



Lockheed Martin 2nd Quarter 2012 Financial Results Conference Call July 24, 2012 11:00 a.m. EDT



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July 24, 2012

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 could differ materially due to factors such as: the availability of government funding, budgetary constraints and sequestration under the Budget Control Act of 2011; changes in customer priorities; quantity revisions to the F-35 program; return or loss on benefit plan assets, interest rates, and other changes that may affect benefit plan assumptions; the effect of capitalization changes (such as share repurchase activity, advanced pension funding, option exercises, or debt levels); the allowability of costs under government cost accounting standards; the outcome of legal proceedings; the future impact of acquisitions, divestitures or joint ventures; the timing and availability of future government awards; economic, business and regulatory conditions and other factors. We disclaim any duty to update forward-looking statements to reflect new developments.

Our SEC filings (found at www.lockheedmartin.com or at www.sec.gov), including our 2011 Form 10-K and 2012 10-Qs, contain more information on the types of risks and other factors that could adversely affect these statements.

2012 Financial Results are Unaudited

2Q Overview



- **Grew Sales 3%**
- **Expanded Segment Operating Margin* to 12.3% in 2Q 2012 vs. 11.7% in 2Q 2011**
- **Increased EPS From Continuing Operations By 10%**
- **Generated \$845M Cash From Operations After Making \$607M Pension Contribution**
- **Increased 2012 Outlook for Operating Profit, EPS, and Cash From Operations**

