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Thanks to the solid execution of our business strategy in 2010 and the efforts of the dedicated professionals who work for this industry-leading enterprise, we can confidently report that Lockheed Martin remains on course both operationally and financially.

For 2010 we met or exceeded our expectations for financial performance. Sales grew 4 percent to $45.8 billion, and we increased our earnings per share to $7.94. Our backlog of orders also increased to more than $78 billion at the end of 2010.

On stand from left to right: *Linda R. Gooden, Executive Vice President, Information Systems & Global Solutions; Robert J. Stevens, Chairman and Chief Executive Officer; Christopher E. Kubasik, President and Chief Operating Officer.*
Foreground from left to right: *Bruce L. Tanner, Executive Vice President and Chief Financial Officer; Marillyn A. Hewson, Executive Vice President, Electronic Systems; Joanne M. Maguire, Executive Vice President, Space Systems; Ralph D. Heath, Executive Vice President, Aeronautics. Photograph taken February 9, 2011 in front of the fi rst F-35B Short Takeoff/Vertical Landing (STOVL) variant of the Joint Strike Fighter (BF-1) at the Naval Air Station Patuxent River. On the day of the*

We generated more than $3.5 billion in operating cash for the year, even after making more than $2.2 billion in discretionary contributions to our pension plans. We also announced a new share repurchase program of up to $3 billion. This step, coupled with a 19 percent dividend increase, is indicative of our commitment to further enhance shareholder value.

These results are most impressive when you consider the velocity of change in the global security and economic environments. That

F-35C Carrier Variant of the Joint Strike Fighter

speaks volumes to the passion, teamwork and, above all, the leadership qualities of the men and women of Lockheed Martin. Their laser-sharp focus on our customers' priorities and their steadfast integrity has positioned our company for continued success.

Our New Reality

While we are proud of our 2010 accomplishments, we recognize that Lockheed Martin is operating in a demanding business climate, and it will only get more demanding. Increasingly complex global security issues combined with constrained government resources continue to put enormous pressure on our customers.

The Department of Defense is committed to fundamentally changing the way it conducts business, incorporating affordability as a firm requirement for each new program. We support the efforts of the Defense Department and all government agencies we serve to make every taxpayer dollar count. We are driving value into every level and function of this Corporation. We are relentlessly managing program costs, shortening cycle times, and allocating resources efficiently. Additionally, we must maintain a consistent tempo of operational excellence.

This is our new reality, and in 2010 we took measures that will sustain and strengthen Lockheed Martin's competitive edge.

Our Approach to Delivering Value

In 2010, almost 600 executives elected to participate in our Voluntary Executive Separation Program. This 26 percent reduction in our top-level management ranks contributes to a leaner operation and benefits talented individuals in the company who can expect expanded opportunities for growth and development.

In addition, we further shaped Lockheed Martin's portfolio of businesses to better match our strengths and resources with the needs of our customers.

In 2010, we completed the divestiture of Enterprise Integration Group (EIG) for $815 million in cash. Our decision to divest EIG was based, in part, on the U.S. Government's increased concerns about perceived organizational conflicts of interest. In February 2011, we announced that we entered into a definitive agreement to divest Pacific Architects and Engineers, Inc. (PAE). When we acquired PAE several years ago, we envisioned it as an entry point to a new customer set requiring information technology and systems integration services. In the current market, however, customers are seeking a different mix of services, such as infrastructure support, which is not in line with our strategy or core capabilities.

and its people are vital to attracting the next generation of leaders.

We are pleased that our company is receiving recognition from industry observers. For the third consecutive year *Aviation Week* named Lockheed Martin as the top performing aerospace and defense company with revenues greater than $20 billion. We also earned a spot on *Newsweek's*

United States
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2010

Commission file number 1-11437

LOCKHEED MARTIN CORPORATION
(Exact name of registrant as specified in its charter)

Maryland	**52-1893632**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

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Part II (continued)

Part III

Part IV

PART I

ITEM 1. BUSINESS

General

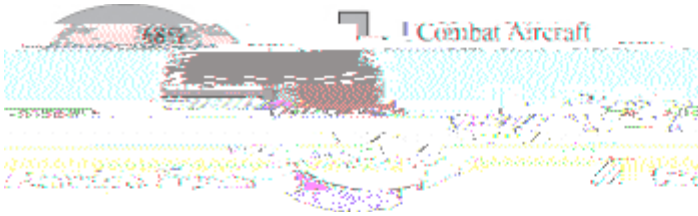
Lockheed Martin Corporation is a global security company that is principally engaged in the research, design, development, manufacture, integration, and sustainment of advanced technology systems and products. We also provide a broad range of management, engineering, technical, scientific, logistic, and information services. We serve both domestic and international customers with products and services that have defense, civil, and commercial applications, with our principal customers being agencies of the U.S. Government. We were formed in 1995 by combining the businesses of Lockheed Corporation and Martin Marietta Corporation. We are a Maryland corporation.

