

Lockheed Martin Corporation
Consolidated Statements of Earnings¹
(unaudited; in millions, except per share data)

	Quarters Ended	
	March 29, 2015	March 30, 2014
Net sales	\$ 10,111	\$ 10,650
Cost of sales	(8,848)	(9,279)
Gross profit	1,263	1,371
Other income, net	93	61
Operating profit	1,356	1,432
Interest expense	(93)	(86)
Other non-operating income, net	3	2
Earnings before income taxes	1,266	1,348
Income tax expense	(388)	(415)
Net earnings	\$ 878	\$ 933
Effective tax rate	30.6 %	30.8 %
Earnings per common share		
Basic	\$ 2.78	\$ 2.92
Diluted	\$ 2.74	\$ 2.87
Weighted average shares outstanding		
Basic	315.4	319.1
Diluted	320.2	325.1
Common shares reported in stockholders' equity at end of period	313	315

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 29 for the first quarter of 2015 and March 30 for the first quarter of 2014. 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		% Change
	March 29, 2015	March 30, 2014	
Net sales			
Aeronautics	\$ 3,134	\$ 3,386	(7) %
Information Systems & Global Solutions	1,869	1,910	(2) %
Missiles and Fire Control	1,503	1,867	(19) %
Mission Systems and Training	1,651	1,628	1 %
Space Systems	1,954	1,859	5 %
Total net sales	\$ 10,111	\$ 10,650	(5) %
Operating profit			
Aeronautics	\$ 371	\$ 393	(6) %
Information Systems & Global Solutions	136	174	(22) %
Missiles and Fire Control	292	358	(18) %
Mission Systems and Training	219	250	(12) %
Space Systems	288	254	13 %
Total business segment operating profit	1,306	1,429	(9) %
Unallocated items			
FAS/CAS pension adjustment	119	86	
Other, net	(69)	(83)	
Total unallocated items	50	3	N/M
Total consolidated operating profit	\$ 1,356	\$ 1,432	(5) %
Operating margins			
Aeronautics	11.8 %	11.6 %	
Information Systems & Global Solutions	7.3 %	9.1 %	
Missiles and Fire Control	19.4 %	19.2 %	
Mission Systems and Training	13.3 %	15.4 %	
Space Systems	14.7 %	13.7 %	
Total business segment operating margins	12.9 %	13.4 %	
Total consolidated operating margins	13.4 %	13.4 %	

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

	March 29, 2015	Dec. 31, 2014
Assets		
Current assets		
Cash and cash equivalents	\$ 3,486	\$ 1,446
Receivables, net	6,545	5,884
Inventories, net	3,087	2,882
Deferred income taxes	1,468	1,451
Other current assets	632	666
Total current assets	<u>15,218</u>	<u>12,329</u>
Property, plant and equipment, net	4,654	4,755
Goodwill	10,841	10,862
Deferred income taxes	4,024	4,013
Other noncurrent assets	5,015	5,114
Total assets	<u>\$ 39,752</u>	<u>\$ 37,073</u>
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	\$ 1,945	\$ 1,570
Customer advances and amounts in excess of costs incurred	5,548	5,790
Salaries, benefits and payroll taxes	1,722	1,826
Other current liabilities	2,352	1,926
Total current liabilities	<u>11,567</u>	<u>11,112</u>
Accrued pension liabilities	11,400	11,413
Other postretirement benefit liabilities	1,098	1,102
Long-term debt, net	8,404	6,169
Other noncurrent liabilities	3,763	3,877
Total liabilities	<u>36,232</u>	<u>33,673</u>
Stockholders' equity		
Common stock, \$1 par value per share	313	314
Additional paid-in capital	-	-
Retained earnings	14,922	14,956
Accumulated other comprehensive loss	(11,715)	(11,870)
Total stockholders' equity	<u>3,520</u>	<u>3,400</u>
Total liabilities and stockholders' equity	<u>\$ 39,752</u>	<u>\$ 37,073</u>

Table 3

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

	Quarters Ended	
	March 29, 2015	March 30, 2014
Operating activities		
Net earnings	\$ 878	\$ 933
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation and amortization	244	237
Stock-based compensation	40	48
Changes in assets and liabilities		
Receivables, net	(661)	(423)
Inventories, net	(205)	29
Accounts payable	375	545
Customer advances and amounts in excess of costs incurred	(242)	(152)
Postretirement benefit plans	292	320
Income taxes	395	584
Other, net	(159)	(21)
Net cash provided by operating activities	957	2,100
Investing activities		
Capital expenditures	(118)	(103)
Other, net	26	(23)
Net cash used for investing activities	(92)	(126)
Financing activities		
Issuance of long-term debt, net of related costs	2,213	-
Repurchases of common stock	(604)	(1,106)
Proceeds from stock option exercises	65	197
Dividends paid	(498)	(444)
Other, net	(1)	26
Net cash provided by (used for) financing activities	1,175	(1,327)
Net change in cash and cash equivalents	2,040	647
Cash and cash equivalents at beginning of period	1,446	2,617
Cash and cash equivalents at end of period	\$ 3,486	\$ 3,264

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

	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Loss</u>	<u>Total Stockholders' Equity</u>
Balance at Dec. 31, 2014	\$ 314	\$ -	\$ 14,956	\$ (11,870)	\$ 3,400
Net earnings	-	-	878	-	878
Other comprehensive income, net of tax ¹	-	-	-	155	155
Repurchases of common stock	(3)	(166)	(435)	-	(604)
Dividends declared ²	-	-	(477)	-	(477)
Stock-based awards and ESOP activity	2	166	-	-	168
Balance at March 29, 2015	<u>\$ 313</u>	<u>\$ -</u>	<u>\$ 14,922</u>	<u>\$ (11,715)</u>	<u>\$ 3,520</u>

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

² Represents dividends of \$1.50 per share declared during the first quarter of 2015.

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

	March 29, 2015	Dec. 31, 2014
Backlog		
Aeronautics	\$ 25,300	\$ 27,600
Information Systems & Global Solutions	8,100	8,700
Missiles and Fire Control	12,800	13,600
Mission Systems and Training	12,300	11,700
Space Systems	18,400	18,900
Total backlog	\$ 76,900	\$ 80,500

Quarters Ended

	March 29, 2015	March 30, 2014
Orders	\$ 6,500	\$ 7,700

Quarters Ended

	March 29, 2015	March 30, 2014
Aircraft Deliveries		
F-16	3	4
F-35	8	8
C-130J	4	5
C-5	1	2

Table 6