*See Charts 15-16 for Definitions of Non-GAAP Measures

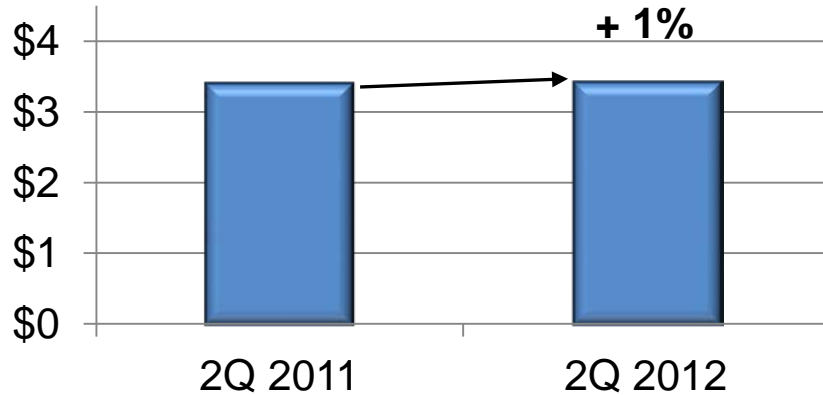
Continued Strong Performance

2Q Sales Summary

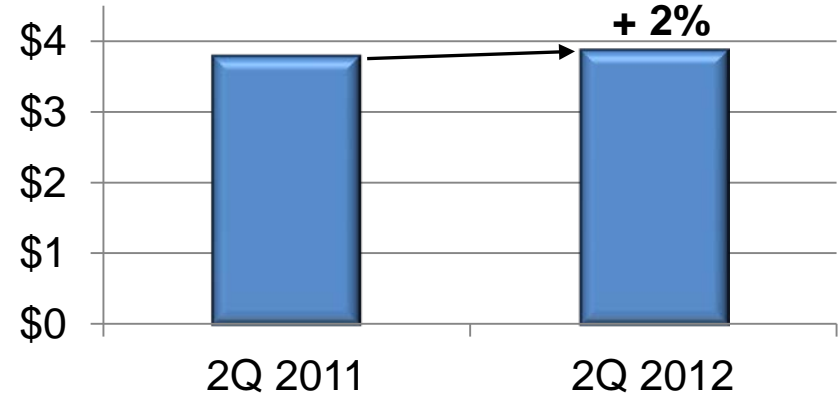
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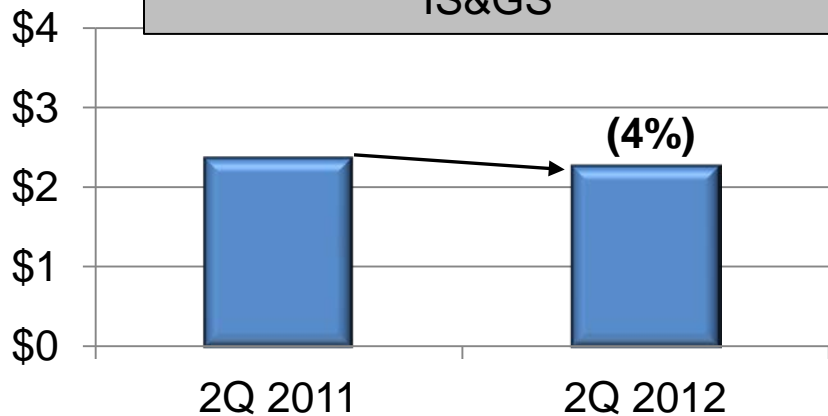
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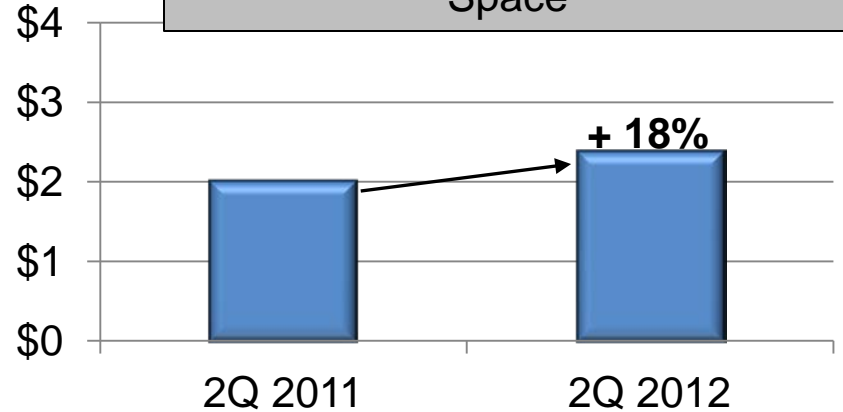
Electronic Systems



