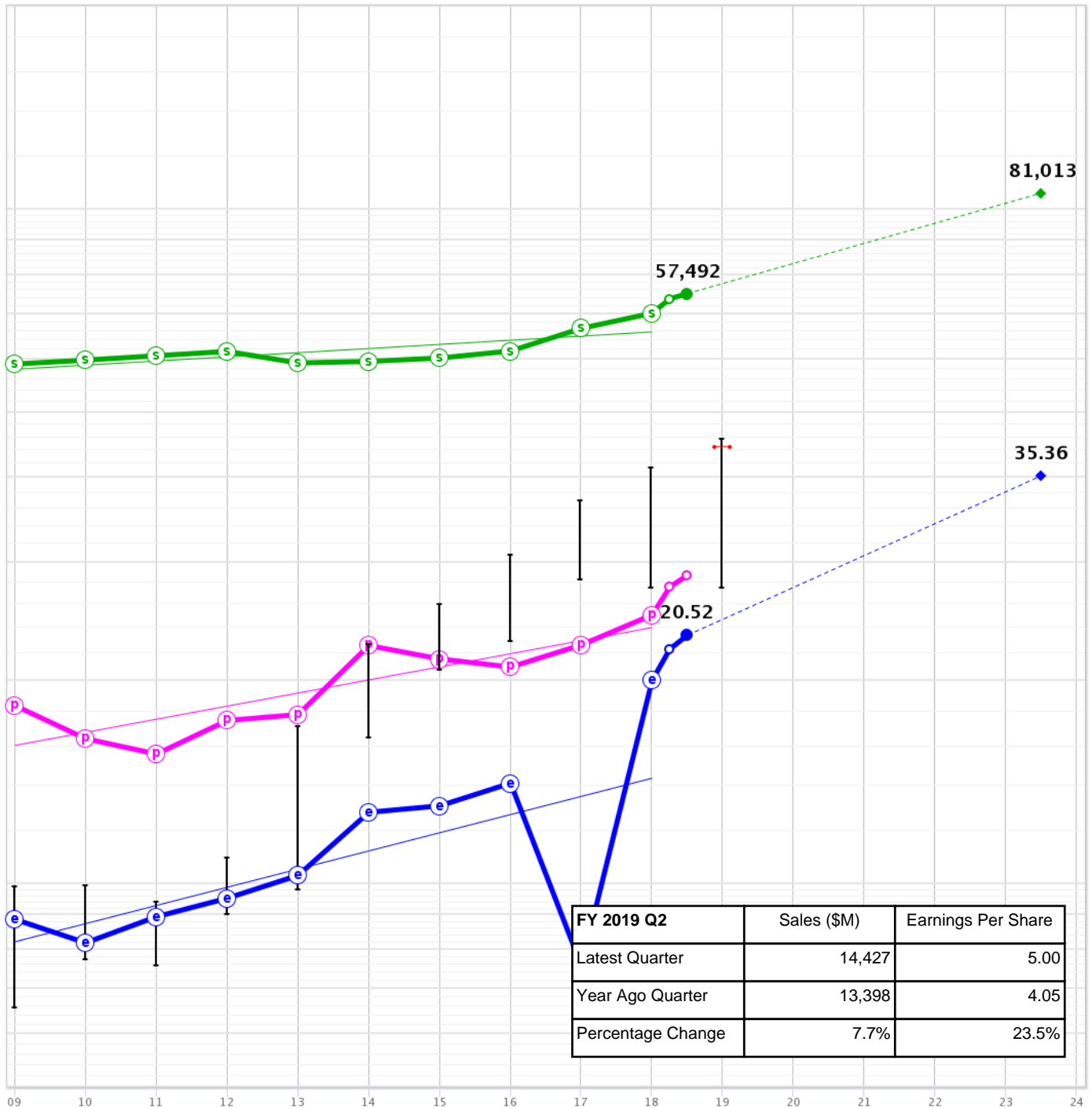


Company	Lockheed Martin	Date	09/25/19
Prepared by	TAYLOR	Data taken from	BI Stock Data
Where traded	NYS	Industry	Aerospace & Defense
Capitalization --- Outstanding Amounts	Reference		
Preferred (\$M)	0.0	% Insiders	% Institution
Common (M Shares)	283.9	0.3	16.4
Debt (\$M)	13,537.0	% to Tot Cap	82.6 % Pot Dil
			0.6

