

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

| | <u>THREE MONTHS ENDED SEPTEMBER 30,</u> | | <u>NINE MONTHS ENDED SEPTEMBER 30,</u> | |
|---------------------------------------|---|---------------|--|---------------|
| | <u>2005</u> | <u>2004</u> | <u>2005</u> | <u>2004</u> |
| Net sales | \$ 9,201 | \$ 8,438 | \$ 26,984 | \$ 25,561 |
| Cost of sales | <u>8,585</u> | <u>7,921</u> | <u>25,168</u> | <u>24,043</u> |
| | 616 | 517 | 1,816 | 1,518 |
| Other income and expenses, net | <u>90</u> | <u>44</u> | <u>284</u> | <u>123</u> |
| Operating profit | 706 | 561 | 2,100 | 1,641 |
| Interest expense | <u>93</u> | <u>109</u> | <u>277</u> | <u>323</u> |
| Earnings before income taxes | 613 | 452 | 1,823 | 1,318 |
| Income tax expense | <u>186</u> | <u>145</u> | <u>566</u> | <u>424</u> |
| Net earnings | <u>\$ 427</u> | <u>\$ 307</u> | <u>\$ 1,257</u> | <u>\$ 894</u> |
| Effective tax rate | <u>30.3%</u> | <u>32.1%</u> | <u>31.0%</u> | <u>32.2%</u> |
| Earnings per common share: | | | | |
| Basic | \$ 0.97 | \$ 0.69 | \$ 2.84 | \$ 2.02 |
| Diluted | \$ 0.96 | \$ 0.69 | \$ 2.81 | \$ 2.00 |
| Average number of shares outstanding: | | | | |
| Basic | 440.5 | 441.4 | 442.3 | 443.2 |
| Diluted | 445.8 | 445.9 | 447.9 | 446.8 |
| Common shares outstanding: | | | 433.6 | 443.0 |

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

| | <u>THREE MONTHS ENDED SEPTEMBER 30,</u> | | | <u>NINE MONTHS ENDED SEPTEMBER 30,</u> | | |
|---|---|-----------------|-----------------|--|------------------|-----------------|
| | <u>2005</u> | <u>2004</u> | <u>% Change</u> | <u>2005</u> | <u>2004</u> | <u>% Change</u> |
| Net sales: | | | | | | |
| Systems & IT Group: | | | | | | |
| Electronic Systems | \$ 2,493 | \$ 2,279 | | \$ 7,490 | \$ 6,619 | |
| Integrated Systems & Solutions | 1,051 | 966 | | 3,061 | 2,837 | |
| Information & Technology Services | 989 | 991 | | 2,832 | 2,761 | |
| Systems & IT Group | <u>4,533</u> | <u>4,236</u> | 7% | <u>13,383</u> | <u>12,217</u> | 10% |
| Aeronautics | 2,987 | 2,767 | 8% | 8,632 | 8,783 | (2%) |
| Space Systems | 1,681 | 1,435 | 17% | 4,969 | 4,561 | 9% |
| Total net sales | <u>\$ 9,201</u> | <u>\$ 8,438</u> | 9% | <u>\$ 26,984</u> | <u>\$ 25,561</u> | 6% |
| Operating profit: | | | | | | |
| Systems & IT Group: | | | | | | |
| Electronic Systems | \$ 264 | \$ 222 | | \$ 791 | \$ 644 | |
| Integrated Systems & Solutions | 92 | 90 | | 269 | 251 | |
| Information & Technology Services | 93 | 73 | | 250 | 204 | |
| Systems & IT Group | <u>449</u> | <u>385</u> | 17% | <u>1,310</u> | <u>1,099</u> | 19% |
| Aeronautics | 253 | 225 | 12% | 720 | 670 | 7% |
| Space Systems | 154 | 113 | 36% | 453 | 362 | 25% |
| Segment operating profit | <u>856</u> | <u>723</u> | 18% | <u>2,483</u> | <u>2,131</u> | 17% |
| Unallocated corporate expense, net ¹ | <u>(150)</u> | <u>(162)</u> | | <u>(383)</u> | <u>(490)</u> | |
| Total operating profit | <u>\$ 706</u> | <u>\$ 561</u> | 26% | <u>\$ 2,100</u> | <u>\$ 1,641</u> | 28% |
| Segment margins: | | | | | | |
| Systems & IT Group: | | | | | | |
| Electronic Systems | 10.6% | 9.7% | | 10.6% | 9.7% | |
| Integrated Systems & Solutions | 8.8% | 9.3% | | 8.8% | 8.8% | |
| Information & Technology Services | 9.4% | 7.4% | | 8.8% | 7.4% | |
| Systems & IT Group | <u>9.9%</u> | <u>9.1%</u> | | <u>9.8%</u> | <u>9.0%</u> | |
| Aeronautics | 8.5% | 8.1% | | 8.3% | 7.6% | |
| Space Systems | 9.2% | 7.9% | | 9.1% | 7.9% | |
| Total segments | <u>9.3%</u> | <u>8.6%</u> | | <u>9.2%</u> | <u>8.3%</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 SEPTEMBER 30,</u> | | <u>NINE MONTHS ENDED SEPTEMBER 30,</u> | |
|---|---|-----------------|--|-----------------|
| | <u>2005</u> | <u>2004</u> | <u>2005</u> | <u>2004</u> |
| Summary of unallocated corporate expense, net | | | | |
| FAS/CAS pension adjustment | \$ (155) | \$ (148) | \$ (466) | \$ (446) |
| Items not considered in segment operating performance | - | - | 58 | - |
| Other, net | <u>5</u> | <u>(14)</u> | <u>25</u> | <u>(44)</u> |
| Unallocated corporate expense, net | \$ (150) | \$ (162) | \$ (383) | \$ (490) |