IS&GS



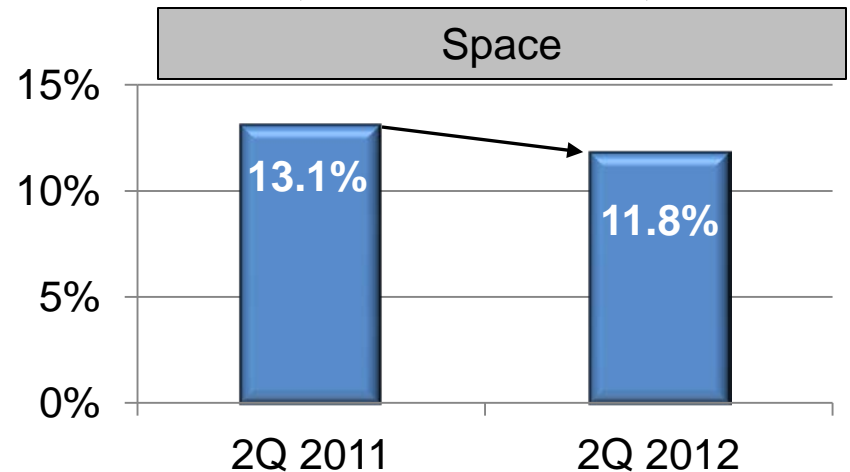
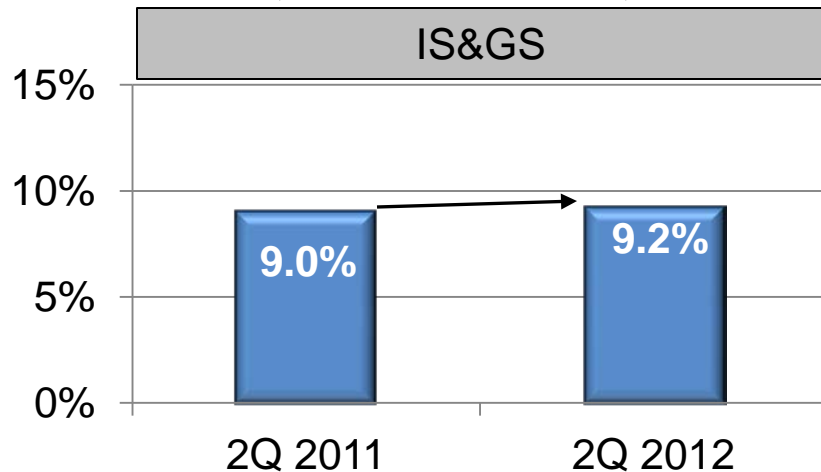
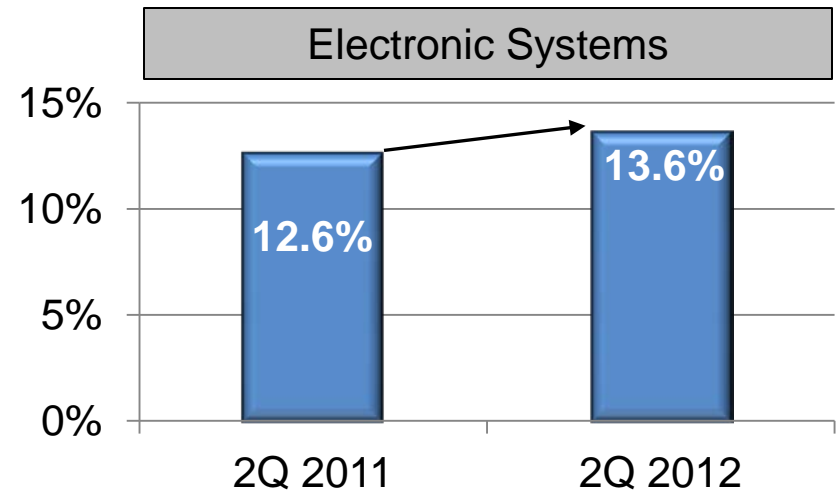
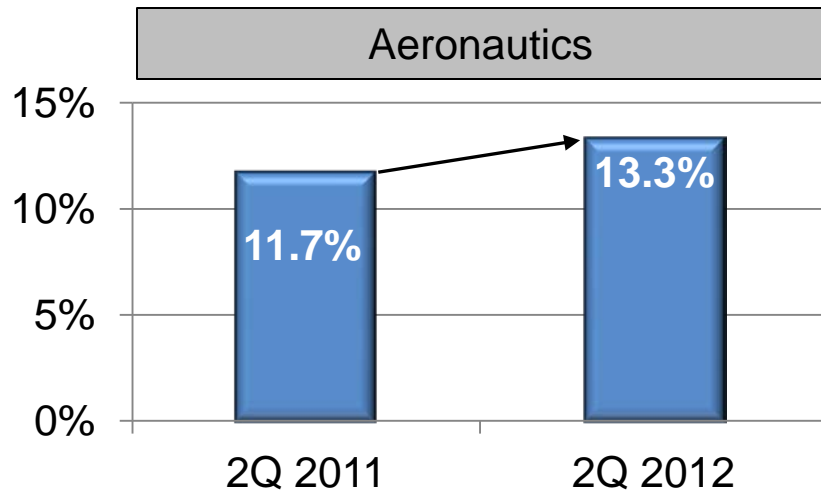
Space



