

**Lockheed Martin Corporation**  
**Consolidated Statements of Earnings<sup>1</sup>**  
(unaudited; in millions, except per share data)

	Quarters Ended	
	March 25, 2018	March 26, 2017
<b>Net sales</b>	\$ 11,635	\$ 11,212
<b>Cost of sales</b>	<b>(9,977)</b>	(9,806)
Gross profit <sup>2</sup>	1,658	1,406
Other income (expense), net <sup>3</sup>	67	(4)
<b>Operating profit<sup>2, 3</sup></b>	<b>1,725</b>	1,402
Interest expense	(155)	(155)
Other non-operating expense, net	(210)	(212)
Earnings before income taxes	1,360	1,035
Income tax expense	(203)	(246)
<b>Net earnings<sup>2, 3</sup></b>	<b>\$ 1,157</b>	<b>\$ 789</b>
Effective tax rate	14.9 %	23.8 %
<b>Earnings per common share</b>		
Basic	\$ 4.05	\$ 2.72
Diluted <sup>2, 3</sup>	\$ 4.02	\$ 2.69
<b>Weighted average shares outstanding</b>		
Basic	285.5	290.0
Diluted	287.9	292.8
Common shares reported in stockholders' equity at end of period	284	288

<sup>1</sup> 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 Mar. 25 for the first quarter of 2018 and Mar. 26 for the first quarter of 2017. 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.

<sup>2</sup> In the first quarter of 2017, the corporation revised its estimated costs to complete the EADGE-T contract, as a consequence of ongoing performance matters and recorded an additional reserve of \$120 million (\$74 million, or \$0.25 per share, after tax) at its RMS business segment.

<sup>3</sup> In the first quarter of 2017, the corporation recognized a \$64 million charge (\$40 million, or \$0.14 per share, after tax), which represents the corporation's portion of a non-cash asset impairment charge recorded by the corporation's equity method investee, Advanced Military Maintenance, Repair and Overhaul Center LLC, (AMMROC).

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

	<b>Quarters Ended</b>		<b>% Change</b>
	<b>March 25, 2018</b>	<b>March 26, 2017</b>	
<b>Net sales</b>			
Aeronautics	\$ 4,398	\$ 4,120	7 %
Missiles and Fire Control	1,677	1,549	8 %
Rotary and Mission Systems	3,223	3,127	3 %
Space	2,337	2,416	(3) %
<b>Total net sales</b>	<b>\$ 11,635</b>	<b>\$ 11,212</b>	<b>4 %</b>
<b>Operating profit</b>			
Aeronautics	\$ 474	\$ 439	8 %
Missiles and Fire Control	261	234	12 %
Rotary and Mission Systems <sup>1</sup>	311	128	143 %
Space	264	290	(9) %
<b>Total business segment operating profit<sup>1</sup></b>	<b>1,310</b>	<b>1,091</b>	<b>20 %</b>
<b>Unallocated items</b>			
FAS/CAS operating adjustment	451	403	
Other, net <sup>2</sup>	(36)	(92)	
<b>Total unallocated items</b>	<b>415</b>	<b>311</b>	<b>33 %</b>
<b>Total consolidated operating profit<sup>1, 2</sup></b>	<b>\$ 1,725</b>	<b>\$ 1,402</b>	<b>23 %</b>
<b>Operating margins</b>			
Aeronautics	10.8 %	10.7 %	
Missiles and Fire Control	15.6 %	15.1 %	
Rotary and Mission Systems	9.6 %	4.1 %	
Space	11.3 %	12.0 %	
<b>Total business segment operating margins</b>	<b>11.3 %</b>	<b>9.7 %</b>	
<b>Total consolidated operating margins</b>	<b>14.8 %</b>	<b>12.5 %</b>	

<sup>1</sup> In the first quarter of 2017, the corporation revised its estimated costs to complete the EADGE-T contract, as a consequence of ongoing performance matters and recorded an additional reserve of \$120 million (\$74 million, or \$0.25 per share, after tax) at its RMS business segment.

