



Lockheed Martin 2nd Quarter 2013 Financial Results Conference Call

July 23, 2013
11:00 a.m. EDT



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July 23, 2013

Forward Looking Statements



Our presentation contains “forward-looking statements” or projections based on Lockheed Martin’s current expectations and assumptions. These statements are not guarantees of future performance and are subject to risks and uncertainties. Actual results may differ materially due to factors such as: the availability of funding for the Corporation’s products and services; changes in customer priorities and requirements; the implementation of automatic sequestration or Congressional actions intended to replace sequestration; U.S. Government operations under a continuing resolution; quantity revisions to the F-35 program; the accuracy of the Corporation’s estimates and assumptions; the effect of capitalization changes; difficulties in developing and producing operationally advanced technology systems, cyber security, other security threats, information technology failures, natural disasters, public health crises or other disruptions; the timing and customer acceptance of product deliveries; materials availability and the performance of key suppliers, teammates, joint venture partners, subcontractors, and customers; charges from any future impairment reviews that may result in the recognition of losses and a reduction in the book value of goodwill or other long-term assets; the future effect of legislation, rulemaking, and changes in accounting, tax, defense procurement, changes in policy, interpretations, or challenges to the allowability and recovery of costs incurred under government cost accounting standards, export policy, changes in contracting policy and contract mix; the future impact of acquisitions or divestitures, joint ventures, teaming arrangements, or internal reorganizations; compliance with laws and regulations, the outcome of legal proceedings and other contingencies and U.S. Government identification of deficiencies in the Corporation’s business systems; the competitive environment for the Corporation’s products and services, export policies, and potential for delays in procurement due to bid protests; the ability to attract and retain key personnel and suppliers and to provide for the orderly transition of management as the Corporation reduces the size of its workforce; and economic, business, and political conditions and the Corporation’s increased reliance on securing international and adjacent business. We disclaim any duty to update these forward-looking statements

Our SEC filings (found at www.lockheedmartin.com/investor, or through the website maintained by the SEC at www.sec.gov), including, our Annual Report on Form 10-K for the year ended Dec. 31, 2012, contain more information on the types of risks and other factors that could adversely affect these statements.

2Q 2013 Overview



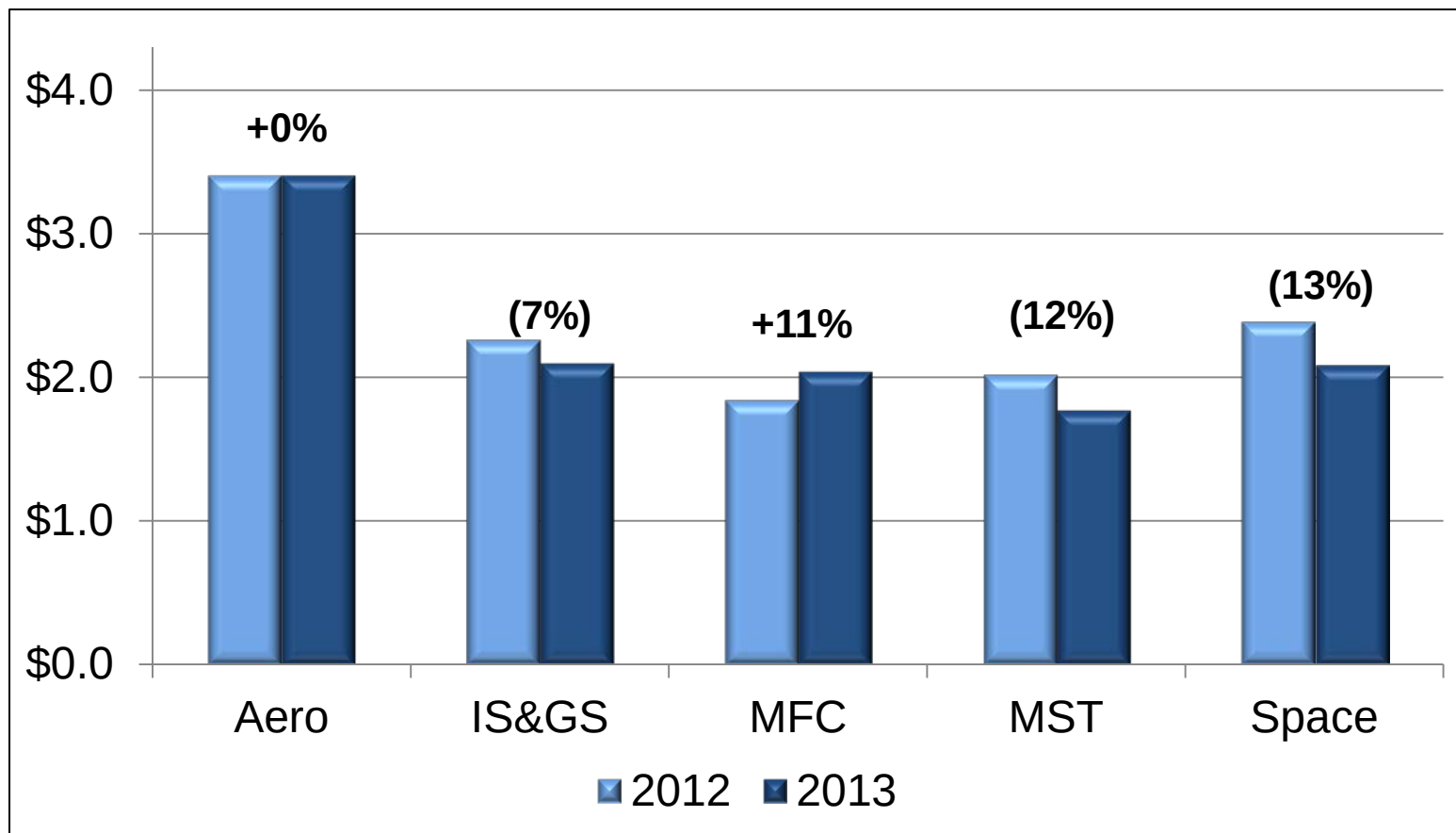
- **Achieved \$11.4 Billion in Sales**
- **Expanded Segment Operating Margin* to 13.4%**
- **Increased Earnings Per Share to \$2.64**
- **Generated \$623 Million in Cash From Operations**
- **Returned \$836 Million of Cash to Shareholders, Including Repurchasing 4.5M Shares for \$465 Million**
- **Increased 2013 Outlook for Operating Profit, EPS, and Cash from Operations**

