

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

	<u>QUARTER ENDED JUNE 30,</u>		<u>YEAR TO DATE JUNE 30,</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Net Sales	\$8,776	\$7,709	\$17,123	\$14,768
Operating Profit [EBIT]	\$544	\$470	\$1,080	\$975
Interest Expense	\$106	\$119	\$214	\$259
Pre-tax Earnings	\$438	\$351	\$866	\$716
Income Tax Expense	\$142	\$109	\$279	\$224
Effective Tax Rate	32.4%	31.1%	32.2%	31.3%
Net Earnings	\$296	\$242	\$587	\$492
Earnings Per Share:				
Basic	\$0.67	\$0.54	\$1.32	\$1.10
Diluted	\$0.66	\$0.54	\$1.31	\$1.09
Average Shares Outstanding:				
Basic	443.9	445.3	444.1	447.1
Diluted	447.0	448.7	447.2	450.6

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

	<u>QUARTER ENDED JUNE 30,</u>			<u>YEAR TO DATE JUNE 30,</u>		
	<u>2004</u>	<u>2003</u>	<u>% Change</u>	<u>2004</u>	<u>2003</u>	<u>% Change</u>
<u>Net sales</u>						
Aeronautics	\$ 3,141	\$ 2,405	31 %	\$ 6,015	\$ 4,493	34 %
Electronic Systems	2,205	2,174	1 %	4,338	4,155	4 %
Space Systems	1,547	1,544	- %	3,125	3,072	2 %
Integrated Systems & Solutions	963	810	19 %	1,870	1,582	18 %
Information & Technology Services	917	772	19 %	1,769	1,459	21 %
<i>Segment net sales</i>	<u>8,773</u>	<u>7,705</u>	14 %	<u>17,117</u>	<u>14,761</u>	16 %
Other	<u>3</u>	<u>4</u>		<u>6</u>	<u>7</u>	
Total net sales	<u>\$ 8,776</u>	<u>\$ 7,709</u>	14 %	<u>\$ 17,123</u>	<u>\$ 14,768</u>	16 %
<u>Operating profit</u>						
Aeronautics	\$ 239	\$ 162	48 %	\$ 445	\$ 307	45 %
Electronic Systems	220	211	4 %	422	394	7 %
Space Systems	129	101	28 %	249	205	21 %
Integrated Systems & Solutions	81	67	21 %	161	139	16 %
Information & Technology Services	71	51	39 %	131	99	32 %
<i>Segment operating profit</i>	<u>740</u>	<u>592</u>	25 %	<u>1,408</u>	<u>1,144</u>	23 %
Unallocated corporate expense, net ¹	<u>(196)</u>	<u>(122)</u>		<u>(328)</u>	<u>(169)</u>	
Total operating profit	<u>\$ 544</u>	<u>\$ 470</u>	16 %	<u>\$ 1,080</u>	<u>\$ 975</u>	11 %
<u>Margins</u>						
Segments:						
Aeronautics	7.6%	6.7%		7.4%	6.8%	
Electronic Systems	10.0%	9.7%		9.7%	9.5%	
Space Systems	8.3%	6.5%		8.0%	6.7%	
Integrated Systems & Solutions	8.4%	8.3%		8.6%	8.8%	
Information & Technology Services	7.7%	6.6%		7.4%	6.8%	
Segments	8.4%	7.7%		8.2%	7.8%	
Total Consolidated	6.2%	6.1%		6.3%	6.6%	

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>QUARTER ENDED JUNE 30,</u>		<u>YEAR TO DATE JUNE 30,</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
<u>Summary of unallocated corporate expense, net</u>				
FAS/CAS pension adjustment	\$ (148)	\$ (68)	\$ (298)	\$ (140)
Other ¹	(48)	(54)	(30)	(29)
Unallocated corporate expense, net	<u><u>(196)</u></u>	<u><u>(122)</u></u>	<u><u>(328)</u></u>	<u><u>(169)</u></u>

¹ Includes a \$41million charge related to the Corporation's exit from the commercial mail sorting business in the quarter and year-to-date periods ended June 30, 2003.

<u>FAS/CAS pension adjustment</u>				
FAS 87 expense	\$ (220)	\$ (117)	\$ (443)	\$ (225)
Less: CAS costs	(72)	(49)	(145)	(85)
FAS/CAS pension adjustment - expense	<u><u>(148)</u></u>	<u><u>(68)</u></u>	<u><u>(298)</u></u>	<u><u>(140)</u></u>

<u>Depreciation and amortization of property, plant and equipment</u>				
Aeronautics	\$ 23	\$ 20	\$ 46	\$ 41
Electronic Systems	41	37	80	74
Space Systems	25	27	58	54
Integrated Systems & Solutions	9	9	16	16
Information & Technology Services	12	10	25	21
<i>Segments</i>	<u>110</u>	<u>103</u>	<u>225</u>	<u>206</u>
Unallocated corporate expense, net	9	13	20	18
Total depreciation and amortization	<u><u>\$ 119</u></u>	<u><u>\$ 116</u></u>	<u><u>\$ 245</u></u>	<u><u>\$ 224</u></u>