In 2010, 84% of our $45.8 billion in net sales were made to the U.S. Government, either as a prime contractor or as a subcon

Aeronautics

Aeronautics is engaged in the research, design, development, manufacture, integration, sustainment, support, and upgrade of advanced military aircraft, including combat and air mobility aircraft, unmanned air vehicles, and related technologies.

In 2010, net sales at Aeronautics of $13.2 billion represented 29% of our total net sales. Aeronautics has three principal lines of business, and the percentage that each contributed to its 2010 net sales was:



Our customers include the military services and various government agencies of the United States and allied countries around the world. In 2010, U.S. Government customers accounted for 81% of Aeronautics’ net sales, and foreign government customers accounted for(t)0(u)6.09998 538 (ed) -1 (ai)3 C8.1771 561.3 (u) -4mers

Route Automation Modernization (ERAM) contract, which is a program to replace the Federal Aviation Administration's infrastructure with a modern automation environment that includes new functions and capabilities; the Hanford Mission Support contract which provides infrastructure and site support services to the Department of Energy; and the Decennial Response Integration System (DRIS 2010) contract, which provides a multi-channel system for collecting and analyzing the 2010 U.S. Census data, and which was substantially completed in 2010.

Defense

crew exploration vehicle, an advanced crew capsule design utilizing state-of-the-art technology for human exploration beyond low earth orbit. Through ownership interests in two joint ventures, Space Transportation Systems also includes expendable launch services for the U.S. Government (United Launch Alliance) and Space Shuttle processing activities (United Space Alliance). The Space Shuttle is expected to finish its final flight mission in 2011, and our programs involving its launch and processing activities will end at that time.

Competition

Our broad portfolio of products and services competes against the products and services of other large aerospace, defense, and information technology companies, as well as numerous smaller compet

Forward-Looking Statements

This Form 10-K contains statem

We are subject to a number of procurement rules and regulations. Our business and our reputation could be adversely affected if we fail to comply with those rules.

We must comply with and are affected by laws and regulations relating to the award, administration, and performance of U.S. Government contracts. Government contract laws and regulations affect how we do business with our customers and, in some instances, impose added costs on our business. A violation of specific laws and regulations could harm our reputation and result in the imposition of fines and penalties, the termination of our contracts, or debarment from bidding on contracts.

In some instances, these laws and regulations impose terms or rights that are more favorable to the government than those typically available to commercial parties in negotiated transactions. For example, the U.S. Government may terminate any of our government contracts and subcontracts either at its convenience or for default based on performance. Upon termination for

International sales may pose different risks.

In 2010, our sales to foreign governments (including foreign military sales funded, in whole or in part, by the U.S. Government) were 15% of net sales. As a company, we have a goal to grow international sales over the next several years. Our international business may pose risks that are different, and potentially greater, than those encountered in our domestic business due to the potential

Other contracts in backlog are for the transition from development to production (*e.g.*, Low Rate Initial Production), which includes the challenge of starting and stabilizing a manufacturing production and test line while the final design is being validated. These generally are cost-reimbursable or fixed-price incentive contracts, although there is a current stated U.S. Government preference for fixed-price incentive contracts. Under a fixed-price incentive contract, the allowable costs incurred are eligible for reimbursement, but are subject to a cost-share limit which affects profitability. If our costs exceed the contract target cost or are not allowable under the applicable regulations, we may not be able to obtain reimbursement for all costs and may have our fees reduced or eliminated.

