Consolidated Balance Sheet Unaudited (In millions)

	2009 2008
Assets	
Cash and cash equivalents Receivables Inventories Deferred income taxes Other current assets	\$2,672 \$2,168 6,131 5,296 1,852 1,902 785 755 473 562
Total current assets	 11,913 10,683
Property, plant and equipment, Goodwill Purchased intangibles, net Prepaid pension asset Deferred income taxes Other assets	net 4,441 4,488 9,725 9,526 339 355 130 122 4,542 4,651 3,698 3,614 \$34,788 \$33,439
= Liabilities and Stockholders' Equ	====== uity
Accounts payable Customer advances and amount costs incurred Other current liabilities Current maturities of long-term of	\$2,162 \$2,030 ts in excess of 4,795 4,535 4,088 3,735
Total current liabilities	11,287 10,542
Long-term debt, net Accrued pension liabilities Other postretirement benefit and noncurrent liabilities Stockholders' equity	3,563 3,563 12,530 12,004 d other 4,588 4,465 2,820 2,865
Total liabilities and stockholde	rs' equity \$34,788 \$33,439
Total debt-to-capitalization ratio	57% 57% == ==
	Е
LOCKHEED MARTIN CORPOR Condensed Consolidated States Unaudited (In millions)	-
	SIX MONTHS ENDED
	e 28, 2009 June 29, 2008
Operating Activities	
Net earnings Adjustments to reconcile net ea net cash provided by operating Depreciation and amortization equipment Amortization of purchased inta	activities: of plant and 356 335 ngibles 54 63
Stock-based compensation Excess tax benefits on stock of Changes in operating assets a Receivables Inventories Accounts payable	72 75 ompensation (13) (43)

Accounts payable 118
Customer advances and amounts in excess of

costs incurred

(176)

(3)

219

Other	859 	676	
Net cash provided by (a)	operating activities 2,354	2,368	
Investing Activities			
Expenditures for prop equipment Net proceeds from sh transactions Acquisitions of busine affiliates Other	(299 nort-term investment	237	
Net cash used for inve	esting activities	(500)	85)
Financing Activities			
Repurchases of common lssuances of common amounts Excess tax benefits o Common stock divide Issuance of long-term Repayments of long-term	n stock and related 23 n stock compensation ends n debt and related cos	(449) (34	43 40) 491
Net cash used for fina		(1,382) (1	,722)
Effect of exchange ra cash equivalents (a) Net increase in cash a Cash and cash equiva period	and cash equivalents alents at beginning of	32 5 504	566
Cash and cash equiva	alents at end of period		\$3,214
separate caption in	er of 2008, the Corpor hanges on cash from the Statement of Cas t now reflects this pre	"Cash from oper sh Flows. Accord	ations" to a
		F	
LOCKHEED MARTIN Condensed Consolida Unaudited (In millions, except pe	ated Statement of Sto er share data) Accumulated		,
	Paid-In Retained Co pital Earnings Lo		tockholders'
Balance at December 31, 2008 \$393	\$- \$11,621 \$	(9,149) \$2,8	65
Net earnings	1,400	1,400	
Common stock dividends declared (a)	(670)	(670)	

Stock-based

awards and ESOP activity	3 190	193
Common stock repurchases (b) (14)	(190) (804)	(1,008)
Other comprehensive income	40	40
Balance at June 28, 2009	\$382 \$- \$11,547	\$(9,109) \$2,820

- (a) Includes dividends (\$0.57 per share) declared and paid in the first and second quarters. This amount also includes a dividend (\$0.57 per share) that was declared on June 25, 2009 and is payable on September 25, 2009 to shareholders of record on September 1, 2009.
- (b) The Corporation repurchased 5.6 million shares for \$453 million during the second quarter. Year-to-date, the Corporation has repurchased 13.7 million common shares for \$1.0 billion. The Corporation has 20.0 million shares remaining under its share repurchase program as of June 28, 2009.

G

LOCKHEED MARTIN CORPORATION Operating Data Unaudited

June 28, December 31, 2009 2008 Backlog (In millions) Electronic Systems \$21,000(1) \$22,500 Information Systems & Global Services 11,900(2) 13,300 Aeronautics 27,900 27,200 18,400 Space Systems 17,900 Total \$79,200 \$80,900 ======

- Reflects the termination for convenience of the VH-71 program, a \$985 million reduction of backlog.
- (2) Reflects the termination for convenience of the TSAT Mission Operations System (TMOS) program, a \$1,600 million reduction of backlog.

	THREE MONTHS ENDED			SIX MONTHS ENDED		
Aircraft Deliveries	June 28, 2009	June	29, 2008	June 28, 2	2009 June 2	9, 2008
F-16	8	7	16	16		
F-22	5	6	10	10		
C-130J	3	3	6	6		

First Call Analyst: Randa Middleton

FCMN Contact:

SOURCE: Lockheed Martin Corporation

Web Site: http://www.lockheedmartin.com/

https://news.lockheedmartin.com/2009-07-21-Lockheed-Martin-Announces-Second-Quarter-2009-Results