**Total Sales Growth Of 3% ...
On Track To Achieve Full Year Guidance**

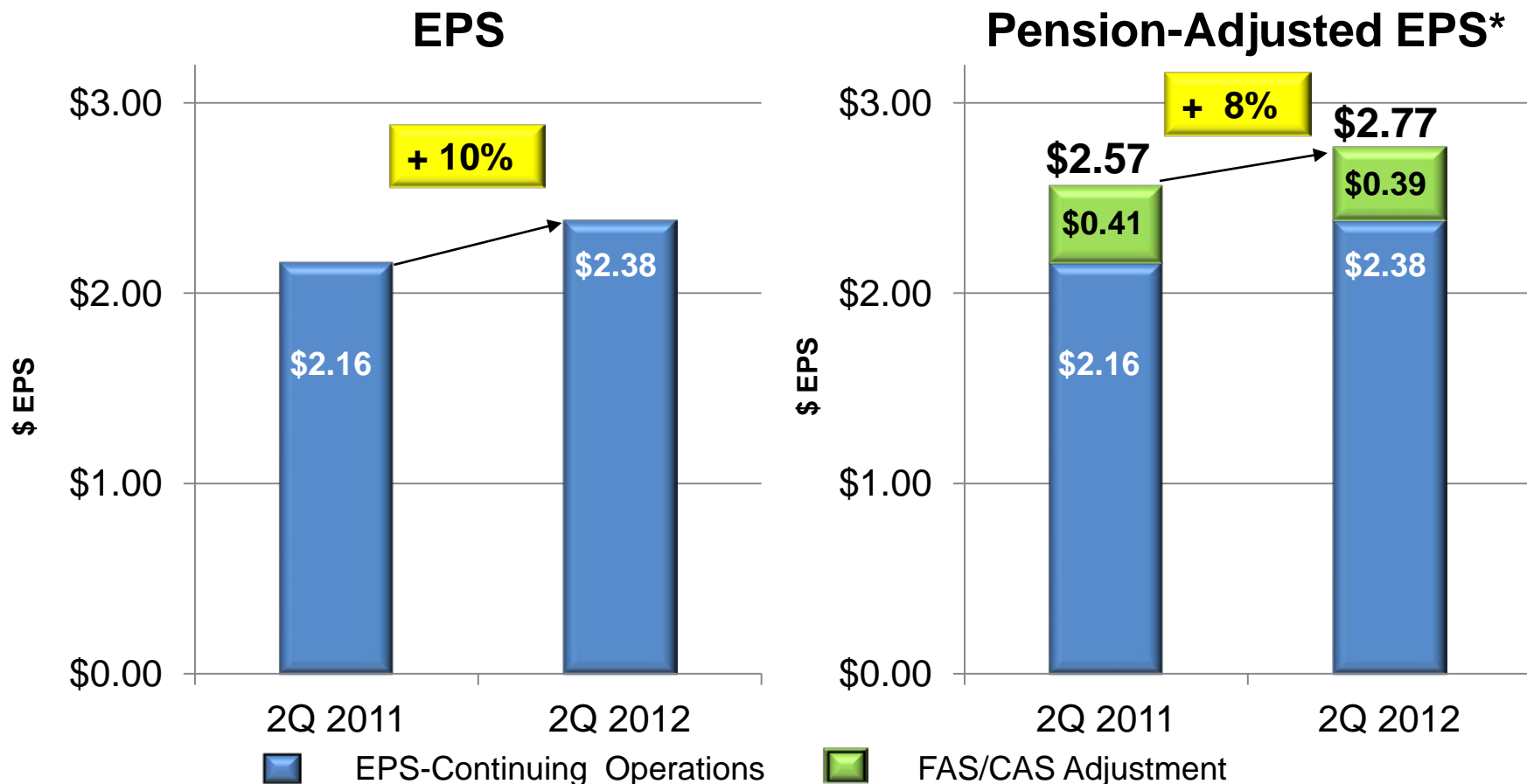
2Q Segment Operating Margins

(%)