Strong Quarter Results

* See Charts 14-15 for Definitions of Non-GAAP Measures

2Q Sales Summary

(\$B)

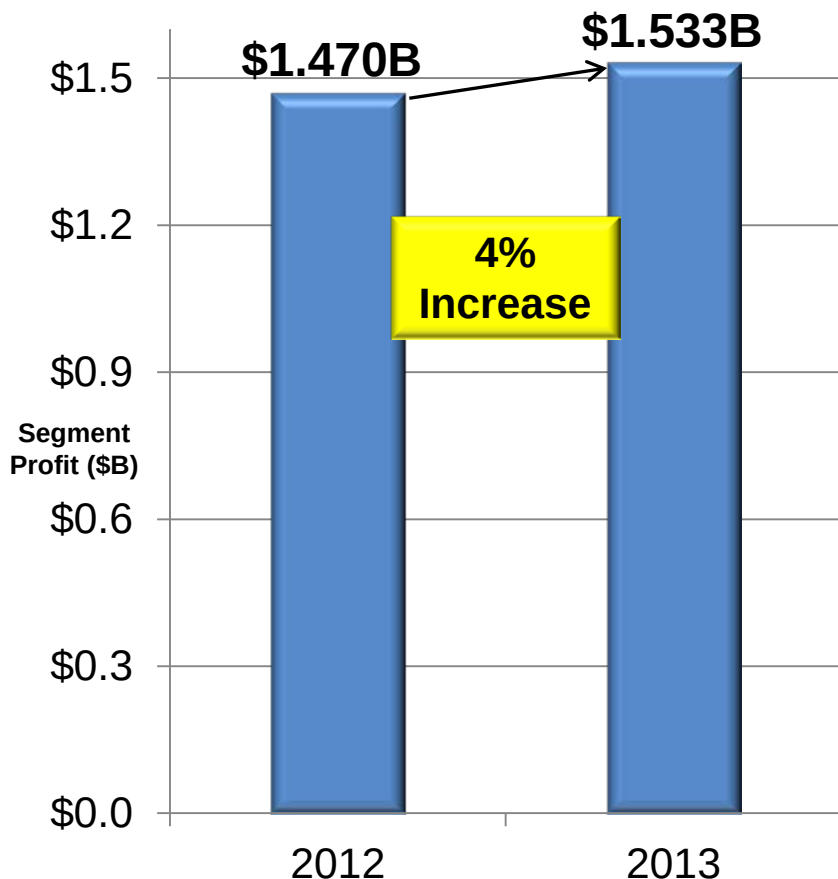


**2Q Sales Above Expectations...
Tracking to Full Year Outlook**

