Lockheed Martin Corporation

1st Quarter 2016

Financial Results Conference Call
April 26, 2016
11:00 am EDT

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This presentation contains statements that, to the extent they are not recitations of historical fact, constitute forward-looking statements within the meaning of the federal securities laws, and are based on our current expectations and assumptions. The words “believe,” “estimate,” “anticipate,” “project,” “intend,” “expect,” “plan,” “outlook,” “scheduled,” “forecast” and similar expressions are intended to identify forward-looking statements. 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: our reliance on contracts with the U.S. Government, all of which are conditioned upon the availability of funding; declining budgets; affordability initiatives; the implementation of automatic sequestration under the Budget Control Act of 2011 or Congressional actions intended to replace sequestration; risks related to the development, production, performance, schedule, cost and requirements of complex and technologically advanced programs including our largest, the F-35 program; economic, industry, business and political conditions (domestic and international) including their effects on governmental policy; our success in growing international sales and expanding into adjacent markets and risks associated with doing business in new markets and internationally; the competitive environment for our products and services, including increased market pressures in our services businesses, competition from outside the aerospace and defense industry, and increased bid protests; planned production rates for significant programs and compliance with stringent performance and reliability standards; the performance of key suppliers, teammates, venture partners, subcontractors and customers; the timing and customer acceptance of product deliveries; our ability to attract and retain key personnel and transfer knowledge to new personnel; the impact of work stoppages or other labor disruptions; the impact of cyber or other security threats or other disruptions to our businesses; our ability to implement capitalization changes such as share repurchase activity and pension funding or debt levels; our ability to recover certain costs under U.S. Government contracts and changes in contract mix; the accuracy of our estimates and projections; risk of a future impairment of goodwill or other long-term assets; movements in interest rates and other changes that may affect pension plan assumptions and actual returns on pension plan assets; realizing the anticipated benefits of acquisitions or divestitures, ventures, teaming arrangements or internal reorganizations, and our efforts to increase the efficiency of our operations and improve the affordability of our products and services; our ability to successfully integrate the Sikorsky business and realize synergies and other expected benefits of the acquisition and the impact of oil and gas trends on financial performance; adjustments required as a result of the ongoing purchase accounting analysis related to the Sikorsky acquisition; risks related to the completion of the Corporation’s previously announced transaction with Leidos related to the Corporation’s IS&GS business segment, including anticipated timing, obtaining Leidos stockholder and regulatory approvals and anticipated tax treatment; the dependency of any split-off transaction on market conditions and the value to be received in any split-off transaction; and the amount of any potential decrease in outstanding shares or book gain; the adequacy of our insurance and indemnities; materials availability; the effect of changes in or interpretation of: legislation, regulation or policy, including those applicable to procurement (including competition from fewer and larger prime contractors), cost allowability or recovery, accounting, taxation, or export; and the outcome of legal proceedings, bid protests, environmental remediation efforts, government investigations or government allegations that we have failed to comply with law, other contingencies and U.S. Government identification of deficiencies in our business systems. These are only some of the factors that may affect the forward-looking statements contained in this presentation. For a discussion identifying additional important factors that could cause actual results to vary materially from those anticipated in the forward-looking statements, see the Corporation’s filings with the SEC including, but not limited to, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Risk Factors” in the Corporation’s Annual Report on Form 10-K for the year ended Dec. 31, 2015 and quarterly reports on Form 10-Q. The Corporation’s filings may be accessed through the Investor Relations page of its website, www.lockheedmartin.com/investor, or through the website maintained by the SEC at www.sec.gov. Except where required by applicable law, the Corporation expressly disclaims a duty to provide updates to forward-looking statements after the date of this presentation to reflect subsequent events, changed circumstances, changes in expectations, or the estimates and assumptions associated with them. The forward-looking statements in this presentation are intended to be subject to the safe harbor protection provided by the federal securities laws.
1Q 2016 Overview

• Achieved Sales of $11.7 Billion

• Achieved Segment Operating Profit* of $1.2 Billion and Earnings Per Share of $2.58

• Generated $1.6 Billion in Cash From Operations

• Returned $1.0 Billion of Cash to Stockholders, Including Repurchasing 2.4M Shares for $0.5 Billion