There are also contracts for production as well as operations and maintenance of the delivered products that have the challenge manage post-closing matters (*e.g.*, integrate acquired companies and employees, realize anticipated operating synergies, and improve margins) efficiently and effectively. Acquisition, divestiture, joint venture, and investment transactions often require substantial other reasons. To the extent that the demand for qualified personnel exceeds supply, we could experience higher labor, recruiting, or training costs in order to attract and retain such employees, or could experience difficulties in performing under our contracts if our needs for such employees were unmet. We increasingly compete with commercial technology companies outside of the aerospace and defense industry for qualified technical and scientific positions as the number of qualified domestic engineers is decreasing. To the extent that these companies grow faster in a recovering economy than our industry, or face fewer cost and product pricing constraints, they may be able to offer higher compensation to job candidates or our existing employees. To the extent that we lose experienced personnel through wage competition, normal attrition, or specific actions (such as the Voluntary Executive Separation Program (see Note 3 – Restructuring and Other Activities beginning on page 59 of this Form 10-K), business realignments, or divestitures), we must successfully manage the transfer of critical knowledge from those individuals. We also must manage leadership development and succession planning throughout our business. To the extent that we are unable to attract, develop, retain, and protect leadership talent successfully, we could experience business disruptions and impair our ability to achieve business objectives.

Historically, where employees are covered by collective bargaining agreements with various unions, we have been successful in negotiating renewals to expiring agreements without any material disruption of operating activities. This does not assure, however, that we will be successful in our efforts to negotiate renewals of our existing collective bargaining agreements when they expire. If we were unsuccessful in those efforts, there is the potential that we could incur unanticipated delays or expenses in the programs affected by any resulting work stoppages.

Our estimates, forward-looking statements, and projections may prove to be inaccurate.

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Ralph D. Heath (62), Executive Vice President – Aeronautics

Mr. Heath has served as Executive Vice President – Aeronautics since January 2005.

- **Marillyn A. Hewson (57), Executivv 11(V) 3 (i) 11 (c) 0 (v) 0 (11P)rvsidvnt.**

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

At January 31, 2011, we had 36,328 holders of record of our common stock, par value $1 per share. Our common stock is traded on the New York Stock Exchange (NYSE) under the symbol LMT. Information concerning the stock prices based on intra-day trading prices as reported on the NYSE composite transaction tape and dividends paid during the past two years is as follows:

Common Stock – Dividends Paid Per Share and Market Prices

	Dividends Paid Per Share	*Market*

Issuer Purchases of Equity Securities

ITEM 6. SELECTED FINANCIAL DATA

(In millions, except per share data)	***2010***

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management Overview

Lockheed Martin is a global security company that principally is engaged in the research, design, development, manufacture, integration, and sustainment of advanced technology systems and products. We provide a broad range of management, engineering, technical, scientific, logistic, and information services. We serve both domestic and international customers with products and services that have defense, civil, and commercial applications, with our principal customers being agencies of the U.S. Government. In 2010, 84% of our $45.8 billion in net sales were made to the U.S. Government. Approximately 60% of our net sales were made to the Department of Defense (DoD), with approximately 24% attributable to non-DoD agencies. Sales to foreign governments (including foreign militr1.0 1.24h 53 2 (l)(ove)1 (n) () 5 (l) 7 (.1 (r1n)) 5 nnigmn

To date, Congress has funded U.S. military operations in Afghanistan and Iraq, and other unforeseeable contingency or peacekeeping operations, through a separate Overseas Contingency Operations (OCO) funding outside of the base DoD budget. The OCO funding for fiscal year 2011 totaled $159 billion, and the Administration requested $118 billion in fiscal year 2012. Our sales historically have not been significantly dependent on overseas contingency or supplemental funding requests, and therefore we continue to focus our attention on the DoD's base budget for support and funding of our programs.

In December 2010, Congress passed a continuing resolution funding measure for fiscal year 2011 to finance all U.S. Government activities through March 4, 2011. Under this continuing resolution, partial-year funding at amounts consistent with appropriated levels for fiscal year 2010 are available, subject to certain restrictions, but new spending initiatives are not authorized. Our key programs continue to be supported and funded despite the continuing resolution financing mechanism. However, during periods covered by continuing resolutions (or until the regular appropriation bills are passed), we may experience delays in procurement of products and services due to lack of funding, and those delays may affect our sales and profit during the period. The current continuing resolution has not had a material effect on our results of operations, financial position, or cash flows. The arrival of a new Congress in January 2011 with the House of Representatives and Senate under control of different political parties creates the potential for some uncertainty as to whether the government will continue to operate under a continuing resolution for the remainder of the fiscal year or will be able to enact appropriations legislation.