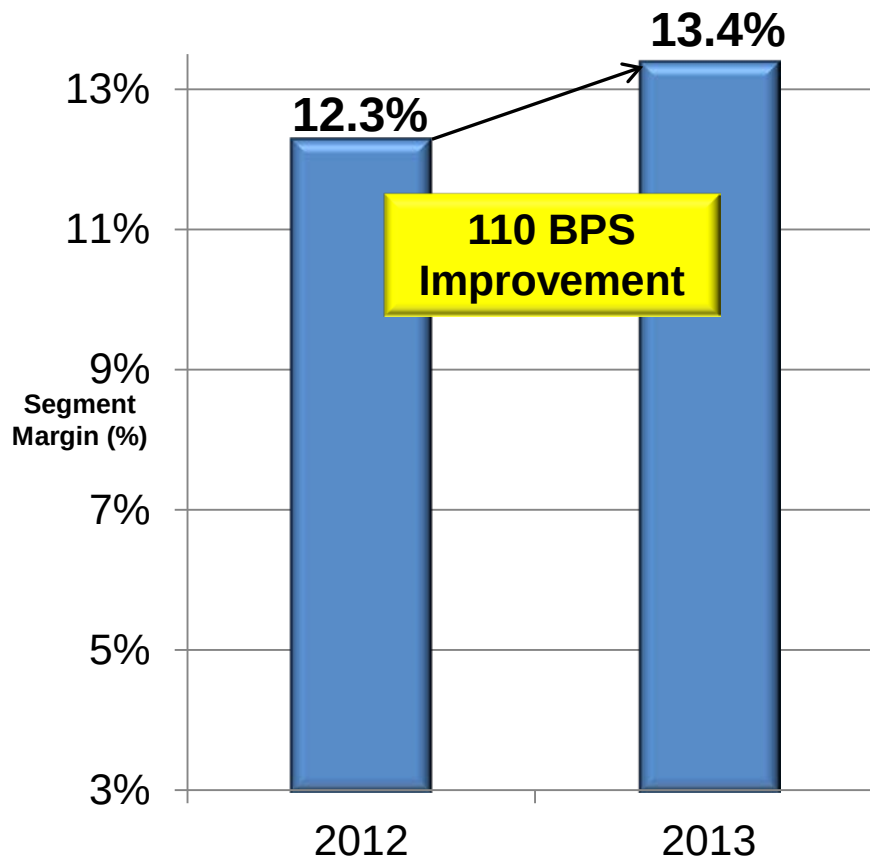
2Q Segment Operating Results



Segment Operating Profit*



Segment Operating Margin*

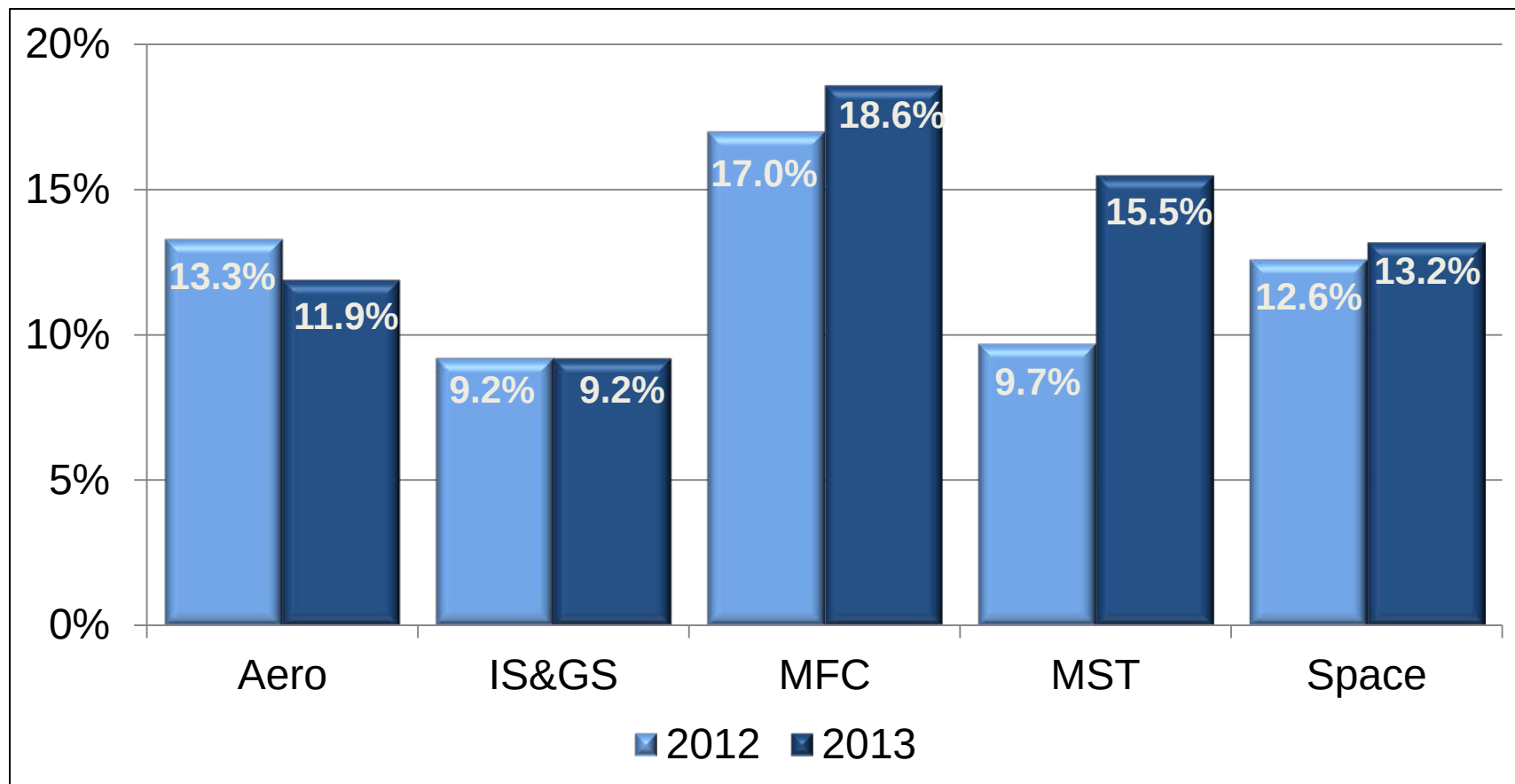