Segment Operating Margin Increased 60 bps To 12.3%

2Q Earnings Per Share

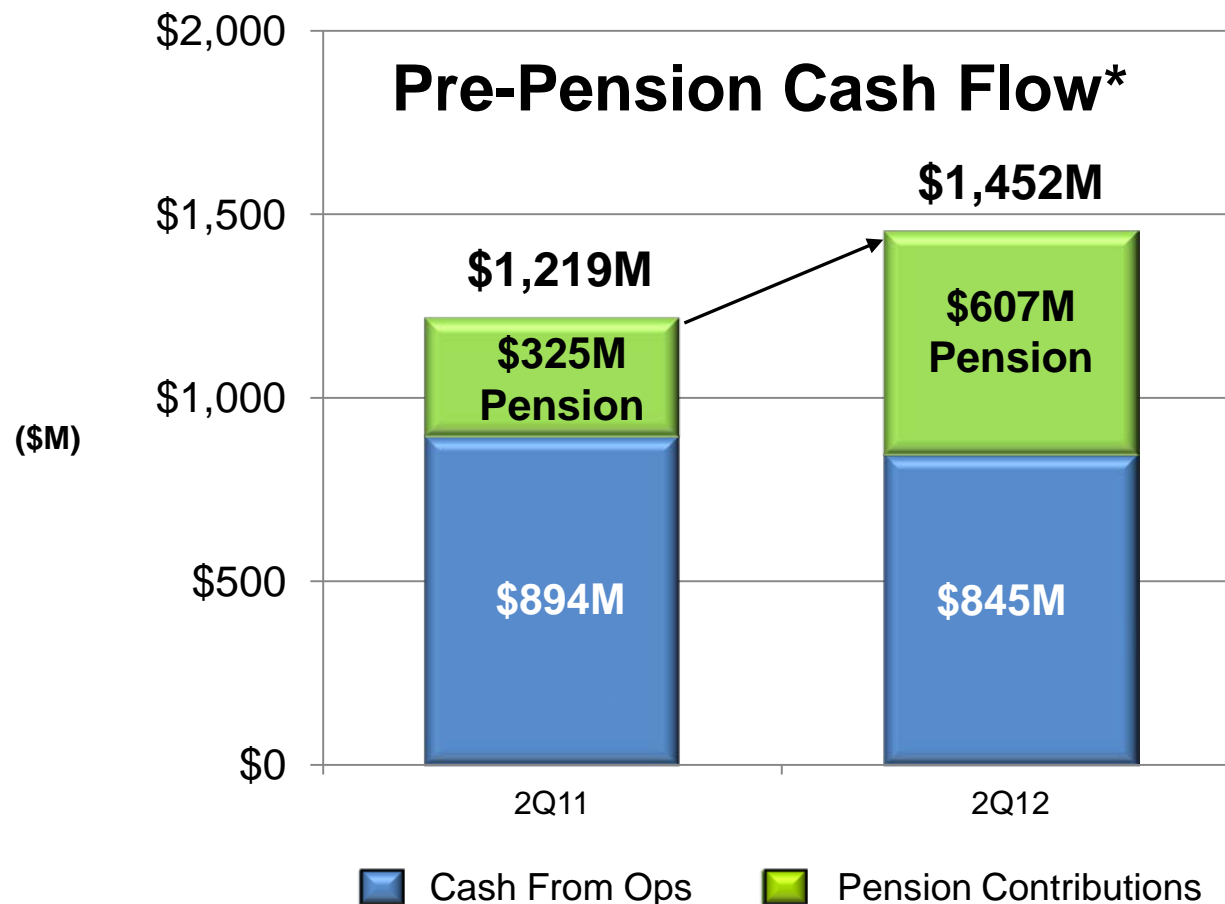


*See Charts 15-16 for Definitions of Non-GAAP Measures

EPS Growth Driven By Strong Operational Performance

2Q Cash Flow

(\$M)



* See Charts 15-16 for Definitions of Non-GAAP Measures

Strong Cash Generation...
Increased Full Year Outlook to \$3.9 Billion

2012 Outlook Update

(\$ Million, Except EPS)



	<u>Prior (April)</u>	<u>Current (July)</u>
Sales	\$45,000 - 46,000	\$45,000 - 46,000
Segment Operating Profit	\$5,075 - 5,175	\$5,200 - 5,300
<u>Unallocated Corp Inc / (Exp)</u>		
FAS/CAS Adjustment	~ (835)	~ (835)
Other Unallocated Expense	~ (340)	~ (340)
Operating Profit	\$3,900 - 4,000	\$4,025 - 4,125
EPS - Continuing Operations	\$7.70 - 7.90	\$7.90 - 8.10
Cash From Operations	≥ \$3,800	≥ \$3,900

* See Charts 15-16 for Definitions of Non-GAAP Measures

2012 EPS Outlook Reconciliation



EPS from Continuing Operations

April 2012 Outlook

\$7.70 – \$7.90

Segment Operating Profit Increase

0.25

All Other

(0.05)

July 2012 Outlook

\$7.90 – \$8.10

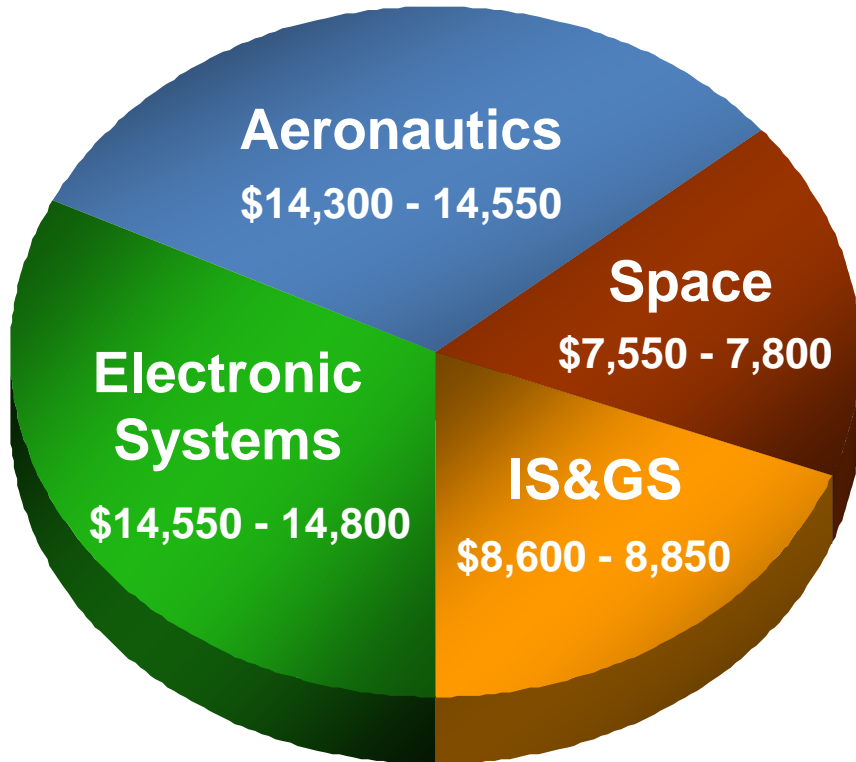
* See Charts 15-16 for Definitions of Non-GAAP Measures