We believe our broad mix of programs and capabilities continues to position us favorably to support the current and future needs of the DoD. As the DoD increases its emphasis on affordability in the current fiscal environment and continues to respond to the increasingly complex and dynamic global security environment, many of our products remain well-positioned to meet the needs of the military services. For example, while Secretary Gates proposed changes to our F-35 program which will affect the aircraft's development and transition to production (see the F-35 discussion under the caption "Other Business Considerations" in this section), the aircraft remains a national priority. Additionally, the U.S. Navy plans to evolve the Aegis air and missile defense system through modernization programs to derive maximum utility over the long service lives of these systems. The Navy also recently decided to procure up to ten additional Littoral Combat Ships from us over the next five years.

The need for more affordable logistics and sustainment, expansive use of information technology and knowledge-based solutions, and vastly improved levels of network and cybersecurity, all appear to continue to be national priorities. To address these priorities, we have been growing our portfolio in these areas, diversifying our business, and expanding into adjacent businesses and programs that include surface naval vessels, rotary wing aviation, and land vehicles.

All non-defense agencies also are operating under a continuing resolution that requires them to remain at fiscal year 2010 funding levels. In addition, the President's budget proposes a three-year freeze in certain civil agency budgets, including agencies to which we provide products and services. We believe our key programs will continue to be supported in the budgets of the various agencies with which we do business.

We have continued to expand our capabilities in critical intelligence, knowledge management, and e-Government solutions for our customers, including the Social Security Administration and the Centers for Medicare and Medicaid Services (CMS). We also provide program management, business strategy and consulting, complex systems development and maintenance, complete life-cycle software support, information assurance, and enterprise solutions. In the civil arena, as with our defense business, we have not seen a significant effect on our business from the Administration's stated policy of in-sourcing. We believe that there will be continued demand by federal and civil government agencies for upgrading and investing in new information technology systems and solutions, but at a somewhat slower pace in the near term.

Consistent with our DoD business, more affordable logistics and sustainment, a more expansive use of information technology and knowledge-based solutions, and improved levels of network and cybersecurity all appear to be priorities in our non-DoD business as well. Homeland security, critical infrastructure protection, and improved service levels for civil government agencies also appear to be high customer priorities. The continuing strong emphasis on homeland security may increase demand for our capabilities in areas such as air traffic management,56 (s) era

In connection with the recertification, the DoD tasked the F-35 program executive officer to complete a technical baseline review which addressed program requirements, schedule, and cost. On January 6, 2011,

Operating profit of the business segments excludes the FAS/CAS pension adjustment discussed under the caption "Postretirement Benefit Plans"

The Aeronautics segment generally includes fewer programs that have much larger sales and operating results than programs included in the other segments. Due to the large number of comparatively smaller programs in the remaining segments, the discussion of the results of operations of those business segments focuses on lines of business within the segment rather than on specific programs. The following tables of financial information and related discussion of the results of operations of our business segments ar

Operating profit for the segment increased 10% in 2009 compared to 2008. The growth in operating profit primarily was due to increases in Air Mobility and Other Aeronautics Programs. The $70 million increase in Air Mobility's operating profit primarily was due to the higher volume on C-130J deliveries and C-130 support programs. In Other Aeronautics Programs, operating profit increased $120

Operating profit for the segment increased by 3% in 2010 compared to 2009. Operating profit increases at M&FC and GT&L more than offset a decline at MS2. The $73 million increase at M&FC mainly was due to higher volume and improved performance on certain tactical missile programs and higher volume on air defense programs. The $23 million increase at GT&L primarily was attributable

Operating profit for the segment was unchanged for 2010 compared to 2009. Growth in Space Transportation's operating profit was more than offset by a decline in Satellites' operating profit. S&DMS operating profit was relatively unchanged between periods. The $21 million increase in Space Transportation mainly was attributable to higher equity earnings on the ULA and USA joint ventures and higher volume on the Orion program, which partially were offset by lower volume on the space shuttle's external tank program. Satellites' operating profit decreased $23 million primarily due to lower volume and performance on commercial satellite programs, which partially was offset by higher volume and improved performance on government satellite programs in 2010. Equity earnings represented 27% of operating profit at Space Systems in 2010, compared to 22% in 2009.