Stock Selection Guide

Symbol: LMT

1 VISUAL ANALYSIS of Sales, Earnings, and Price



- | | | | |
|-----------------------------------|------|--|-------|
| (1) Historical Sales Growth | 1.4% | (3) Historical Earnings Per Share Growth | 6.4% |
| (2) Estimated Future Sales Growth | 7.1% | (4) Estimated Future Earnings Per Share Growth | 11.5% |

2 EVALUATING Management

Lockheed Martin

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Last 5 Year Avg.
Pre-tax Profit on Sales	9.5%	8.4%	7.8%	8.6%	9.2%	11.5%	10.9%	10.3%	10.3%	10.9%	10.8%
% Earned on Equity	70.3%	67.4%	86.2%	6,880.7%	227.2%	77.5%	124.3%	154.0%	90.2%	524.2%	194.0%
% Debt To Capital	55.0%	57.5%	86.6%	99.4%	55.6%	64.5%	83.1%	90.4%	105.0%	91.0%	86.8%

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

CLOSING PRICE 390.43 (09/25/19)

HIGH THIS YEAR 399.96

LOW THIS YEAR 241.18

	A	B	C	D	E	F	G	H
Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
2014	198.7	144.7	11.21	17.7	12.9	5.49	49.0	3.8
2015	227.9	181.9	11.46	19.9	15.9	6.15	53.7	3.4
2016	269.9	200.5	12.38	21.8	16.2	6.77	54.7	3.4
2017	323.9	248.0	6.64	48.8	37.3	7.46	112.3	3.0
2018	363.0	241.2	17.59	20.6	13.7	8.20	46.6	3.4
AVERAGE		203.2		25.8	19.2		63.3	
CURRENT/TTM			20.52			8.80	42.9	
AVERAGE PRICE EARNINGS RATIO: 22.5					CURRENT PRICE EARNINGS RATIO: 19.0			

4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE - NEXT 5 YEARS

Avg. High P/E 25.8 X Estimate High Earnings/Share 35.36 = Forecasted High Price \$ 912.4

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 18.6 X Estimate Low Earnings/Share 20.52 = Forecasted Low Price \$ 381.7

(b) Avg. Low Price of Last 5 Years 203.2

(c) Recent Market Low Price 241.2

(d) Price Dividend Will Support $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{8.80}{3.79\%} = 231.9$

Selected Forecasted Low Price \$ 241.2

C ZONING using 25%-50%-25%

Forecasted High Price 912.4 Minus Forecasted Low Price 241.2 = 671.2 Range. 25% of Range 167.8

Buy Zone 241.2 to 409.0

Hold Zone 409.0 to 744.6

Sell Zone 744.6 to 912.4

Present Market Price of 390.43 is in the **BUY** Zone

D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price}} = \frac{912.4 - 390.43}{390.43} = 2.3368$
 $\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{912.4 - 390.43}{390.43 - 241.2} = 3.5$ To 1

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$\frac{\text{High Price}}{\text{Closing Price}} = \frac{912.4}{390.43} = 2.3368$
 $2.3368 \times 100 = 233.68 - 100 = 133.7\%$ % Appreciation

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A $\frac{\text{Indicated Annual Dividend}}{\text{Closing Price}} = \frac{8.20}{390.43} = 0.0225 = 2.3\%$ Current Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{63.3\%}{25.80} = 2.5\%$

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{63.3\%}{22.20} = 2.8\%$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 18.5 %
 Average Yield 2.5 %
 Annualized Rate of Return 21.0 %

COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation 15.0 %
 Average Yield 2.8 %
 Annualized Rate of Return 17.8 %