

LOCKHEED MARTIN CORPORATION
Consolidated Statement of Earnings
Preliminary and Unaudited
(In millions, except per share data and percentages)

	<u>THREE MONTHS ENDED JUNE 30,</u>		<u>SIX MONTHS ENDED JUNE 30,</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Net Sales	\$ 9,295	\$ 8,776	\$ 17,783	\$ 17,123
Cost of Sales	<u>8,637</u>	<u>8,243</u>	<u>16,583</u>	<u>16,122</u>
	658	533	1,200	1,001
Other Income and (Expenses), net	<u>106</u>	<u>11</u>	<u>194</u>	<u>79</u>
Operating Profit	764	544	1,394	1,080
Interest Expense	<u>94</u>	<u>106</u>	<u>184</u>	<u>214</u>
Earnings before Income Taxes	670	438	1,210	866
Income Tax Expense	<u>209</u>	<u>142</u>	<u>380</u>	<u>279</u>
Net Earnings	<u>\$ 461</u>	<u>\$ 296</u>	<u>\$ 830</u>	<u>\$ 587</u>
Effective Tax Rate	<u>31.2%</u>	<u>32.4%</u>	<u>31.4%</u>	<u>32.2%</u>
Earnings per Common Share:				
Basic	\$ 1.03	\$ 0.67	\$ 1.87	\$ 1.32
Diluted	\$ 1.02	\$ 0.66	\$ 1.85	\$ 1.31
Average Number of Shares Outstanding:				
Basic	445.3	443.9	443.3	444.1
Diluted	451.3	447.0	448.9	447.2

LOCKHEED MARTIN CORPORATION
Net Sales, Operating Profit and Margins
Preliminary and Unaudited
(In millions, except percentages)

	<u>THREE MONTHS ENDED JUNE 30,</u>			<u>SIX MONTHS ENDED JUNE 30,</u>		
	<u>2005</u>	<u>2004</u>	<u>% Change</u>	<u>2005</u>	<u>2004</u>	<u>% Change</u>
<u>Net sales:</u>						
Systems & IT Group:						
Electronic Systems	\$ 2,740	\$ 2,206		\$ 4,997	\$ 4,340	
Integrated Systems & Solutions	1,052	964		2,010	1,871	
Information & Technology Services	998	918		1,843	1,770	
Systems & IT Group	<u>4,790</u>	<u>4,088</u>	17%	<u>8,850</u>	<u>7,981</u>	11%
Aeronautics	2,879	3,141	(8%)	5,645	6,016	(6%)
Space Systems	1,626	1,547	5%	3,288	3,126	5%
Total net sales	<u>\$ 9,295</u>	<u>\$ 8,776</u>	6%	<u>\$ 17,783</u>	<u>\$ 17,123</u>	4%
<u>Operating profit:</u>						
Systems & IT Group:						
Electronic Systems	\$ 295	\$ 220		\$ 527	\$ 422	
Integrated Systems & Solutions	93	81		177	161	
Information & Technology Services	86	71		157	131	
Systems & IT Group	<u>474</u>	<u>372</u>	27%	<u>861</u>	<u>714</u>	21%
Aeronautics	245	239	3%	467	445	5%
Space Systems	146	129	13%	299	249	20%
Segment operating profit	<u>865</u>	<u>740</u>	17%	<u>1,627</u>	<u>1,408</u>	16%
Unallocated corporate expense, net ¹	<u>(101)</u>	<u>(196)</u>		<u>(233)</u>	<u>(328)</u>	
Total operating profit	<u>\$ 764</u>	<u>\$ 544</u>	40%	<u>\$ 1,394</u>	<u>\$ 1,080</u>	29%
<u>Segment margins:</u>						
Systems & IT Group:						
Electronic Systems	10.8%	10.0%		10.5%	9.7%	
Integrated Systems & Solutions	8.8%	8.4%		8.8%	8.6%	
Information & Technology Services	8.6%	7.7%		8.5%	7.4%	
Systems & IT Group	<u>9.9%</u>	<u>9.1%</u>		<u>9.7%</u>	<u>8.9%</u>	
Aeronautics	8.5%	7.6%		8.3%	7.4%	
Space Systems	9.0%	8.3%		9.1%	8.0%	
Total Segments	<u>9.3%</u>	<u>8.4%</u>		<u>9.1%</u>	<u>8.2%</u>	

¹ "Unallocated corporate expense, net" includes the FAS/CAS pension adjustment, earnings and losses from equity investments, interest income, costs for stock-based compensation programs, unusual items not considered in the evaluation of segment operating performance, corporate costs not allocated to the operating segments and miscellaneous corporate activities.