2012 Sales Outlook

(\$ Million)

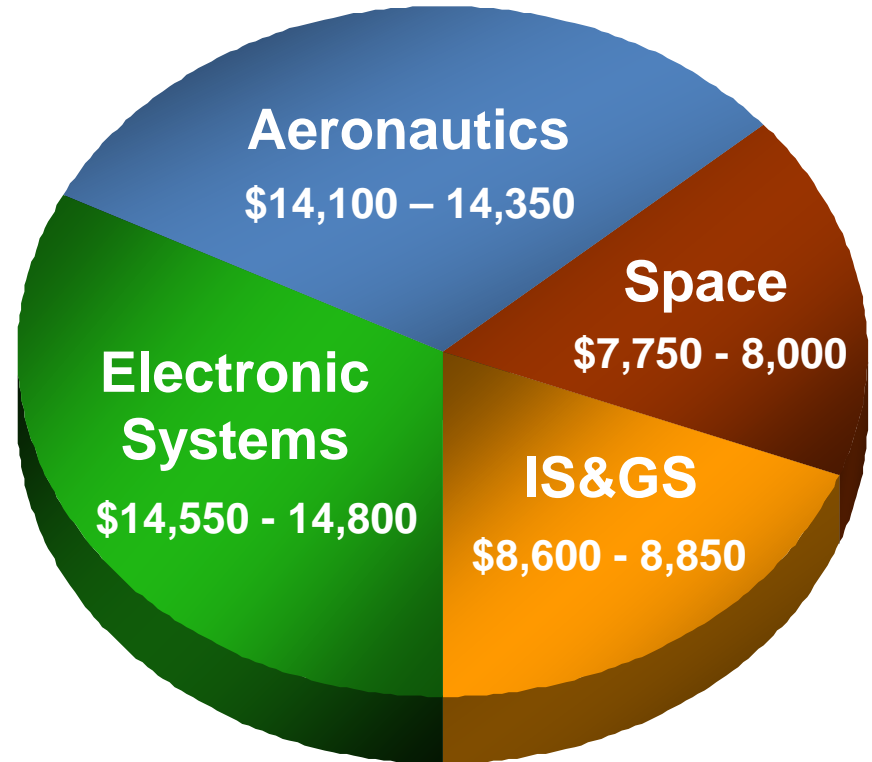


Sales (Prior)



\$45,000 - 46,000M

Sales (Current)



