

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

	<u>QUARTER ENDED DECEMBER 31,</u>		<u>YEAR ENDED DECEMBER 31,</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Net sales	\$ 10,229	\$ 9,965	\$ 37,213	\$ 35,526
Cost of sales	<u>9,508</u>	<u>9,515</u>	<u>34,676</u>	<u>33,558</u>
	721	450	2,537	1,968
Other income and expenses, net	<u>165</u>	<u>(2)</u>	<u>449</u>	<u>121</u>
Operating profit	886	448	2,986	2,089
Interest expense	<u>93</u>	<u>102</u>	<u>370</u>	<u>425</u>
Earnings before income taxes	793	346	2,616	1,664
Income tax expense (benefit)	<u>225</u>	<u>(26)</u>	<u>791</u>	<u>398</u>
Net earnings	<u>\$ 568</u>	<u>\$ 372</u>	<u>\$ 1,825</u>	<u>\$ 1,266</u>
Effective tax rate	<u>28.4%</u>	<u>(7.5%)</u>	<u>30.2%</u>	<u>23.9%</u>
Earnings per common share:				
Basic	\$ 1.31	\$ 0.84	\$ 4.15	\$ 2.86
Diluted	\$ 1.29	\$ 0.83	\$ 4.10	\$ 2.83
Average number of shares outstanding:				
Basic	434.2	442.9	440.3	443.1
Diluted	439.0	448.2	445.7	447.1
Common shares outstanding:			431.9	438.0

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

	<u>QUARTER ENDED DECEMBER 31,</u>			<u>YEAR ENDED DECEMBER 31,</u>		
	<u>2005</u>	<u>2004</u>	<u>% Change</u>	<u>2005</u>	<u>2004</u>	<u>% Change</u>
<b><u>Net sales:</u></b>						
Systems & IT Group:						
Electronic Systems	\$ 3,090	\$ 3,110		\$ 10,580	\$ 9,729	
Integrated Systems & Solutions	1,070	1,014		4,131	3,851	
Information & Technology Services	1,178	1,041		4,010	3,802	
Systems & IT Group	<u>5,338</u>	<u>5,165</u>	3%	<u>18,721</u>	<u>17,382</u>	8%
Aeronautics	3,040	3,002	1%	11,672	11,785	(1%)
Space Systems	1,851	1,798	3%	6,820	6,359	7%
<b>Total net sales</b>	<u><b>\$ 10,229</b></u>	<u><b>\$ 9,965</b></u>	3%	<u><b>\$ 37,213</b></u>	<u><b>\$ 35,526</b></u>	5%
<b><u>Operating profit:</u></b>						
Systems & IT Group:						
Electronic Systems	\$ 322	\$ 325		\$ 1,113	\$ 969	
Integrated Systems & Solutions	96	83		365	334	
Information & Technology Services	101	81		351	285	
Systems & IT Group	<u>519</u>	<u>489</u>	6%	<u>1,829</u>	<u>1,588</u>	15%
Aeronautics	274	229	20%	994	899	11%
Space Systems	156	127	23%	609	489	25%
<b>Segment operating profit</b>	<u><b>949</b></u>	<u><b>845</b></u>	12%	<u><b>3,432</b></u>	<u><b>2,976</b></u>	15%
Unallocated corporate expense, net <sup>1</sup>	<u>(63)</u>	<u>(397)</u>		<u>(446)</u>	<u>(887)</u>	
<b>Total operating profit</b>	<u><b>\$ 886</b></u>	<u><b>\$ 448</b></u>	98%	<u><b>\$ 2,986</b></u>	<u><b>\$ 2,089</b></u>	43%
<b><u>Segment margins:</u></b>						
Systems & IT Group:						
Electronic Systems	10.4%	10.5%		10.5%	10.0%	
Integrated Systems & Solutions	9.0%	8.2%		8.8%	8.7%	
Information & Technology Services	8.6%	7.8%		8.8%	7.5%	
Systems & IT Group	<u>9.7%</u>	<u>9.5%</u>		<u>9.8%</u>	<u>9.1%</u>	
Aeronautics	9.0%	7.6%		8.5%	7.6%	
Space Systems	8.4%	7.1%		8.9%	7.7%	
<b>Total segments</b>	<u><b>9.3%</b></u>	<u><b>8.5%</b></u>		<u><b>9.2%</b></u>	<u><b>8.4%</b></u>	

<sup>1</sup> "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)