| | <u>THREE MONTHS ENDED SEPTEMBER 30,</u> | | <u>NINE MONTHS ENDED SEPTEMBER 30,</u> | |
|---|---|-----------------|--|-----------------|
| | <u>2005</u> | <u>2004</u> | <u>2005</u> | <u>2004</u> |
| FAS/CAS pension adjustment | | | | |
| FAS 87 expense | \$ (280) | \$ (222) | \$ (839) | \$ (665) |
| Less: CAS costs | <u>(125)</u> | <u>(74)</u> | <u>(373)</u> | <u>(219)</u> |
| FAS/CAS pension adjustment - expense | \$ (155) | \$ (148) | \$ (466) | \$ (446) |

| | <u>THREE MONTHS ENDED SEPTEMBER 30, 2005</u> | | | <u>NINE MONTHS ENDED SEPTEMBER 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> |
| Unusual items | | | | | | |
| Gain on Intelsat sale | \$ - | \$ - | \$ - | \$ 47 | \$ 31 | \$ 0.07 |
| LMI impairment | - | - | - | (30) | (19) | (0.04) |
| Inmarsat gain | - | - | - | 41 | 27 | 0.06 |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 58</u> | <u>\$ 39</u> | <u>\$ 0.09</u> |

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

| | <u>THREE MONTHS ENDED SEPTEMBER 30,</u> | | <u>NINE MONTHS ENDED SEPTEMBER 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 | \$ 42 | \$ 41 | \$ 126 | \$ 121 |
| Integrated Systems & Solutions | 12 | 6 | 32 | 22 |
| Information & Technology Services | 3 | 11 | 10 | 36 |
| Systems & IT Group | <u>57</u> | <u>58</u> | <u>168</u> | <u>179</u> |
| Aeronautics | 33 | 24 | 93 | 70 |
| Space Systems | 34 | 40 | 97 | 98 |
| Segments | <u>124</u> | <u>122</u> | <u>358</u> | <u>347</u> |
| Unallocated corporate expense, net | 14 | 11 | 38 | 31 |
| Total depreciation and amortization | <u>\$ 138</u> | <u>\$ 133</u> | <u>\$ 396</u> | <u>\$ 378</u> |

| | <u>THREE MONTHS ENDED SEPTEMBER 30,</u> | | <u>NINE MONTHS ENDED SEPTEMBER 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 | \$ 12 | \$ 36 | \$ 35 |
| Integrated Systems & Solutions | 4 | 3 | 11 | 11 |
| Information & Technology Services | 5 | 4 | 14 | 11 |
| Systems & IT Group | <u>21</u> | <u>19</u> | <u>61</u> | <u>57</u> |
| Aeronautics | 12 | 12 | 37 | 38 |
| Space Systems | 2 | 2 | 6 | 6 |
| Segments | <u>35</u> | <u>33</u> | <u>104</u> | <u>101</u> |
| Unallocated corporate expense, net | 3 | 3 | 9 | 6 |
| Total amortization of purchased intangibles | <u>\$ 38</u> | <u>\$ 36</u> | <u>\$ 113</u> | <u>\$ 107</u> |