• Increased 2016 Outlook for Sales, Operating Profit, Earnings Per Share and Cash From Operations

Strong Start to 2016

*See Chart 12 for Definitions of Non-GAAP Measures
1Q Sales and Earnings Per Share

Sales

<table>
<thead>
<tr>
<th></th>
<th>1Q 2015</th>
<th>1Q 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>($B)</td>
<td>$10.1B</td>
<td>$11.7B</td>
</tr>
</tbody>
</table>

Earnings Per Share

<table>
<thead>
<tr>
<th></th>
<th>1Q 2015</th>
<th>1Q 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ EPS</td>
<td>$2.74</td>
<td>$2.58</td>
</tr>
</tbody>
</table>

1Q Performance Exceeded Expectations…
E.P.S. Impacted By $(0.21) Severance Charge
Cash Returned to Stockholders

- Cash From Ops: $1,563 M
- Less CapEx: (151)
- Free Cash Flow*: $1,412 M

**On Pace For Full Year Cash Deployment Goals**

*See Chart 12 for Definitions of Non-GAAP Measures*
## 2016 Outlook Update

($M, Except EPS)

<table>
<thead>
<tr>
<th></th>
<th>Prior (Jan)</th>
<th>Current (April)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>$49,500 - $51,000</td>
<td>$49,600 - $51,100</td>
</tr>
<tr>
<td><strong>Segment operating profit</strong>*</td>
<td>$4,900 - $5,050</td>
<td>$5,025 - $5,175</td>
</tr>
<tr>
<td><strong>Unallocated corp inc / (exp)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FAS/CAS pension adjustment</td>
<td>~ 975</td>
<td>No Change</td>
</tr>
<tr>
<td>Special item – severance charges</td>
<td>--</td>
<td>~ (100)</td>
</tr>
<tr>
<td>Other, net</td>
<td>~ (275)</td>
<td>No Change</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>$5,600 - $5,750</td>
<td>$5,625 - $5,775</td>
</tr>
<tr>
<td><strong>EPS</strong></td>
<td>$11.45 - $11.75</td>
<td>$11.50 - $11.80</td>
</tr>
<tr>
<td><strong>Cash from operations</strong></td>
<td>≥ $5,300</td>
<td>≥ $5,400</td>
</tr>
</tbody>
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*See Chart 12 for Definitions of Non-GAAP Measures

April 26, 2016
## 2016 EPS Outlook Reconciliation

<table>
<thead>
<tr>
<th>EPS</th>
<th></th>
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<tbody>
<tr>
<td><strong>January 2016 Outlook</strong></td>
<td>$11.45 - $11.75</td>
</tr>
<tr>
<td>Increase in Segment Operating Profit*</td>
<td>~ 0.26</td>
</tr>
<tr>
<td>Special Item - Severance</td>
<td>(0.21)</td>
</tr>
<tr>
<td><strong>April 2016 Outlook</strong></td>
<td>$11.50 - $11.80</td>
</tr>
</tbody>
</table>

*See Chart 12 for Definitions of Non-GAAP Measures*
2016 Sales Outlook ($M)

Sales (Prior)

- Aeronautics: $16,500 - 16,800
- Space: $8,400 - 8,700
- IS&GS: $4,900 - 5,200
- MST: $13,200 - 13,500
- MFC: $6,500 - 6,800

Sales (Current)

- Aeronautics: $16,500 - 16,800
- Space: $8,400 - 8,700
- IS&GS: $5,000 - 5,300
- MST: $13,200 - 13,500
- MFC: $6,500 - 6,800

$49,500 - $51,000M

$49,600 - $51,100M

Sales Increased By $100M
2016 Segment Operating Profit* Outlook ($M)

Segment Op Profit (Prior)  Segment Op Profit (Current)

Aeronautics:
$1,700 - 1,730

Space:
$1,030 - 1,060

IS&GS:
$345 - 375

MFC:
$1,000 - 1,030

MST:
$825 - 855

Aeronautics:
$1,725 - 1,755

Space:
$1,055 - 1,085

IS&GS:
$370 - 400

MFC:
$1,000 - 1,030

MST:
$875 - 905

$4,900 - $5,050M

$5,025 - $5,175M

Segment Operating Profit Outlook Increased By $125M

*See Chart 12 for Definitions of Non-GAAP Measures
Summary

• Strong Quarterly Operational Performance…Enabling Increase to Full Year Outlook for Sales, Operating Profit, Earnings Per Share, and Cash From Operations

• Cash Generation Focus Providing Continued Cash Returns to Stockholders

• On-Track for Completion of IS&GS RMT Transaction
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 “Total Unallocated Items” 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.