<u>Amortization of purchased intangibles</u>				
Aeronautics	\$ 13	\$ 13	\$ 25	\$ 25
Electronic Systems	11	12	23	24
Space Systems	2	2	4	4
Integrated Systems & Solutions	4	4	7	7
Information & Technology Services	3	1	7	3
<i>Segments</i>	<u>33</u>	<u>32</u>	<u>66</u>	<u>63</u>
Unallocated corporate expense, net	2	-	5	-
Total amortization of purchased intangibles	<u><u>\$ 35</u></u>	<u><u>\$ 32</u></u>	<u><u>\$ 71</u></u>	<u><u>\$ 63</u></u>

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

	JUNE 30,	DECEMBER 31,
	2004	2003
<u>Assets</u>		
Cash and cash equivalents	\$ 2,243	\$ 1,010
Short-term investments	-	240
Accounts receivable	3,677	4,039
Inventories	2,054	2,348
Other current assets	1,645	1,764
Total current assets	9,619	9,401
Property, plant and equipment, net	3,438	3,489
Investments in equity securities	1,083	1,060
Goodwill	7,879	7,879
Purchased intangibles, net	736	807
Prepaid pension asset	1,122	1,213
Other noncurrent assets	2,363	2,326
Total assets	\$ 26,240	\$ 26,175
<u>Liabilities and Stockholders' Equity</u>		
Accounts payable	\$ 1,522	\$ 1,434
Customer advances and amounts in excess of costs incurred	3,762	4,256
Other accrued expenses	2,852	3,067
Current maturities of long-term debt	-	136
Total current liabilities	8,136	8,893
Long-term debt	6,070	6,072
Accrued pension liabilities	1,452	1,100
Post-retirement and other noncurrent liabilities	3,548	3,354
Stockholders' equity	7,034	6,756
Total liabilities and stockholders' equity	\$ 26,240	\$ 26,175

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

	<u>YEAR TO DATE JUNE 30,</u>	
	<u>2004</u>	<u>2003</u>
<u>Operating Activities</u>		
Net earnings	\$ 587	\$ 492
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization of property, plant and equipment	245	224
Amortization of purchased intangibles	71	63
Changes in operating assets and liabilities:		
Receivables	365	244
Inventories	434	159
Accounts payable	85	65
Customer advances and amounts in excess of costs incurred	(494)	(176)
Other	503	318
Net cash provided by operating activities	<u>1,796</u>	<u>1,389</u>
<u>Investing Activities</u>		
Expenditures for property, plant and equipment	(260)	(202)
Sale (purchase) of short-term investments	240	(229)
Acquisition of businesses / investments in affiliated companies	-	(219)
Other	32	7
Net cash provided by (used for) investing activities	<u>12</u>	<u>(643)</u>
<u>Financing Activities</u>		
Repayments related to long-term debt	(137)	(1,209)
Issuances of common stock	36	22
Repurchases of common stock	(278)	(279)
Common stock dividends	(196)	(109)
Net cash used for financing activities	<u>(575)</u>	<u>(1,575)</u>
Net increase (decrease) in cash and cash equivalents	1,233	(829)
Cash and cash equivalents at beginning of period	<u>1,010</u>	<u>2,738</u>
Cash and cash equivalents at end of period	<u>\$ 2,243</u>	<u>\$ 1,909</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	Unearned ESOP Shares	Accumulated Other Comprehensive (Loss)	Total Stockholders' Equity
Balance at January 1, 2004	\$ 446	\$ 2,477	\$ 5,054		\$ (17)	\$ (1,204)	\$ 6,756
Net earnings			587				587
Common stock dividends			(196)				(196)
Repurchases of common stock	(6)	(272)					(278)
Stock awards and options, and ESOP activity	3	161		\$ (25)	17		156
Other comprehensive income						9	9
Balance at June 30, 2004	<u>\$ 443</u>	<u>\$ 2,366</u>	<u>\$ 5,445</u>	<u>\$ (25)</u>	<u>\$ -</u>	<u>\$ (1,195)</u>	<u>\$ 7,034</u>

LOCKHEED MARTIN CORPORATION

Preliminary and Unaudited

Operating Data

(In millions, except deliveries and launches)

	<u>JUNE 30,</u> <u>2004</u>	<u>DECEMBER 31,</u> <u>2003</u>
<u>Backlog</u>		
Aeronautics	\$ 34,960	\$ 37,580
Electronic Systems	17,922	17,339
Space Systems	12,723	12,813
Integrated Systems & Solutions	4,281	4,350
Information & Technology Services	4,674	4,817
Total	<u>\$ 74,560</u>	<u>\$ 76,899</u>

	<u>QUARTER ENDED JUNE 30,</u>		<u>YEAR TO DATE JUNE 30,</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
<u>Deliveries</u> ¹				
F-16	22	12	37	15
C-130J	2	4	6	7
<u>Launches</u>				
Atlas	2	2	4	2
Proton	1	1	2	2
Titan IV	-	1	1	1

¹ Deliveries - Aircraft delivered to and accepted by customers.

² Sales were recognized upon delivery of certain aircraft (unit-of-delivery sales recognition) and for others, sales were recognized on a percentage-of-completion basis.