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

| | <u>SEPTEMBER 30,</u> 2005 | <u>DECEMBER 31,</u> 2004 |
|---|------------------------------|-----------------------------|
| <u>Assets</u> | | |
| Cash and cash equivalents | \$ 3,140 | \$ 1,060 |
| Short-term investments | 426 | 396 |
| Accounts receivable | 4,440 | 4,094 |
| Inventories | 1,648 | 1,864 |
| Other current assets | <u>1,383</u> | <u>1,539</u> |
| Total current assets | 11,037 | 8,953 |
| Property, plant and equipment, net | 3,566 | 3,599 |
| Investments in equity securities | 320 | 812 |
| Goodwill | 8,299 | 7,892 |
| Purchased intangibles, net | 595 | 672 |
| Prepaid pension asset | 987 | 1,030 |
| Other noncurrent assets | <u>2,553</u> | <u>2,596</u> |
| Total assets | <u>\$ 27,357</u> | <u>\$ 25,554</u> |
| <u>Liabilities and Stockholders' Equity</u> | | |
| Accounts payable | \$ 1,854 | \$ 1,726 |
| Customer advances and amounts in excess of costs incurred | 4,434 | 4,028 |
| Other accrued expenses | 3,038 | 2,797 |
| Current maturities of long-term debt | <u>208</u> | <u>15</u> |
| Total current liabilities | 9,534 | 8,566 |
| Long-term debt | 4,874 | 5,104 |
| Accrued pension liabilities | 1,933 | 1,660 |
| Post-retirement and other noncurrent liabilities | 3,283 | 3,203 |
| Stockholders' equity | <u>7,733</u> | <u>7,021</u> |
| Total liabilities and stockholders' equity | <u>\$ 27,357</u> | <u>\$ 25,554</u> |

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

NINE MONTHS ENDED SEPTEMBER 30,

| | <u>2005</u> | <u>2004</u> |
|---|-----------------|-----------------|
| <u>Operating Activities</u> | | |
| Net earnings | \$ 1,257 | \$ 894 |
| Adjustments to reconcile net earnings to net cash provided by operating activities: | | |
| Depreciation and amortization of property, plant and equipment | 396 | 378 |
| Amortization of purchased intangibles | 113 | 107 |
| Changes in operating assets and liabilities: | | |
| Receivables | (283) | 165 |
| Inventories | 214 | 693 |
| Accounts payable | 115 | 113 |
| Customer advances and amounts in excess of costs incurred | 406 | (157) |
| Other | 920 | 642 |
| Net cash provided by operating activities | <u>3,138</u> | <u>2,835</u> |
| <u>Investing Activities</u> | | |
| Expenditures for property, plant and equipment | (362) | (393) |
| (Purchase) sale of short-term investments, net | (30) | 153 |
| Acquisitions of businesses / investments in affiliated companies | (416) | - |
| Divestitures and other activities | 806 | 15 |
| Other | 1 | 25 |
| Net cash used for investing activities | <u>(1)</u> | <u>(200)</u> |
| <u>Financing Activities</u> | | |
| Repayments related to long-term debt | (39) | (137) |
| Common stock activity, net | (686) | (391) |
| Common stock dividends | (332) | (294) |
| Net cash used for financing activities | <u>(1,057)</u> | <u>(822)</u> |
| Net increase in cash and cash equivalents | 2,080 | 1,813 |
| 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>\$ 3,140</u> | <u>\$ 2,823</u> |

LOCKHEED MARTIN CORPORATION
Consolidated Condensed 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 | | | 1,257 | | | 1,257 |
| Common stock dividends | | | (332) | | | (332) |
| Common stock activity, net | (4) | (373) | | 7 | | (370) |
| Other comprehensive income | | | | | 157 | 157 |
| Balance at September 30, 2005 | <u>\$ 434</u> | <u>\$ 1,850</u> | <u>\$ 6,840</u> | <u>\$ (16)</u> | <u>\$ (1,375)</u> | <u>\$ 7,733</u> |

LOCKHEED MARTIN CORPORATION

Operating Data

Preliminary and Unaudited

(In millions)

| | SEPTEMBER 30, 2005 | DECEMBER 31, 2004 |
|-----------------------------------|-------------------------------|------------------------------|
| <u>Backlog</u> | | |
| Systems & IT Group: | | |
| Electronic Systems | \$ 20,070 | \$ 18,239 |
| Integrated Systems & Solutions | 4,619 | 4,586 |
| Information & Technology Services | 4,784 | 4,560 |
| Systems & IT Group | <u>29,473</u> | <u>27,385</u> |
| Aeronautics | 24,374 | 30,489 |
| Space Systems | <u>15,218</u> | <u>16,112</u> |
| Total | <u>\$ 69,065</u> | <u>\$ 73,986</u> |