**Positive Results Driven By Continued Focus
on Execution and Affordability**

* See Charts 14-15 for Definitions of Non-GAAP Measures

2Q Segment Operating Margins*

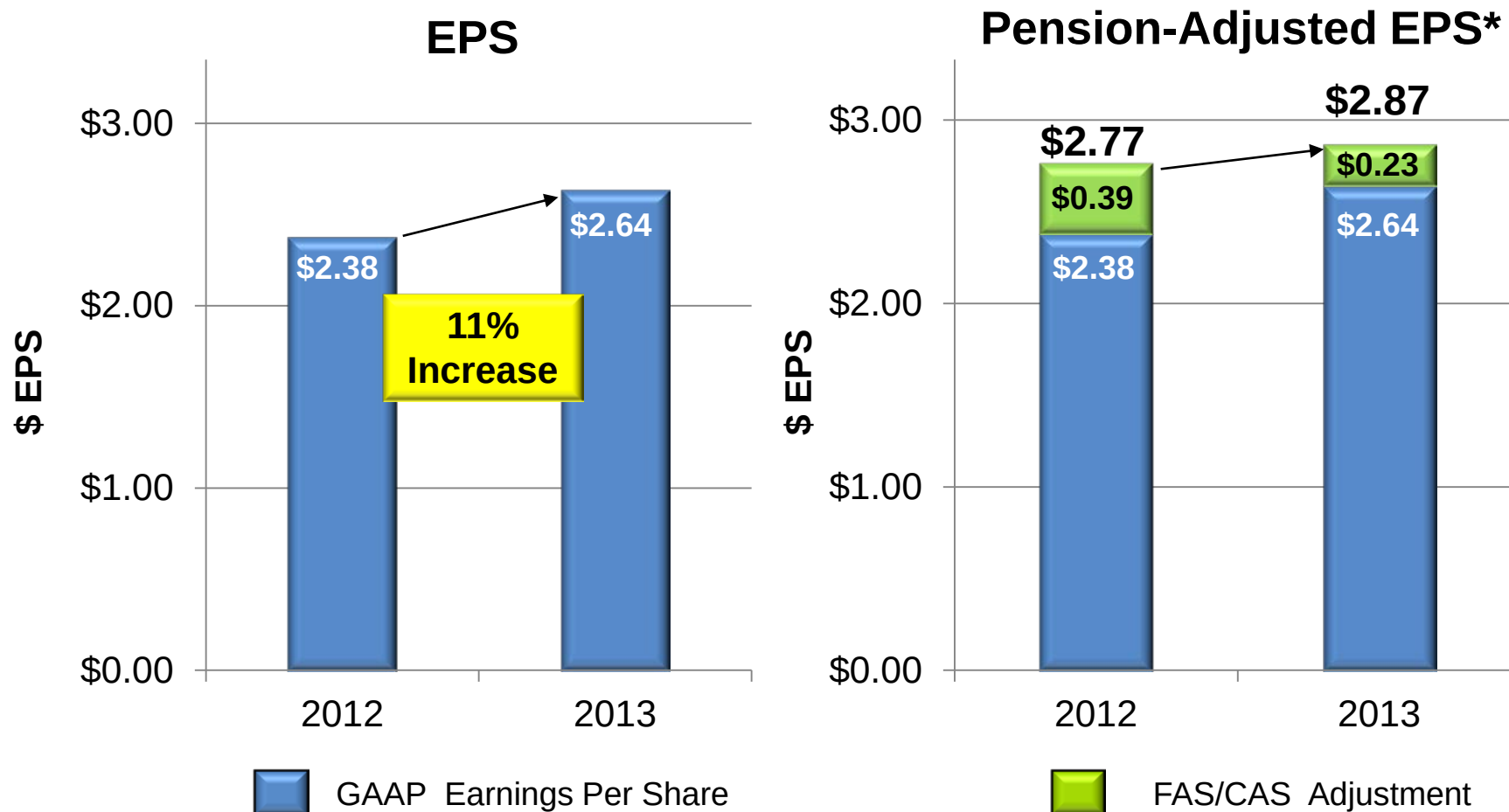
(%)