\$45,000 - 46,000M

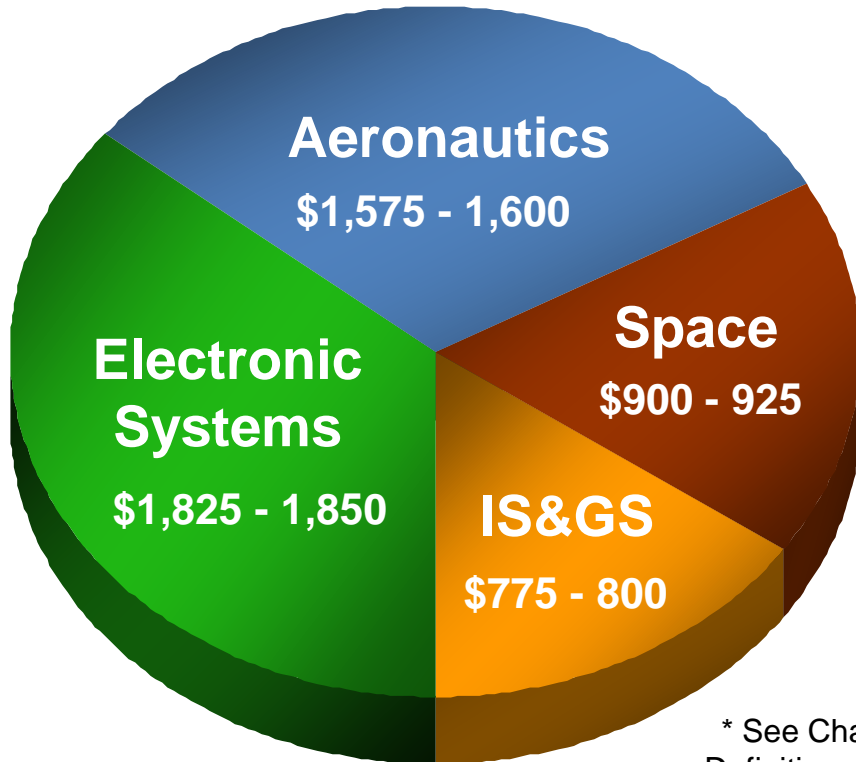
Consolidated Sales Range Unchanged

2012 Segment Operating Profit Outlook

(\$ Million)



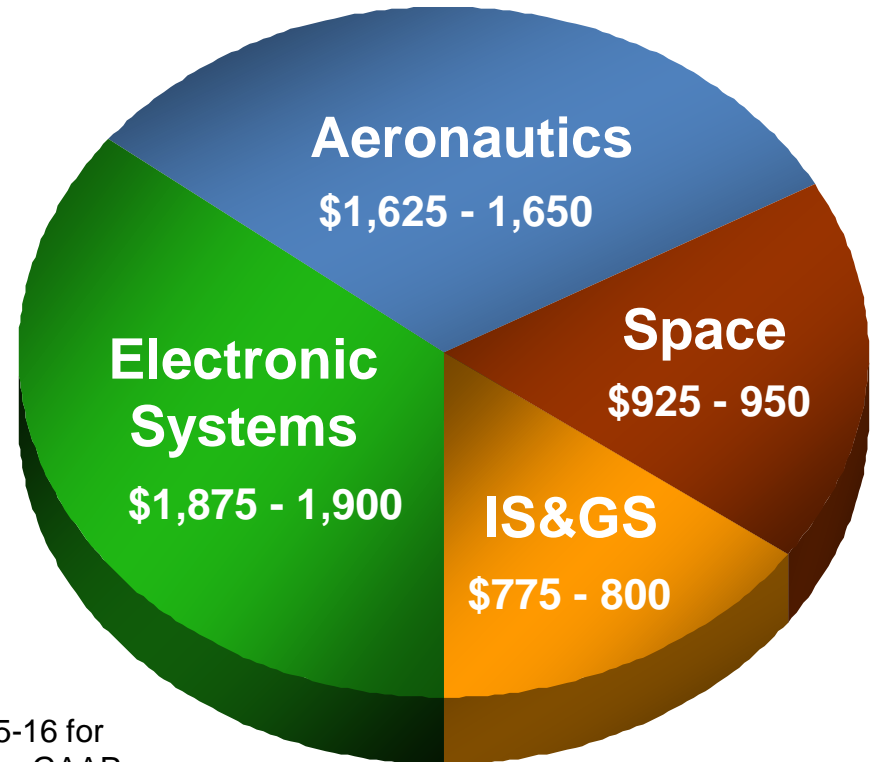
Segment Op Profit (Prior)



\$5,075 - 5,175M

* See Charts 15-16 for
Definitions of Non-GAAP
Measures

Segment Op Profit (Current)



\$5,200 - 5,300M

Consolidated Operating Profit Range Increased

Summary



- **Strong First Half...On-Track for Solid Year**
- **Results Reflect Proactive Measures**
- **Well Positioned In Challenging Environment**
- **Third Quarter Expectations**