Operating profit for the segment increased 2% in 2009 compared to 2008. During the year, operating profit growth at Satellites more than offset declines at Space Transportation and S&DMS. In Satellites, the operating profit increase of $88 million mainly was due to higher volume on government satellite activities, which partially was offset by lower volume in commercial satellite activities. The decrease of $46 million in Space Transportation's operating profit mainly was attributable to the absen

Certain items are excluded from segment results as part of senior management's evaluation of segment operating performance consistent with the management approach permitted by GAAP, such as the charges related to the VESP and the MS2 consolidation of

We actively seek to finance our business in a manner that preserves financial flexibility while minimizing borrowing costs to the extent practicable. We review changes in financial market, and economic conditions to manage the types, amounts, and maturities of our indebtedness. We may at times refinance existing indebtedness, vary our mix of variable-rate and fixed-rate debt, or seek alternative financing sources for our cash and operational needs.

Return on invested capital (ROIC) declined by 200 basis points during 2010 to 17.9%. The decline was primarily driven by the issuance of $1.5 billion in debt securities in November 2009 and lower net earnings in 2010 compared to 2009. We define ROIC as net earnings plus after-tax interest expense divided by average invested capital (stockholders' equity plus debt), after adjusting stockholders' qu b addg back amous( ) -2 5 (r) 1 99 1 (l) 2 (a) 1 std o postmm bf pla We blv hat

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Generally, our long-term debt obligations are subject to, along with other things, compliance with certain covenants, including covenants limiting our ability and the ability of certain of our subsidiaries to encumber our assets. As of December 31, 2010, we were in compliance with all covenants contained in our debt agreements. Interest payments include interest related to the outstanding debt through maturity.

Amounts related to other liabilities represent the contractual obligations for certain long-

In addition, we, Boeing, and ULA have cross-indemnifications in place with ULA related to financial support arrangements (*e.g.*, letters of credit, surety bonds, or foreign exchange contracts) and guarantees by us and Boeing of the performance and financial obligations of ULA under certain launch service contracts. We believe ULA will be able to fully perform its obligations, as it has done through December

Cost-plus-award-fee contracts provide for an award fee that varies within specified limits based on the customer’s assessment of

Services Contracts

For cost-reimbursable contracts for services that provide for award and incentive fees, we record net sales as services are performed, except for award and incentive fees. Award and incentive fees are recorded when they are fixed or determinable, generally at the date the amount is communicated to us by the customer. This approach results in the recognition of such fees at contractual intervals (typically every six months) throughout the contract and is dependent on the customer's processes for notification of awards and issuance of formal notifications. Under a fixed-price service contract, we are paid a predetermined fixed amount for a specified scope of work and generally have full responsibility for the costs associated with the contract and the resulting profit or loss. We record net sales under fixed-price service contracts on a straight-line basis over the period of contract performance, unless evidence postretirement benefit plan cost in subsequent years. We use judgment in reassessing these assumptions each year because we have to consider past and current market conditions, and make judgments about future market trends. We also have to consider factors such as

CAS rules are a major factor we consider in determining our total pension funding and govern the extent to which our pension costs are allocable to and recoverable under contracts with the U.S. Government. Funded amounts are recovered over time through the pricing of our products and services on U.S. Government contracts, and are recognized in our net sales. The amount of funding required under CAS for our qualified defined benefit pension plans for 2010, and therefore the amount included in our segments' operating results for the year, was $988 million. For 2011, we expect the funding required under CAS will be about $900 million. Additional funding requirements computed under the Internal Revenue Code (IRC) rules, as well as discretionary payments, are considered to be prepayments under the CAS rules to the extent the amounts exceed CAS funding requirements.

As noted above, the results of operations of our segments include pension expense only as determined and funded in accordance with CAS rules. The FAS/CAS pension adjustment represents the difference between pension expense calculated in accordance with and a charge to earnings. For example, if we were to determine that the liabilities should be increased by $100 million, the corresponding assets would be increased by approximately $87 million, with the remainder recorded as a charge to earnings. This allocation is determined annually, based upon our existing and projected business activities with the U.S. Government.