	QUARTER ENDED DECEMBER 31,		YEAR ENDED DECEMBER 31,	
	2005	2004	2005	2004
<b>Summary of unallocated corporate expense, net</b>				
FAS/CAS pension adjustment	\$ (160)	\$ (149)	\$ (626)	\$ (595)
Items not considered in segment operating performance	115	(215)	173	(215)
Other, net	(18)	(33)	7	(77)
<b>Unallocated corporate expense, net</b>	<b>\$ (63)</b>	<b>\$ (397)</b>	<b>\$ (446)</b>	<b>\$ (887)</b>

	QUARTER ENDED DECEMBER 31,		YEAR ENDED DECEMBER 31,	
	2005	2004	2005	2004
<b>FAS/CAS pension adjustment</b>				
FAS 87 expense	\$ (285)	\$ (219)	\$ (1,124)	\$ (884)
Less: CAS costs	(125)	(70)	(498)	(289)
<b>FAS/CAS pension adjustment - expense</b>	<b>\$ (160)</b>	<b>\$ (149)</b>	<b>\$ (626)</b>	<b>\$ (595)</b>

	QUARTER ENDED DECEMBER 31,					
	Operating profit (loss)		Net earnings (loss)		Earnings (loss) per share	
	2005	2004	2005	2004	2005	2004
<b>Unusual Items</b>						
Inmarsat	\$ 85	\$ -	\$ 55	\$ -	\$ 0.13	\$ -
Gain on NeuStar stock sale	30	-	19	-	0.04	-
Previously disclosed items for prior year	-	(215)	-	(154)	-	(0.34)
	<u>115</u>	<u>(215)</u>	<u>74</u>	<u>(154)</u>	<u>0.17</u>	<u>(0.34)</u>
Closure of an IRS examination	-	-	-	144	-	0.32
	<u>\$ 115</u>	<u>\$ (215)</u>	<u>\$ 74</u>	<u>\$ (10)</u>	<u>\$ 0.17</u>	<u>\$ (0.02)</u>

	YEAR ENDED DECEMBER 31,					
	Operating profit (loss)		Net earnings (loss)		Earnings (loss) per share	
	2005	2004	2005	2004	2005	2004
<b>Unusual Items</b>						
Gain on Intelsat sale	\$ 47	\$ -	\$ 31	\$ -	\$ 0.07	\$ -
Inmarsat	126	-	82	-	0.18	-
LMI Impairment	(30)	-	(19)	-	(0.04)	-
Gain on NeuStar stock sale	30	-	19	-	0.04	-
Previously disclosed items for prior year	-	(215)	-	(154)	-	(0.34)
	<u>173</u>	<u>(215)</u>	<u>113</u>	<u>(154)</u>	<u>0.25</u>	<u>(0.34)</u>
Closure of an IRS examination	-	-	-	144	-	0.32
	<u>\$ 173</u>	<u>\$ (215)</u>	<u>\$ 113</u>	<u>\$ (10)</u>	<u>\$ 0.25</u>	<u>\$ (0.02)</u>

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

	<u>QUARTER ENDED DECEMBER 31,</u>		<u>YEAR ENDED DECEMBER 31,</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<b><u>Depreciation and amortization of property, plant and equipment</u></b>				
Systems & IT Group:				
Electronic Systems	\$ 56	\$ 41	\$ 182	\$ 162
Integrated Systems & Solutions	12	6	44	28
Information & Technology Services	4	4	14	40
Systems & IT Group	<u>72</u>	<u>51</u>	<u>240</u>	<u>230</u>
Aeronautics	37	35	130	105
Space Systems	37	36	134	134
<b>Segments</b>	<u>146</u>	<u>122</u>	<u>504</u>	<u>469</u>
Unallocated corporate expense, net	13	11	51	42
<b>Total depreciation and amortization</b>	<u>\$ 159</u>	<u>\$ 133</u>	<u>\$ 555</u>	<u>\$ 511</u>

	<u>QUARTER ENDED DECEMBER 31,</u>		<u>YEAR ENDED DECEMBER 31,</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<b><u>Amortization of purchased intangibles</u></b>				
Systems & IT Group:				
Electronic Systems	\$ 12	\$ 12	\$ 48	\$ 47
Integrated Systems & Solutions	4	3	15	14
Information & Technology Services	4	3	18	14
Systems & IT Group	<u>20</u>	<u>18</u>	<u>81</u>	<u>75</u>
Aeronautics	13	12	50	50
Space Systems	2	2	8	8
<b>Segments</b>	<u>35</u>	<u>32</u>	<u>139</u>	<u>133</u>
Unallocated corporate expense, net	2	6	11	12
<b>Total amortization of purchased intangibles</b>	<u>\$ 37</u>	<u>\$ 38</u>	<u>\$ 150</u>	<u>\$ 145</u>