On-Track for Full Year Goals Achievement

Financial Appendix



F-35 Production Status



As of 20 July 2012

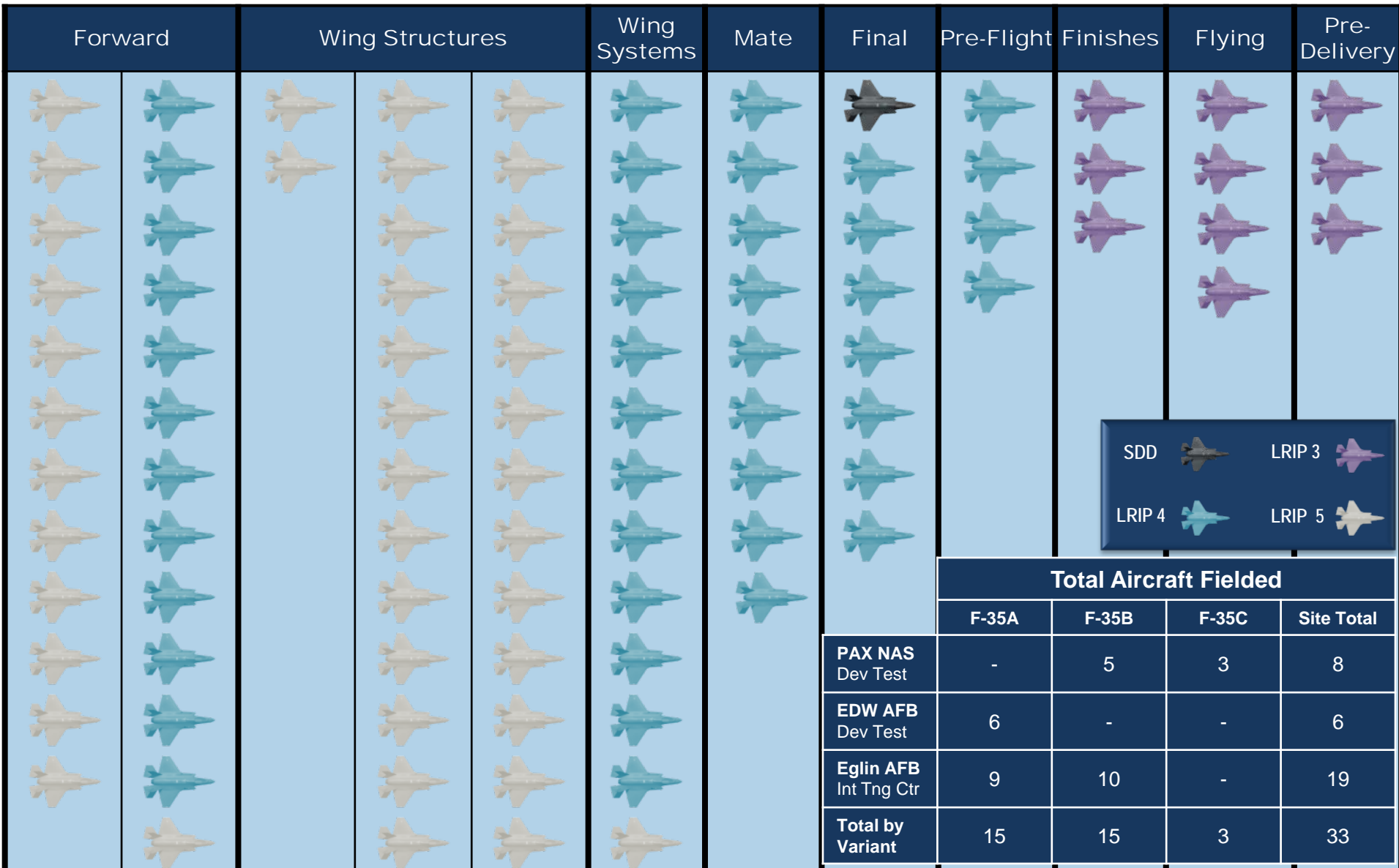


Chart 14

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 corporate 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 Corp Inc / (Exp)" 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>2012 Outlook (April)</u>	<u>2012 Outlook (July)</u>
Sales	\$45,000 – 46,000	\$45,000 – 46,000
Segment Operating Profit	\$5,075 - 5,175	\$5,200 - 5,300
Mid-Point Segment Margin	11.3%	11.5%
Consolidated Operating Profit	\$3,900 – 4,000	\$4,025 – 4,125

	<u>2Q 2012</u>			<u>2Q 2011</u>		
	<u>Sales</u>	<u>Profit</u>	<u>Margin</u>	<u>Sales</u>	<u>Profit</u>	<u>Margin</u>
Operating Profit	\$ 11,921	\$ 1,200	10.1%	\$ 11,543	\$ 993	8.6%
Unallocated/Other expenses, net	-	270		-	358	
Segment Operating Profit	\$ 11,921	\$ 1,470	12.3%	\$ 11,543	\$ 1,351	11.7%

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.