Broad Margin Performance Across Business Areas

* See Charts 14-15 for Definitions of Non-GAAP Measures

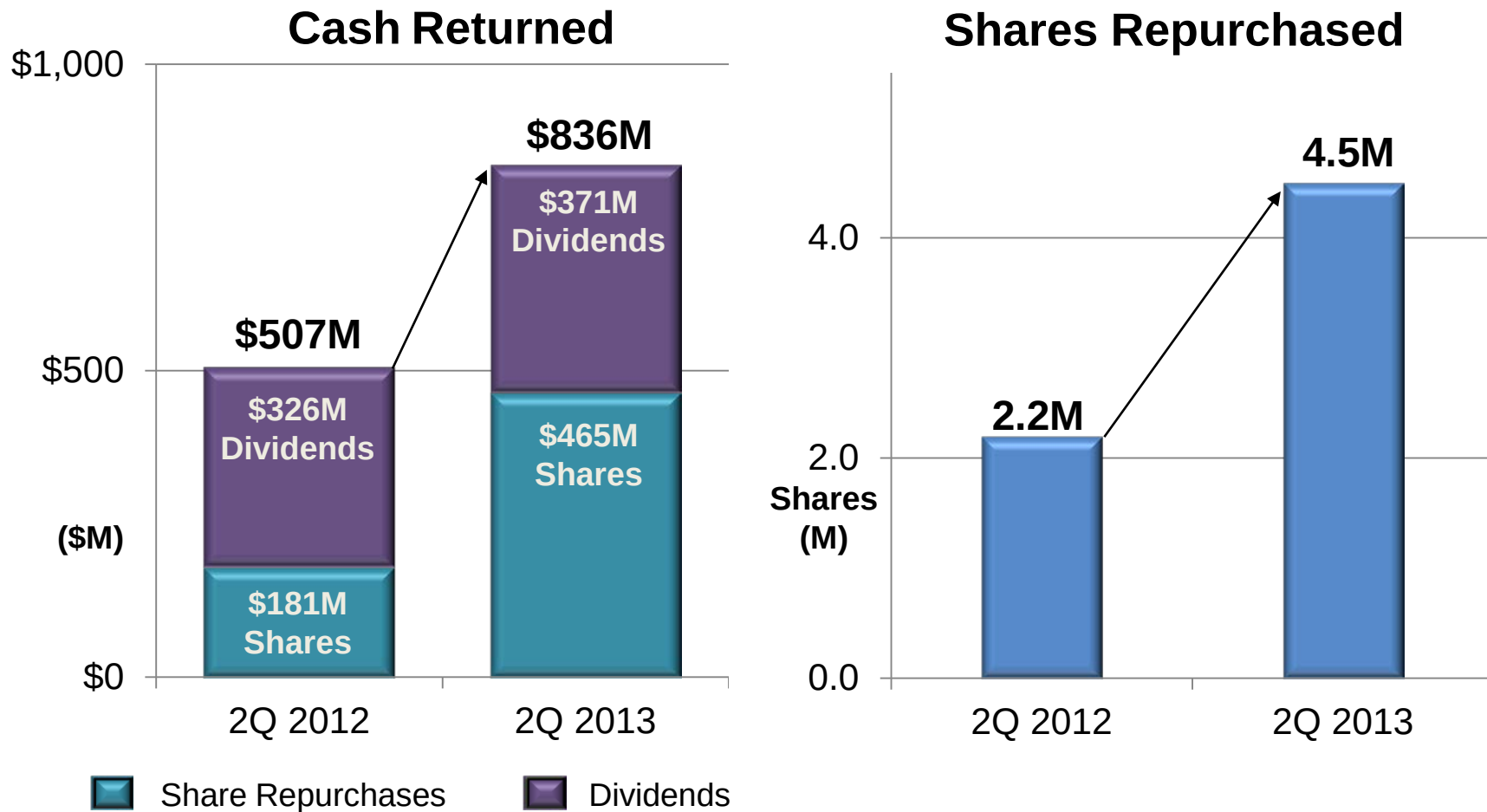
2Q Earnings Per Share



Operational Performance Driving EPS Growth

* See Charts 14-15 for Definitions of Non-GAAP Measures

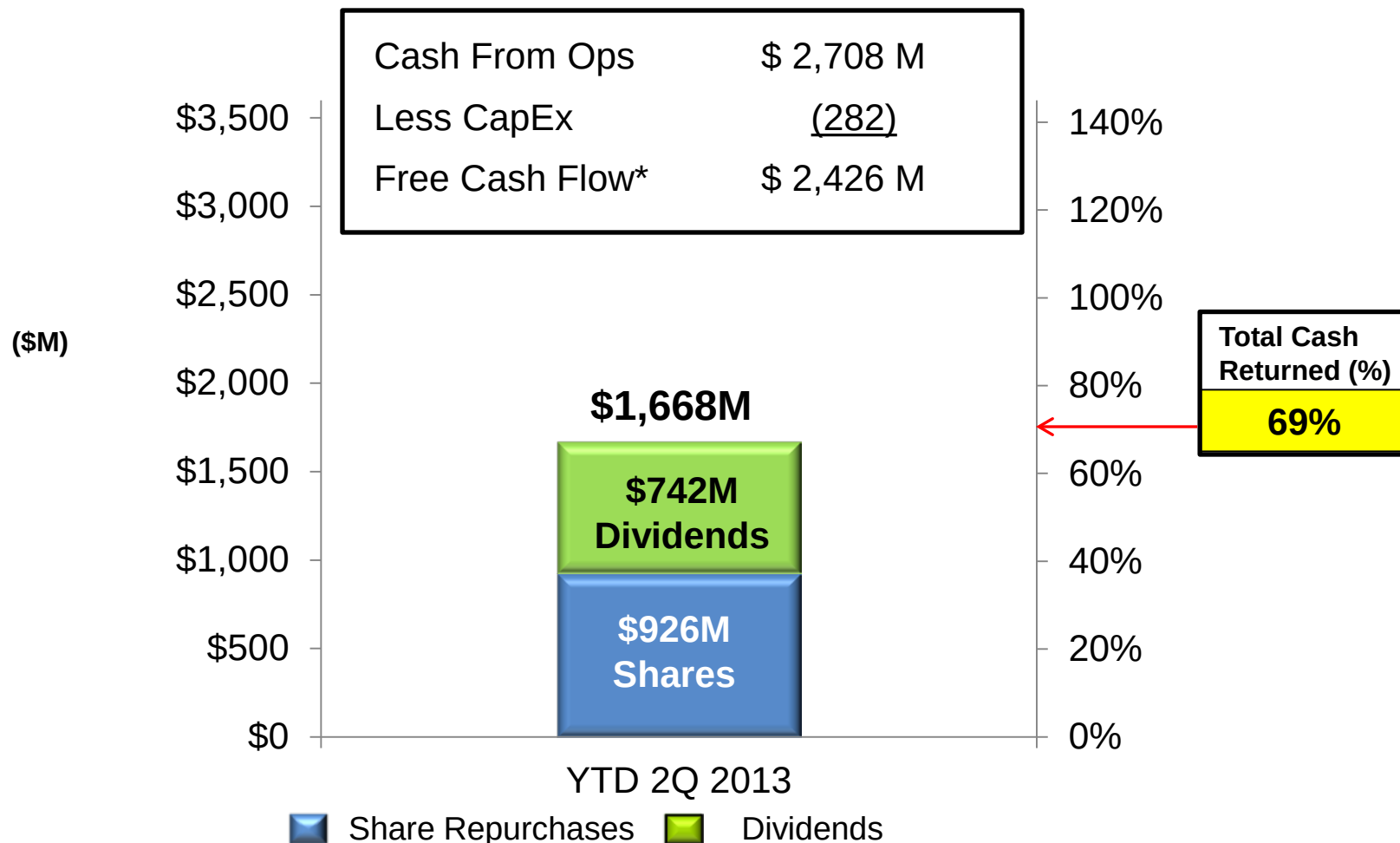
Cash Returned to Shareholders



Continued Strong Cash Deployment Actions