<sup>2</sup> In the first quarter of 2017, the corporation recognized a \$64 million charge (\$40 million, or \$0.14 per share, after tax), which represents the corporation's portion of a non-cash asset impairment charge recorded by the corporation's equity method investee, AMMROC.

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

	<u>March 25, 2018</u>	<u>Dec. 31, 2017</u>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 2,393	\$ 2,861
Receivables, net	2,373	2,265
Contract assets	9,405	7,992
Inventories	3,196	2,878
Other current assets	449	1,509
Total current assets	<u>17,816</u>	<u>17,505</u>
Property, plant and equipment, net	5,749	5,775
Goodwill	10,806	10,807
Intangible assets, net	3,730	3,797
Deferred income taxes	3,084	3,156
Other noncurrent assets	5,449	5,580
Total assets	<u>\$ 46,634</u>	<u>\$ 46,620</u>
<b>Liabilities and equity</b>		
Current liabilities		
Accounts payable	\$ 2,715	\$ 1,467
Contract liabilities	6,550	7,028
Salaries, benefits and payroll taxes	1,771	1,785
Current maturities of long-term debt	750	750
Other current liabilities	2,188	1,883
Total current liabilities	<u>13,974</u>	<u>12,913</u>
Long-term debt, net	13,473	13,513
Accrued pension liabilities	14,199	15,703
Other postretirement benefit liabilities	713	719
Other noncurrent liabilities	4,386	4,548
Total liabilities	<u>46,745</u>	<u>47,396</u>
Stockholders' equity		
Common stock, \$1 par value per share	284	284
Additional paid-in capital	-	-
Retained earnings	14,123	11,405
Accumulated other comprehensive loss	(14,589)	(12,539)
Total stockholders' deficit	<u>(182)</u>	<u>(850)</u>
Noncontrolling interests in subsidiary	71	74
Total deficit	<u>(111)</u>	<u>(776)</u>
Total liabilities and equity	<u>\$ 46,634</u>	<u>\$ 46,620</u>

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

	<b>Quarters Ended</b>	
	<b>March 25, 2018</b>	<b>March 26, 2017</b>
<b>Operating activities</b>		
Net earnings	\$ 1,157	\$ 789
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation and amortization	279	285
Stock-based compensation	38	44
Changes in assets and liabilities		
Receivables, net	(108)	(799)
Contract assets	(1,413)	(62)
Inventories	(318)	(225)
Accounts payable	1,290	1,111
Contract liabilities	(478)	(185)
Postretirement benefit plans	(1,145)	345
Income taxes	1,064	175
Other, net	266	188
<b>Net cash provided by operating activities</b>	<b>632</b>	<b>1,666</b>
<b>Investing activities</b>		
Capital expenditures	(216)	(170)
Other, net	130	4
<b>Net cash used for investing activities</b>	<b>(86)</b>	<b>(166)</b>
<b>Financing activities</b>		
Repurchases of common stock	(300)	(500)
Dividends paid	(586)	(544)
Proceeds from stock option exercises	33	31
Other, net	(161)	(108)
<b>Net cash used for financing activities</b>	<b>(1,014)</b>	<b>(1,121)</b>
<b>Net change in cash and cash equivalents</b>	<b>(468)</b>	<b>379</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>2,861</b>	<b>1,837</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 2,393</b>	<b>\$ 2,216</b>

**Lockheed Martin Corporation**  
**Consolidated Statement of 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' Deficit<sup>4</sup></u>	<u>Noncontrolling Interests in Subsidiary</u>	<u>Total Equity<sup>4</sup></u>
<b>Balance at Dec. 31, 2017</b>	<b>\$ 284</b>	<b>\$ -</b>	<b>\$ 11,405</b>	<b>\$ (12,539)</b>	<b>\$ (850)</b>	<b>\$ 74</b>	<b>\$ (776)</b>
Net earnings	-	-	1,157	-	1,157	-	1,157
Other comprehensive income, net of tax <sup>1</sup>	-	-	-	358	358	-	358
Repurchases of common stock	(1)	(25)	(274)	-	(300)	-	(300)
Dividends declared <sup>2</sup>	-	-	(573)	-	(573)	-	(573)
Stock-based awards, ESOP activity and other	1	25	-	-	26	-	26
Reclassification of effects from tax reform <sup>3</sup>	-	-	2,408	(2,408)	-	-	-
Net decrease in noncontrolling interests in subsidiary	-	-	-	-	-	(3)	(3)
<b>Balance at March 25, 2018</b>	<b>\$ 284</b>	<b>\$ -</b>	<b>\$ 14,123</b>	<b>\$ (14,589)</b>	<b>\$ (182)</b>	<b>\$ 71</b>	<b>\$ (111)</b>