We cannot reasonably determine the extent of our financial exposure at all environmental sites with which we are involved. There are a number of former operating facilities we are monitoring or investigating for potential future remediation. In some cases, although a loss may be probable, it is not possible at this time to reasonably estimate the amount of any obligation for remediation

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Management's Report on the Financial Statements and Internal Control Over Financial Reporting

The management of Lockheed Martin is responsible for the consolidated financial statements and all related financial information contained in this Annual Report on Form 10-

Report of Ernst & Young LLP,
Independent Registered Public Accounting Firm,
Regarding Internal Control Over Financial Reporting

Board of Directors and Stockholders
Lockheed Martin Corporation

Report of Ernst & Young LLP,
Independent Registered Public Accounting Firm,
on the Audited Consolidated Financial Statements

Board of Directors and Stockholders

Lockheed Martin Corporation
Consolidated Balance Sheets

(In millions, except per share data)	*December 31,* ***2010***	*2009*
Assets		
Current Assets		
Cash and Cash Equivalents	**$ 2,261**	$ 2,391
Short-term Investments	**516**	346
Receivables	**5,757**	6,061
Inventories	**2,378**	2,183
Deferred Income Taxes	**1,038**	815
Assets of Discontinued Operation Held for Sale	**399**	—
Other Current Assets	**502**	681
Total Current Assets	**12,851**	12,477
Property, Plant, and Equipment, Net	**4,554**	4,520
Goodwill	**9,605**	9,948
Deferred Income Taxes		

Lockheed Martin Corporation
Consolidated Statements of Cash Flows

Year ended December

Lockheed Martin Corporation
Consolidated Statements of Stockholders' Equity

Change in Accounting Principle – Effective January 1, 2011, we changed our methodology for recognizing net sales for service contracts with the U.S. Government. We will recognize sales on those contracts using the POC method similar to our DD&P contracts as described above. As such, we expect that approximately 95% of our consolidated net sales will be recognized using the POC method. We believe the POC method is preferable, as consistent revenue recognition application across all contracts with the U.S. Government better reflects the underlying economics of those contracts and aligns our financial reporting with others in our industry. Beginning with our first quarter 2011 financial statements, all prior periods presented will be retrospectively adjusted to apply the new method of accounting. The effect of this change is expected to be less than one percent of net sales and segment operating profit in 2011, and was not material to prior periods.

Research and development and similar costs – Except for certain arrangements described below, we account for independent research and development costs as part of the general and administrative costs that are allocated among all of our contracts and programs in progress under U.S. Government contractual arrangements. Costs for product development initiatives we sponsor that are not otherwise allocable are charged to expense when incurred. Under some arrangements in which a customer shares in product development costs, our portion of unreimbursed costs is expensed as incurred. Independent research and development costs charged to cost of sales totaled $638 million in 2010, $724 million in 2009, and $698 million in 2008. Costs we incur under customer-sponsored research and development programs pursuant to contracts are included in net sales and cost of sales.

Investments in marketable securities – Investments in marketable securities consist of debt and equity securities and are classified as either available-for-sale securities or trading securities. If classified as available-for-sale securities, unrealized gains and losses are reflected net of income taxes in accumulated other comprehensive loss on the Statements of Stockholders' Equity. If classified as trading securities, unrealized gains and lossJ ET Q nre r(co) -1 (r) 2 ad

We record derivatives at their fair value. The classification of gains and losses resulting from changes in the fair values of

- **Electronic Systems –** Manages complex programs and designs, develops, produces, and integrates hardware and software solutions to ensure the mission readiness of armed forces and government agencies worldwide. Global security solutions include advanced sensors, decision systems, and weapons for air-, land-, and sea-based platforms. The segment integrates land vehicles, ships, and fixed- and rotary-wing aircraft. Major products and programs include air and missile defense; tactical missiles; weapon fire control systems; surface ship and submarine combat systems; anti-submarine and undersea warfare systems; land, sea-based, and airborne radars; surveillance and reconnaissance systems; simulation and training systems; and integrated logistics and sustainment services. Electronic Systems also manages and operates the Sandia National Laboratories for the U.S. Department of Energy and is part of the consortium that manages the United Kingdom's Atomic Weapons Establishment.

- **Information Systems & Global Solutions –**

[c] Other unallocated Corporate income (expense), net included the following:

Net Sales by Customer Category

(In millions)		***2010***	*2009*	*2008*
U.S. Government				
Aeronautics	**$**	**10,720**		

Note 7 – Inventories

Inventories consisted of the following components:

(In millions)	***2010***	*2009*
Work-in-process, primarily related to long-term contracts and programs in progress	**$ 6,523**	$ 5,565
Less: customer advances and progress payments	**(4,788**	(3,941
	1,735	1,624
Other inventories	**643**	559
	$ 2,378	$ 2,183

Work-in-process inventories at December 31, 2010 and 2009 included general and administrative costs of $522 million and $550 million. During 2010, 2009, and 2008, general and administrative costs incurred and recorded in inventories totaled $2,325 million, $2,352 million, and $2,324 million, and general and administrative costs charged to cost of sales from inventories totaled $2,352 million, $2,108 million, and $2,213 million.