YTD 2Q

Cash Returned to Shareholders



On Track to Exceed Full Year Cash Return Commitments

* See Charts 14-15 for Definitions of Non-GAAP Measures

2013 Outlook

(\$M, Except EPS)



	<u>April Outlook</u>	<u>Current Outlook</u>
Sales	\$44,500 - 46,000 Low-End of Range	No Change
Segment Operating Profit*	\$5,175 - 5,325	\$5,400 - 5,550
<u>Unallocated Expenses, net</u>		
FAS/CAS Adjustment	~ (485)	~ (485)
Other Unallocated Items	~ (340)	~ (365)
Operating Profit	\$4,350 - 4,500	\$4,550 - 4,700
EPS - Continuing Operations	\$8.80 - 9.10	\$9.20 - 9.50
Cash From Operations	≥ \$4,000	≥ \$4,200

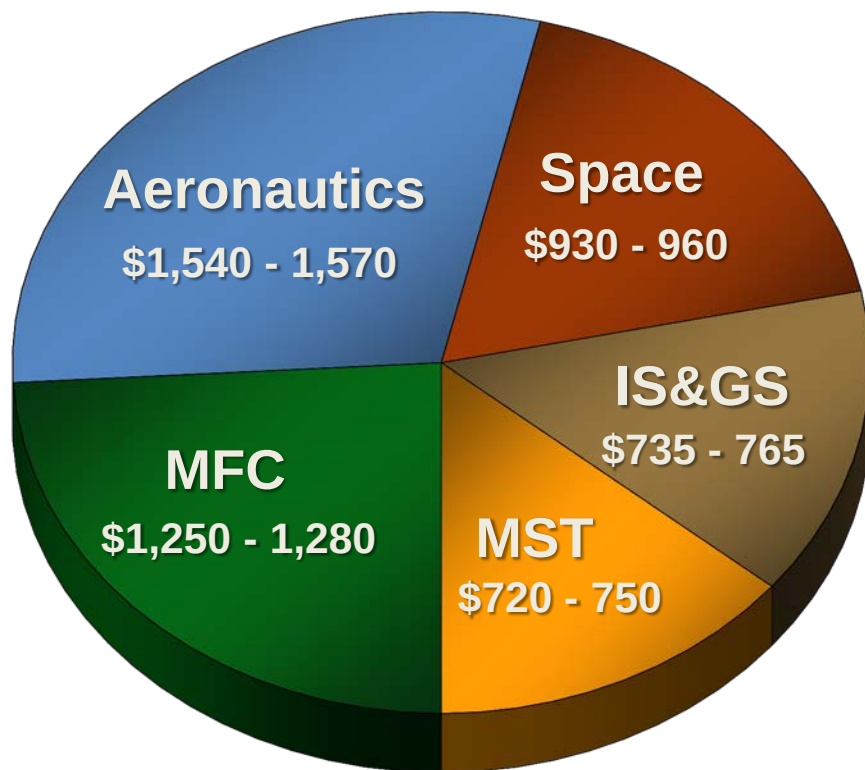
* See Charts 14-15 for Definitions of Non-GAAP Measures

2013 Segment Op Profit Outlook*

(\$M)

