Lockheed Martin Corporation
Consolidated Statements of Earnings[1]
(unaudited; in millions, except per share data)

	Quarters Ended	
	March 30, 2014	**March 31, 2013**
Net sales	**$ 10,650**	$ 11,070
Cost of sales	**(9,279)**	(10,029)
Gross profit	**1,371**	1,041
Other income, net	**61**	78
Operating profit	**1,432**	1,119
Interest expense	**(86)**	(92)
Other non-operating income (expense), net	**2**	(2)
Earnings before income taxes	**1,348**	1,025
Income tax expense	**(415)**	(264)
Net earnings	**$ 933**	$ 761
Effective tax rate	**30.8 %**	25.8 %
Earnings per common share		
Basic	**$ 2.92**	$ 2.37
Diluted	**$ 2.87**	$ 2.33
Weighted average shares outstanding		
Basic	**319.1**	321.7
Diluted	**325.1**	326.3
Common shares reported in stockholders' equity at end of period	**315**	318

[1] The Corporation closes its books and records on the last Sunday of the calendar quarter to align its financial closing with its business processes, which was on March 30 for the first quarter of 2014 and March 31 for the first quarter of 2013. The consolidated financial statements and tables of financial information included herein are labeled based on that convention. This practice only affects interim periods, as the Corporation's fiscal year ends on Dec. 31.

Lockheed Martin Corporation
Business Segment Summary Operating Results
(unaudited; in millions)

	Quarters Ended		
	March 30, 2014	**March 31, 2013**	**% Change**
Net sales			
Aeronautics	**$ 3,386**	$ 3,186	6 %
Information Systems & Global Solutions	**1,910**	2,106	(9) %
Missiles and Fire Control	**1,867**	1,988	(6) %
Mission Systems and Training	**1,628**	1,830	(11) %
Space Systems	**1,859**	1,960	(5) %
Total net sales	**$ 10,650**	$ 11,070	(4) %
Operating profit			
Aeronautics	**$ 393**	$ 379	4 %
Information Systems & Global Solutions	**174**	189	(8) %
Missiles and Fire Control	**358**	344	4 %
Mission Systems and Training	**250**	201	24 %
Space Systems	**254**	230	10 %
Total business segment operating profit	**1,429**	1,343	6 %
Unallocated, net			
FAS/CAS pension adjustment			
FAS pension expense	**(313)**	(487)	
Less: CAS cost	**399**	366	
FAS/CAS pension income (expense)[1]	**86**	(121)	
Special item - severance charges[2]	**-**	(30)	
Stock-based compensation	**(48)**	(53)	
Other, net	**(35)**	(20)	
Total unallocated, net	**3**	(224)	
Total consolidated operating profit	**$ 1,432**	$ 1,119	28 %
Operating margins			
Aeronautics	**11.6 %**	11.9 %	
Information Systems & Global Solutions	**9.1 %**	9.0 %	
Missiles and Fire Control	**19.2 %**	17.3 %	
Mission Systems and Training	**15.4 %**	11.0 %	
Space Systems	**13.7 %**	11.7 %	
Total business segment operating margins	**13.4 %**	12.1 %	
Total consolidated operating margins	**13.4 %**	10.1 %	

[1] The change in the FAS/CAS pension adjustment from expense to income between the periods was due to lower FAS pension expense in 2014 primarily as a result of the increase in the discount rate used in the measurement of the Corporation's GAAP postretirement benefit plan obligations at the end of 2013, and incrementally higher CAS costs in 2014 as a result of phasing in the CAS Harmonization rules as discussed in the Corporation's Annual Report on Form 10-K for the year ended Dec. 31, 2013.

[2] Severance charges during the first quarter of 2013 consisted of amounts, net of state tax benefits, associated with the elimination of certain positions at the Corporation's Information Systems & Global Solutions business segment. Severance charges for initiatives that are not significant are included in business segment operating profit.