Note 8 – Property, Plant, and Equipment

Property, plant, and equipment consisted of the following components:

Our reconciliation of the 35% U.S. federal statutory income tax rate to actual income tax expense for continuing operations is as follows:

The primary components of our federal and foreign deferred income tax assets and liabilities at December 31 were as follows:

(In millions)	***2010***	*2009*
Deferred tax assets related to:		
Accrued compensation and benefits	**$ 877**	$ 796
Pensions	**3,642**	3,664
Other postretirement benefit obligations	**459**	565
Contract accounting methods	**419**	391
Planned sale of PAE	**179**	—
Foreign company operating losses and credits	**14**	15
Valuation all615.7399cm BT 50 0 0 50 0 0 Tm /F1.0 1 Tf ( ) Tj ET Q Q q 466.9 11.61994 54.9550 4		

from the IRS related to estimated taxes paid for the 2009 calendar year, and an $85 million advance payment related to matters pending with IRS Appeals are included in 2010 payments.

Note 10 – Debt

Our long-

Note 11 – Postretirement Benefit Plans

Defined Contribution Plans

We maintain a number of defined contribution plans, most with 401(k) features that cover substantially all of our employees. Under the provisions of our 401(k) plans, most employees' eligible contributions are matched at rates specified in the plan documents. Our contributions were $379 million in 2010, $364 million in 2009, and $351 million in 2008, the majority of which were funded in our common stock.

Our Salaried Savings Plan is a defined contribution plan with a 401(k) feature that includes an ESOP Fund. Our matching contributions to the Salaried Savings Plan have been fulfilled through newly issued shares or purchases of our common stock. Participants can elect dividends on our common stock to be reinvested or paid in cash. At December 31, 2010, the Salaried Savings Plan held 58.9

actuarial losses at December 31, 2010 and 2009 were $447 million and $372 million, and the unrecognized prior service costs were not material. The expense associated with these plans totaled $85 million in 2010, $76 million in 2009, and $71 million in 2008. We also sponsor a small number of other postemployment plans and foreign benefit plans. The aggregate liability for the other postemployment plans was $93 million and $70 million as of December 31, 2010 and 2009. The expense for the other postemployment plans, as well as the liability and expense associated with the foreign benefit plans, was not material to our results of

Net Pension and Postretirement Benefit Costs

The net pension cost and the net postretirement benefit cost included the following components:

(In millions)	***2010***	*2009*	*2008*

Contributions and Expected Benefit Payments

During 2010, 2009, and 2008, we repurchased 33.0 million, 24.9 million, and 29.0 million shares of our common stock for

2010 Activity

Stock Options

The following table summarizes stock option activity during 2010:

	Number of Stock Options (In thousands)	*Weighted Average Exercise Price*	*Weighted Average Remaining Contractual Life (In years)*	*Aggregate Intrinsic Value (In millions)*
Outstanding at December 31, 2009	22,550	$ 74.04		
Granted	3,588	74.93		
Exercised	(1,405	41.65		
Terminated	(236	87.29		
Outstanding at December 31, 2010	**24,497**	**75.90**		

RSUs

The following table summarizes activity related to nonvested RSUs during 2010:

	Number of RSUs (In thousands)

We perform quarterly reviews of the status of our environmental sites and the related liabilities and assets. We record a liability when it is probable that a liability has been incurred and the amount can be reasonably estimated. The amount of liability recorded is

In addition, both we and Boeing have cross-

[a] Earnings from continuing operations for the first quarter of 2010 included an increase in income tax expense resulting from legislation that eliminates the tax deduction for benefit costs reimbursed under Medicare Part D (see Note 9), which reduced net earnings by $96 million ($.25 per share).

[b] Earnings from discontinued operations for the second quarter of 2010 included a tax benefit of $96 million due to the recognition of a deferred tax asset for PAE book and tax differences recorded when the decision was made to dispose of PAE (see Note 2).

[c] Earnings from continuing operations for the third quarter of 2010 included a charge of $178 million to cost of sales related to the VESP (see Note 3), which reduced net earnings by $116 million ($.32 per share).