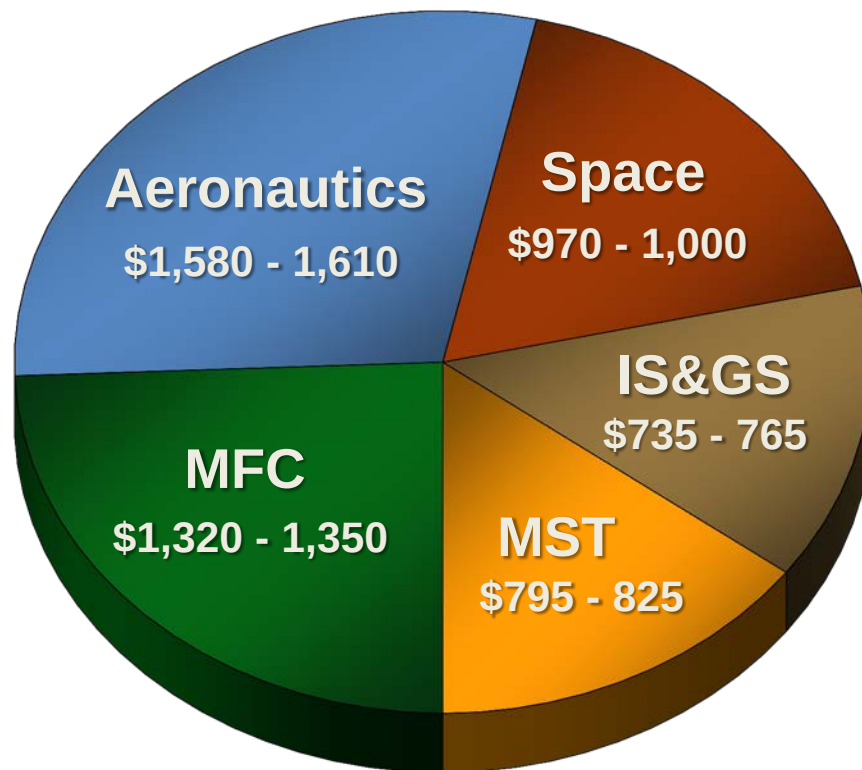


April Outlook



\$5,175 - 5,325M

Current Outlook



\$5,400 - 5,550M

Strong Year-to-Date Performance Reflected in Updated Guidance

* See Charts 14-15 for Definitions of Non-GAAP Measures

Summary



- **Strong Quarter and Year-to-Date Performance**
- **Outstanding Results from Broad Business Portfolio Enabling Increased Guidance**
- **Excellent Execution Across the Corporation**
- **Performing Well in a Dynamic Environment**

Delivering Increasing Value to Shareholders

Financial Appendix

Definitions of Non-GAAP Measures



Non-GAAP Financial Measures Disclosure

This presentation, and today's conference call remarks, contain non-Generally Accepted Accounting Principles (GAAP) financial measures (as defined by SEC Regulation G). While we believe that these non-GAAP financial measures may be useful in evaluating Lockheed Martin, this information should be considered supplemental and is not a substitute for financial information prepared in accordance with GAAP. In addition, our definitions for non-GAAP measures may differ from similarly titled measures used by other companies or analysts.

Segment Operating Profit / Margin

Segment Operating Profit represents the total earnings from our business segments before unallocated income and expense, interest expense, other non-operating income and expense, and income tax expense. This measure is used by our senior management in evaluating the performance of our business segments. The caption "Unallocated Expenses, net)" reconciles Segment Operating Profit to consolidated Operating Profit. Segment Margin is calculated by dividing Segment Operating Profit by Sales. Mid-point Segment Margin represents the mid-point of the outlook range for Segment Operating Profit divided by the mid-point of the outlook range for Sales.

	<u>2013 Outlook (April)</u>	<u>2013 Current Outlook (July)</u>
Sales	\$44,500 – 46,000 (Low-End of Range)	No Change
Segment Operating Profit	\$5,175 - 5,325	\$5,400 - 5,550
Mid-Point Segment Margin	11.6%	12.1%
Consolidated Operating Profit	\$4,350 – 4,500	\$4,550 – 4,700

	<u>2Q 2013</u>			<u>2Q 2012</u>		
	<u>Sales</u>	<u>Profit</u>	<u>Margin</u>	<u>Sales</u>	<u>Profit</u>	<u>Margin</u>
Operating Profit	\$ 11,408	\$ 1,298	11.4%	\$ 11,921	\$ 1,192	10.0%
Unallocated Expenses, net	-	235		-	278	
Segment Operating Profit	\$ 11,408	\$ 1,533	13.4%	\$ 11,921	\$ 1,470	12.3%

Definitions of Non-GAAP Measures



Pension-Adjusted Earnings Per Share

Lockheed Martin defines adjusted earnings per share as GAAP earnings per share excluding the effect of the FAS/CAS pension adjustment. Management uses these measures as an additional means to compare and forecast the company's operating performance before the effect of the FAS/CAS pension adjustment between periods and in comparison to that of other companies within our industry as an alternative to GAAP.

Pre-Pension Cash Flow

Lockheed Martin defines pre-pension cash flow as GAAP cash from operations plus the cash amount contributed to pension trusts.