<table>
<thead>
<tr>
<th>($ Millions)</th>
<th>2016 Outlook (January)</th>
<th>2016 Outlook (April)</th>
</tr>
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<tr>
<td>Sales</td>
<td>$49,500 – 51,000</td>
<td>$49,600 – 51,100</td>
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<tr>
<td>Segment Operating Profit</td>
<td>$4,900 – 5,050</td>
<td>$5,025 – 5,175</td>
</tr>
<tr>
<td>Mid-Point Segment Margin</td>
<td>9.9%</td>
<td>10.1%</td>
</tr>
<tr>
<td>Consolidated Operating Profit</td>
<td>$5,600 – 5,750</td>
<td>$5,625 – 5,775</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>1Q 2016</th>
<th></th>
<th></th>
<th>1Q 2015</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sales</td>
<td>Profit</td>
<td>Margin</td>
<td>Sales</td>
<td>Profit</td>
<td>Margin</td>
</tr>
<tr>
<td>Segment Operating Profit</td>
<td>$11,702</td>
<td>$1,223</td>
<td>10.5%</td>
<td>$10,111</td>
<td>$1,306</td>
<td>12.9%</td>
</tr>
<tr>
<td>Total Unallocated Items</td>
<td>-</td>
<td>74</td>
<td></td>
<td>-</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>Consolidated Operating Profit (GAAP)</td>
<td>$11,702</td>
<td>$1,297</td>
<td>11.1%</td>
<td>$10,111</td>
<td>$1,356</td>
<td>13.4%</td>
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</tbody>
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Additional Information and Where to Find It

In connection with the proposed transaction, Abacus Innovations Corporation, a wholly-owned subsidiary of Lockheed Martin created for the transaction ("Spinco"), has filed with the SEC a registration statement on Form S-4/S-1 containing a prospectus and Leidos has filed with the SEC a preliminary proxy statement on Schedule 14A and a registration statement on Form S-4 containing a prospectus. INVESTORS AND SECURITY HOLDERS ARE ADVISED TO READ THE REGISTRATION STATEMENTS/PROSPECTUSES AND PRELIMINARY PROXY STATEMENT AND ANY AMENDMENTS WHEN THEY BECOME AVAILABLE AS WELL AS ANY OTHER RELEVANT DOCUMENTS WHEN THEY BECOME AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PARTIES AND THE PROPOSED TRANSACTION. Investors and security holders may obtain a free copy of the prospectuses and preliminary proxy statement and any amendments (when available) and other documents filed with the SEC by Lockheed Martin, Spinco and Leidos at the SEC’s web site at http://www.sec.gov. Free copies of these documents, once available, and each of the companies' other filings with the SEC, may also be obtained from the respective companies websites at http://www.leidos.com (Leidos) and http://www.lockheedmartin.com (Lockheed Martin).

This communication is not a solicitation of a proxy from any investor or security holder. However, Leidos, Lockheed Martin, and certain of their respective directors, executive officers and other members of management and employees, may be deemed to be participants in the solicitation of proxies from stockholders of Leidos in respect of the proposed transaction under the rules of the SEC. Information regarding Leidos' directors and executive officers is available in Leidos' Transition Report on Form 10-K filed with the SEC on February 26, 2016, and in its preliminary proxy statement for its annual meeting of stockholders filed on April 26, 2016. Information regarding Lockheed Martin’s directors and executive officers is available in Lockheed Martin’s 2015 Annual Report on Form 10-K filed with the SEC on February 24, 2016, and in its definitive proxy statement for its annual meeting of stockholders filed on March 11, 2016. These documents can be obtained free of charge from the sources indicated above. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the registration statements, prospectuses and proxy statement and other relevant materials to be filed with the SEC when they become available.

This communication shall not constitute an offer to sell or the solicitation of an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.