LOCKHEED MARTIN CORPORATION
Selected Financial Data
Preliminary and Unaudited
(In millions)

	<u>THREE MONTHS ENDED JUNE 30,</u>		<u>SIX MONTHS ENDED JUNE 30,</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<u>Summary of unallocated corporate expense, net</u>				
FAS/CAS pension adjustment	\$ (156)	\$ (148)	\$ (311)	\$ (298)
Items not considered in segment operating performance	41	-	58	-
Other, net	14	(48)	20	(30)
Unallocated corporate expense, net	\$ (101)	\$ (196)	\$ (233)	\$ (328)

	<u>THREE MONTHS ENDED JUNE 30,</u>		<u>SIX MONTHS ENDED JUNE 30,</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<u>FAS/CAS pension adjustment</u>				
FAS 87 expense	\$ (280)	\$ (220)	\$ (559)	\$ (443)
Less: CAS costs	(124)	(72)	(248)	(145)
FAS/CAS pension adjustment - expense	\$ (156)	\$ (148)	\$ (311)	\$ (298)

	<u>THREE MONTHS ENDED JUNE 30, 2005</u>			<u>SIX MONTHS ENDED JUNE 30, 2005</u>		
	<u>Operating profit (loss)</u>	<u>Net earnings (loss)</u>	<u>Earnings (loss) per share</u>	<u>Operating profit (loss)</u>	<u>Net earnings (loss)</u>	<u>Earnings (loss) per share</u>
<u>Discrete Items</u>						
Gain on Intelsat sale	\$ -	\$ -	\$ -	\$ 47	\$ 31	\$ 0.07
LMI impairment	-	-	-	(30)	(19)	(0.04)
Inmarsat gain	41	27	0.06	41	27	0.06
	\$ 41	\$ 27	\$ 0.06	\$ 58	\$ 39	\$ 0.09

LOCKHEED MARTIN CORPORATION
Selected Financial Data
Preliminary and Unaudited
(In millions)

	<u>THREE MONTHS ENDED JUNE 30,</u>		<u>SIX MONTHS ENDED JUNE 30,</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<u>Depreciation and amortization of property, plant and equipment</u>				
Systems & IT Group:				
Electronic Systems	\$ 43	\$ 41	\$ 84	\$ 80
Integrated Systems & Solutions	12	9	20	16
Information & Technology Services	4	12	7	25
Systems & IT Group	<u>59</u>	<u>62</u>	<u>111</u>	<u>121</u>
Aeronautics	31	23	60	46
Space Systems	<u>32</u>	<u>25</u>	<u>63</u>	<u>58</u>
Segments	122	110	234	225
Unallocated corporate expense, net	<u>10</u>	<u>9</u>	<u>24</u>	<u>20</u>
Total depreciation and amortization	\$ 132	\$ 119	\$ 258	\$ 245

	<u>THREE MONTHS ENDED JUNE 30,</u>		<u>SIX MONTHS ENDED JUNE 30,</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<u>Amortization of purchased intangibles</u>				
Systems & IT Group:				
Electronic Systems	\$ 12	\$ 11	\$ 24	\$ 23
Integrated Systems & Solutions	3	4	7	7
Information & Technology Services	5	3	9	7
Systems & IT Group	<u>20</u>	<u>18</u>	<u>40</u>	<u>37</u>
Aeronautics	13	13	25	25
Space Systems	<u>2</u>	<u>2</u>	<u>4</u>	<u>4</u>
Segments	35	33	69	66
Unallocated corporate expense, net	<u>3</u>	<u>2</u>	<u>6</u>	<u>5</u>
Total amortization of purchased intangibles	\$ 38	\$ 35	\$ 75	\$ 71