Lockheed Martin Corporation
Consolidated Balance Sheets
(unaudited; in millions, except par value)

	March 30, 2014	Dec. 31, 2013
Assets		
Current assets		
Cash and cash equivalents	**$ 3,264**	$ 2,617
Receivables, net	**6,255**	5,834
Inventories, net	**2,949**	2,977
Deferred income taxes	**1,135**	1,088
Other current assets	**631**	813
Total current assets	**14,234**	13,329
Property, plant, and equipment, net	**4,612**	4,706
Goodwill	**10,370**	10,348
Deferred income taxes	**2,782**	2,850
Other noncurrent assets	**4,921**	4,955
Total assets	**$ 36,919**	$ 36,188
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	**$ 1,942**	$ 1,397
Customer advances and amounts in excess of costs incurred	**6,197**	6,349
Salaries, benefits, and payroll taxes	**1,722**	1,809
Other current liabilities	**2,134**	1,565
Total current liabilities	**11,995**	11,120
Accrued pension liabilities	**9,438**	9,361
Other postretirement benefit liabilities	**902**	902
Long-term debt, net	**6,152**	6,152
Other noncurrent liabilities	**3,632**	3,735
Total liabilities	**32,119**	31,270
Stockholders' equity		
Common stock, $1 par value per share	**315**	319
Additional paid-in capital	**-**	-
Retained earnings	**13,922**	14,200
Accumulated other comprehensive loss	**(9,437)**	(9,601)
Total stockholders' equity	**4,800**	4,918
Total liabilities and stockholders' equity	**$ 36,919**	$ 36,188

Lockheed Martin Corporation
Consolidated Statements of Cash Flows
(unaudited; in millions)

	Quarters Ended	
	March 30, 2014	**March 31, 2013**
Operating activities		
Net earnings	**$ 933**	$ 761
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	**237**	232
Stock-based compensation	**48**	53
Special item - severance charges	**-**	30
Changes in operating assets and liabilities:		
Receivables, net	**(423)**	(384)
Inventories, net	**29**	43
Accounts payable	**545**	83
Customer advances and amounts in excess of costs incurred	**(152)**	(98)
Postretirement benefit plans	**320**	493
Income taxes	**584**	862
Other, net	**(21)**	10
Net cash provided by operating activities[1]	**2,100**	2,085
Investing activities		
Capital expenditures	**(103)**	(106)
Other, net	**(23)**	(42)
Net cash used for investing activities	**(126)**	(148)
Financing activities		
Repurchases of common stock	**(1,106)**	(461)
Proceeds from stock option exercises	**197**	55
Dividends paid	**(444)**	(371)
Other, net	**26**	7
Net cash used for financing activities	**(1,327)**	(770)
Net change in cash and cash equivalents	**647**	1,167
Cash and cash equivalents at beginning of period	**2,617**	1,898
Cash and cash equivalents at end of period	**$ 3,264**	$ 3,065

[1] The Corporation received net tax refunds of approximately $200 million during the first quarter of 2014 compared to net tax refunds of $540 million during the first quarter of 2013.

Lockheed Martin Corporation
Consolidated Statement of Stockholders' Equity
(unaudited; in millions)

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance at Dec. 31, 2013	**$ 319**	**$ -**	**$ 14,200**	**$ (9,601)**	**$ 4,918**
Net earnings	-	-	933	-	933
Other comprehensive income, net of tax [1]	-	-	-	164	164
Repurchases of common stock	(7)	(316)	(783)	-	(1,106)
Dividends declared [2]	-	-	(428)	-	(428)
Stock-based awards and ESOP activity	3	316	-	-	319
Balance at March 30, 2014	**$ 315**	**$ -**	**$ 13,922**	**$ (9,437)**	**$ 4,800**

[1] Primarily represents the reclassification adjustment for recognition of prior period amounts related to postretirement benefit plans.

[2] Represents dividends of $1.33 per share declared during the first quarter of 2014.

Lockheed Martin Corporation
Operating Data
(unaudited; in millions, except aircraft deliveries)

Backlog	**March 30, 2014**	**Dec. 31, 2013**
Aeronautics	**$ 26,500**	$ 28,000
Information Systems & Global Solutions	**8,200**	8,300
Missiles and Fire Control	**14,400**	15,000
Mission Systems and Training	**10,900**	10,800
Space Systems	**19,600**	20,500
Total backlog	**$ 79,600**	$ 82,600

	Quarters Ended	
Aircraft Deliveries	**March 30, 2014**	**March 31, 2013**
F-16	**4**	3
F-35	**8**	-
C-130J	**5**	6
C-5	**2**	-