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information concerning directors required by Item 401 of Regulation S-K is included under the caption "Proposals You

10.2 Lockheed Martin Corporation Directors Deferred Compensation Plan, as amended (incorporated by reference to Exhibit 10.2 to Lockheed Martin Corporation’s Annual Report on Form 10-K for the year ended December 31, 2008).

10.3 Resolutions relating to Lockheed Martin Corporation Financial Counseling Program and personal liability and accidental death and dismemberment benefits for officers and company presidents, (incorporated by reference to Exhibit 10(g) to Lockheed Martin Corporation’s Annual Report on Form 10-K for the year ended December 31, 1997).

10.4 Martin Marietta Corporation Postretirement Death Benefit Plan for Senior Executives, as amended January 1, 1995 (incorporated by reference to Exhibit 10.9 to Lockheed Martin Corporation’s Registration Statement on Form S-4 (File No. 033-57645) filed with the S4 (3(File

24	Powers of Attorney.
31.1	Rule 13a-14(a) Certification of Robert J. Stevens.
31.2	Rule 13a-14(a) Certification of Bruce L. Tanner.
32.1	Certification Pursuant to 18 U.S.C. Section 1350 of Robert J. Stevens.
32.2	Certification Pursuant to 18 U.S.C. Section 1350 of Bruce L. Tanner.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

*

SIGNATURES

Pursuant to the requirements of Section

Exhibit 12

Lockheed Martin Corporation
Computation of Ratio of Earnings from Continuing Operations to Fixed Charges
Year Ended December 31, 2010

Exhibit 23

Exhibit 24

POWER OF ATTORNEY

POWER OF ATTORNEY

LOCKHEED MARTIN CORPORATION

The undersigned hereby constitutes Maryanne R. Lavan, Marian S. Block, and David A. Dedman, each of them, jointly and severally, his lawful attorney-in-fact and agent, with full power of substitution, for him and in his name, place and stead, in any and all capacities, including, but not limited to, that listed below, to execute and file, or cause to be filed, with exhibits thereto and other documents in connection therewith, the Lockheed Martin Corporation Annual Report on Form 10-K for the fiscal year ended December 31, 2010 (“Form 10-K”), with the Securities and Exchange Commission (“Commission”) under the Securities Exchange Act of 1934, as amended, and amendments thereto, with exhibits and other documents in connection therewith, and all matters required by the Commission in connection with such Form 10-K.

Further, the undersigned grants unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, and each of them, or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ Nolan D. Archibald

NOLAN D. ARCHIBALD
Director

February 22, 2011

POWER OF ATTORNEY

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Further, the undersigned grants unto said attorneys-in-

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Further, the undersigned grants unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-

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Further, the undersigned grants unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, and each of them, or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ Christopher E. Kubasik

CHRISTOPHER E. KUBASIK
President and Chief Operating Officer

February 24, 2011

POWER OF ATTORNEY

LOCKHEED MARTIN CORPORATION

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Exhibit 31.1

I, Robert J. Stevens, Chairman and Chief Executive Officer, certify that:

1. I have reviewed this annual report on Form 10-K of Lockheed Martin Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350

In connection with the Annual Report of Lockheed Martin Corporation (the “Corporation”) on Form 10-K for the period ended December 31, 2010 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Robert J. Stevens,

Exhibit 32.2

GENERAL INFORMATION

December 31, 2010

As of December 31, 2010, there were approximately 34,560 holders of record of Lockheed Martin common stock and 348,423,629 shares outstanding.

TRANSFER AGENT & REGISTRAR
Computershare Trust Company, N.A.
Shareholder Services
P.O. Box 43078
Providence, Rhode Island 02940-3078
Telephone: 1-877-498-8861
TDD for the hearing impaired: 1-800-952-9245
Internet: http://www.computershare.com/investor

DIVIDEND REINVESTMENT PLAN
Lockheed Martin Direct Invest, our direct stock purchase and dividend reinvestment plan, provides new investors and current stockholders with a convenient, cost-effective way to purchase Lockheed Martin common stock, increase holdings and manage the investment. For more information about Lockheed Martin Direct Invest, contact our transfer agent, Computershare Trust Company, N.A. at 1-877-498-8861, or to view plan materials online and enroll electronically, go to: www.computershare.com/investor

INDEPENDENT AUDITORS

[redacted]