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

	<u>JUNE 30,</u> 2005	<u>DECEMBER 31,</u> 2004
<u>Assets</u>		
Cash and cash equivalents	\$ 3,062	\$ 1,060
Short-term investments	414	396
Accounts receivable	4,287	4,094
Inventories	1,755	1,864
Other current assets	<u>1,658</u>	<u>1,539</u>
Total current assets	11,176	8,953
Property, plant and equipment, net	3,552	3,599
Investments in equity securities	312	812
Goodwill	8,299	7,892
Purchased intangibles, net	633	672
Prepaid pension asset	1,052	1,030
Other noncurrent assets	<u>2,369</u>	<u>2,596</u>
Total assets	<u>\$ 27,393</u>	<u>\$ 25,554</u>
<u>Liabilities and Stockholders' Equity</u>		
Accounts payable	\$ 1,933	\$ 1,726
Customer advances and amounts in excess of costs incurred	4,572	4,028
Other accrued expenses	3,036	2,797
Current maturities of long-term debt	<u>208</u>	<u>15</u>
Total current liabilities	9,749	8,566
Long-term debt	4,874	5,104
Accrued pension liabilities	1,717	1,660
Post-retirement and other noncurrent liabilities	3,167	3,203
Stockholders' equity	<u>7,886</u>	<u>7,021</u>
Total liabilities and stockholders' equity	<u>\$ 27,393</u>	<u>\$ 25,554</u>

LOCKHEED MARTIN CORPORATION
Consolidated Condensed Statement of Cash Flows
Preliminary and Unaudited
(In millions)

	<u>SIX MONTHS ENDED JUNE 30,</u>	
	<u>2005</u>	<u>2004</u>
<u>Operating Activities</u>		
Net earnings	\$ 830	\$ 587
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization of property, plant and equipment	258	245
Amortization of purchased intangibles	75	71
Changes in operating assets and liabilities		
Receivables	(124)	365
Inventories	107	434
Accounts payable	194	85
Customer advances and amounts in excess of costs incurred	544	(494)
Other	361	503
Net cash provided by operating activities	<u>2,245</u>	<u>1,796</u>
<u>Investing Activities</u>		
Expenditures for property, plant and equipment	(208)	(260)
(Purchase) sale of short-term investments, net	(18)	240
Acquisitions of businesses / investments in affiliated companies	(413)	-
Divestitures and other activities	803	15
Other	3	17
Net cash provided by investing activities	<u>167</u>	<u>12</u>
<u>Financing Activities</u>		
Repayments related to long-term debt	(39)	(137)
Common stock activity, net	(149)	(242)
Common stock dividends	(222)	(196)
Net cash used for financing activities	<u>(410)</u>	<u>(575)</u>
Net increase in cash and cash equivalents	2,002	1,233
Cash and cash equivalents at beginning of period	<u>1,060</u>	<u>1,010</u>
Cash and cash equivalents at end of period	<u>\$ 3,062</u>	<u>\$ 2,243</u>

LOCKHEED MARTIN CORPORATION
Consolidated Statement of Stockholders' Equity
Preliminary and Unaudited
(In millions)

	Common Stock	Additional Paid-In Capital	Retained Earnings	Unearned Compensation	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance at January 1, 2005	\$ 438	\$ 2,223	\$ 5,915	\$ (23)	\$ (1,532)	\$ 7,021
Net earnings			830			830
Common stock dividends			(222)			(222)
Common stock activity, net	3	104		5		112
Other comprehensive income					145	145
Balance at June 30, 2005	<u>\$ 441</u>	<u>\$ 2,327</u>	<u>\$ 6,523</u>	<u>\$ (18)</u>	<u>\$ (1,387)</u>	<u>\$ 7,886</u>

LOCKHEED MARTIN CORPORATION

Operating Data

Preliminary and Unaudited

(In millions)

	JUNE 30, 2005	DECEMBER 31, 2004
<u>Backlog</u>		
Systems & IT Group:		
Electronic Systems	\$ 20,982	\$ 18,239
Integrated Systems & Solutions	4,426	4,586
Information & Technology Services	4,704	4,560
Systems & IT Group	30,112	27,385
Aeronautics	26,796	30,489
Space Systems	16,302	16,112
Total	\$ 73,210	\$ 73,986