

**BETHESDA, Maryland,** January 26, 2006 – Lockheed Martin Corporation (NYSE: LMT) today reported fourth quarter 2005 net earnings of \$568 million (\$1.29 per diluted share) compared to \$372 million (\$0.83 per diluted share) in 2004. Net sales were \$10.2 billion, a 3% increase over fourth quarter 2004 sales of \$10.0 billion. Cash from operations for 2005 was \$3.2 billion, a 9% increase over the \$2.9 billion generated in 2004.

## 4Q 2005 Financial Highlights

### Business Area Performance:

- **Systems & IT Group;**  
Year to Year Growth: Revenue 8%; Group Earnings 15%. 2005 Group Margin 9.8%;
- **Electronic Systems;**  
Year to Year Growth: Revenue 9%; Segment Earnings 15%. 2005 Segment Margin 10.5%;
- **Integrated Systems & Solutions (IS&S);**  
Year to Year Growth: Revenue 7%; Segment Earnings 9%. 2005 Segment Margin 8.8%;
- **Information & Technology Services (I&TS);**  
Year to Year Growth: Revenue 5%; Segment Earnings 23%. 2005 Segment Margin 8.8%;
- **Space Systems;**  
Year to Year Growth: Revenue 7%; Segment Earnings 25%. 2005 Segment Margin 8.9%;
- **Aeronautics;**  
Year to Year Growth: Revenue (1%); Segment Earnings 11%. 2005 Segment Margin 8.5%;

### Cash Generation / Deployment:

- **12** consecutive quarters cash positive; **24** of last **26** quarters;  
**Free Cash Flow Yield** 8.2%; \*
- Repurchased 4.8 million of its common shares at a cost of \$289 million in the quarter and 19.7 million of its common shares at a cost of \$1.2 billion for the year;
- Paid cash dividends of \$130 million in the quarter and \$462 million for the year. Quarterly dividend rate increased from \$0.25 to \$0.30 per share in the 4th quarter 2005;
- Made a discretionary payment of \$530 million in the 4th quarter and \$980 million for the year to pre-fund a portion of future years' funding requirements for the Corporation's pension plan trust;
- Paid \$143 million in the 4th quarter and \$564 million for the year for acquisitions;
- Made capital expenditures of \$503 million in the quarter and \$865 million during the year;
- Retired \$83 million of debt in advance of its maturity in the 4th quarter and retired \$120 million in advance of its maturity for the year.

## 4Q 2005 Operational Highlights

### Space Systems:

- Launch Performance: 1 launch in qtr; 7 YTD.
- Provided the target missile for the U.S. Missile Defense Agency's successful test of the Aegis Ballistic Missile Defense Weapon System;
- Launched final heavy-lift Titan IV booster for U.S. Air Force, completing a storied, 5-decade chapter in the U.S. space history.

### Aeronautics:

- U.S. Air Force declared **Initial Operational Capability (IOC)** for the F-22 in December;
- Definitized F-22 **Lot 5** production contract;
- Received long lead funding for 30 Block 52+ aircraft for Greece; extending production line through 2009;
- Completed **Major Structural Assembly** of first F-35 Test Aircraft;
- C-130J achieved a major performance milestone by completing **Operational Testing**. It is the last step before finalizing Operational Test & Evaluation (OT&E);

### Aeronautics Aircraft Deliveries:

	QTR	YTD	ITD
<b>F-22</b>	8	23	59
<b>F-16</b>	17	69	4,281
<b>C-130</b>	4	15	2,289

## 4Q 2005 Strategic Highlights

### Electronic Systems:

- Conducted successful initial test flight of the latest version of the **Terminal High Altitude Area Defense (THAAD)** missile.
- The U.S. Missile Defense Agency selected MS2-Akron to build a prototype **High Altitude Airship (HAA)** for flight testing in 2009. The airship, which would remain on station at 60,000 feet for extended periods, will support the nation's defenses against cruise & ballistic missiles.
- Received U.S. Navy contracts for continued production of **Q-70 Advanced Display System**, used aboard surface, undersea and airborne platforms

### Information & Technology Services (I&TS):

- Selected by the Defense Logistics Agency (DLA) to provide spare parts and industrial hardware support to the U.S. Air Force Air Logistics Centers under the **Integrated Prime Vendor** contract.
- FAA successfully transitioned **Automated Flight Service** operations (AFSS) to I&TS; concluding an eight month contract phase-in period.

### Integrated Systems & Solutions (IS&S):

- Awarded **Command, Control, Battle Management and Communications (C2BMC)** contract to extend work for the development, integration and installation for the Ballistic Missile Defense System.

## Fast Facts (\$M)

### Sales

2005:	\$ 37,213
2004:	35,526
2003:	31,824
2002:	26,578

### Backlog \*

2005:	\$ 74,825
2004:	73,986
2003:	76,899
2002:	70,385

### EPS (\$ per share)

2005:	\$ 4.10
2004:	2.83
2003:	2.34
2002:	1.11

### Debt Balance \*

2005:	\$ 4,986
2004:	5,119
2003:	6,208
2002:	7,582

### Leverage \*

2005:	38.8 %
2004:	42.2
2003:	47.9
2002:	56.4

### Cash from Operations

2005:	\$ 3,194
2004:	2,924
2003:	1,809
2002:	2,288

### Share Repurchases

2005:	\$ 1,222
2004:	772
2003:	482
2002:	50

### Annual Dividend

#### Rate \* (\$ per share)

2005:	\$ 1.05
2004:	0.91
2003:	0.58
2002:	0.44

### Address

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*Year-to-Date (YTD) is  
December 31, 2005*

*\* At Year-End*