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

	<u>DECEMBER 31,</u> <u>2005</u>	<u>DECEMBER 31,</u> <u>2004</u>
<b><u>Assets</u></b>		
Cash and cash equivalents	\$ 2,244	\$ 1,060
Short-term investments	429	396
Accounts receivable	4,666	4,094
Inventories	1,812	1,864
Other current assets	<u>1,402</u>	<u>1,539</u>
Total current assets	10,553	8,953
Property, plant and equipment, net	3,892	3,599
Investments in equity securities	196	812
Goodwill	8,447	7,892
Purchased intangibles, net	560	672
Prepaid pension asset	1,360	1,030
Other noncurrent assets	<u>2,707</u>	<u>2,596</u>
<b>Total assets</b>	<b><u>\$ 27,715</u></b>	<b><u>\$ 25,554</u></b>
<b><u>Liabilities and Stockholders' Equity</u></b>		
Accounts payable	\$ 1,998	\$ 1,726
Customer advances and amounts in excess of costs incurred	4,339	4,028
Other accrued expenses	2,905	2,797
Current maturities of long-term debt	<u>202</u>	<u>15</u>
Total current liabilities	9,444	8,566
Long-term debt	4,784	5,104
Accrued pension liabilities	2,097	1,660
Post-retirement and other noncurrent liabilities	3,523	3,203
Stockholders' equity	<u>7,867</u>	<u>7,021</u>
<b>Total liabilities and stockholders' equity</b>	<b><u>\$ 27,715</u></b>	<b><u>\$ 25,554</u></b>

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

	<b>YEAR ENDED DECEMBER 31,</b>	
	<b><u>2005</u></b>	<b><u>2004</u></b>
<b><u>Operating Activities</u></b>		
Net earnings	\$ 1,825	\$ 1,266
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization of property, plant and equipment	555	511
Amortization of purchased intangibles	150	145
Changes in operating assets and liabilities:		
Accounts receivable	(477)	(87)
Inventories	71	519
Accounts payable	239	288
Customer advances and amounts in excess of costs incurred	304	(228)
Other	527	510
<b>Net cash provided by operating activities</b>	<b><u>3,194</u></b>	<b><u>2,924</u></b>
<b><u>Investing Activities</u></b>		
Expenditures for property, plant and equipment	(865)	(769)
Purchases of short-term investments, net	(33)	(156)
Acquisitions of businesses / investments in affiliated companies	(564)	(91)
Divestitures and other activities	935	279
Other	28	29
<b>Net cash used for investing activities</b>	<b><u>(499)</u></b>	<b><u>(708)</u></b>
<b><u>Financing Activities</u></b>		
Repayments related to long-term debt	(133)	(1,089)
Long-term debt repayment costs	(12)	(163)
Common stock activity, net	(904)	(509)
Common stock dividends	(462)	(405)
<b>Net cash used for financing activities</b>	<b><u>(1,511)</u></b>	<b><u>(2,166)</u></b>
<b>Net increase in cash and cash equivalents</b>	<b>1,184</b>	<b>50</b>
<b>Cash and cash equivalents at beginning of period</b>	<b><u>1,060</u></b>	<b><u>1,010</u></b>
<b>Cash and cash equivalents at end of period</b>	<b><u>\$ 2,244</u></b>	<b><u>\$ 1,060</u></b>

**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			1,825			1,825
Common stock dividends			(462)			(462)
Common stock activity, net	(6)	(499)		9		(496)
Other comprehensive loss					(21)	(21)
Balance at December 31, 2005	<u>\$ 432</u>	<u>\$ 1,724</u>	<u>\$ 7,278</u>	<u>\$ (14)</u>	<u>\$ (1,553)</u>	<u>\$ 7,867</u>

**LOCKHEED MARTIN CORPORATION**

**Operating Data**

**Preliminary and Unaudited**

**(In millions)**

	<u>DECEMBER 31,</u> <u>2005</u>	<u>DECEMBER 31,</u> <u>2004</u>
<b><u>Backlog</u></b>		
Systems & IT Group:		
Electronic Systems	\$ 19,932	\$ 18,239
Integrated Systems & Solutions	3,974	4,586
Information & Technology Services	5,414	4,560
Systems & IT Group	<u>29,320</u>	<u>27,385</u>
Aeronautics	29,580	30,489
Space Systems	15,925	16,112
<b>Total</b>	<u><u>\$ 74,825</u></u>	<u><u>\$ 73,986</u></u>

	<u>QUARTER ENDED DECEMBER 31,</u>		<u>YEAR ENDED DECEMBER 31,</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<b><u>Deliveries</u></b>				
F-16	17	22	69	83
F-22	8	7	23	15
C-130J	4	5	15	13
<b><u>Launches</u></b>				
Atlas	-	1	3	6
Proton	1	1	4	4
Titan IV	1	-	2	1