<sup>1</sup> Primarily represents the reclassification adjustment for the recognition of prior period amounts related to pension and other postretirement benefit plans.

<sup>2</sup> Represents dividends of \$2.00 per share declared for the first quarter of 2018.

<sup>3</sup> In the first quarter of 2018, the corporation adopted ASU 2018-02, *Income Statement - Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*. Accordingly, the corporation reclassified the stranded income tax effects in accumulated other comprehensive loss resulting from the Tax Act to retained earnings.

<sup>4</sup> The deficit in equity was predominantly due to a \$1.9 billion net one-time charge recorded at Dec. 31, 2017, which was primarily due to the estimated impacts of the enactment of the Tax Act and the annual Dec. 31, 2017 re-measurement adjustment related to the corporation's pension and other postretirement benefit plans of \$1.4 billion. Under Maryland law, if a corporation has a deficit in equity, it is still able to pay dividends and make share repurchases in an amount limited to its net earnings in either the current or the preceding fiscal year or from the net earnings for the preceding eight

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

	<u>March 25, 2018</u>	<u>Dec. 31, 2017</u>
<b>Backlog</b>		
Aeronautics	\$ 35,111	\$ 35,692
Missiles and Fire Control	18,018	17,729
Rotary and Mission Systems	30,096	30,030
Space	21,531	22,042
<b>Total backlog</b>	<u>\$ 104,756</u>	<u>\$ 105,493</u>

	<u>Quarters Ended</u>	
	<u>March 25, 2018</u>	<u>March 26, 2017</u>
<b>Aircraft Deliveries</b>		
F-35	14	15
F-16	-	2
C-130J	3	5
C-5	1	1
Government helicopter programs	18	32
Commercial helicopter programs	1	-
International military helicopter programs	1	1

Lockheed Martin Corporation  
Consolidated Statements of Earnings - Adjusted for Impacts of New Accounting Standards  
(unaudited; in millions, except per share data)

	Quarter Ended March 26, 2017				Quarter Ended June 25, 2017				Quarter Ended Sept. 24, 2017				Quarter Ended Dec. 31, 2017			
	Historical	Adjustments for New Rev Rec Guidance	Reclassification for New Pension Guidance	Adjusted	Historical	Adjustments for New Rev Rec Guidance	Reclassification for New Pension Guidance	Adjusted	Historical	Adjustments for New Rev Rec Guidance	Reclassification for New Pension Guidance	Adjusted	Historical	Adjustments for New Rev Rec Guidance	Reclassification for New Pension Guidance	Adjusted
	Aeronautics	\$ 4,106	\$ 14	\$ -	\$ 4,120	\$ 5,225	\$ (303)	\$ -	\$ 4,922	\$ 4,771	\$ (55)	\$ -	\$ 4,716	\$ 6,046	\$ (394)	\$ -
Missiles and Fire Control	1,489	60	-	1,549	1,637	147	-	1,784	1,793	164	-	1,957	2,293	(301)	-	1,992
Rotary and Mission Systems	3,101	26	-	3,127	3,410	4	-	3,414	3,353	10	-	3,363	4,351	(592)	-	3,759
Space	2,361	55	-	2,416	2,413	30	-	2,443	2,252	53	-	2,305	2,447	(6)	-	2,441
<b>Net sales</b>	<b>11,057</b>	<b>155</b>	<b>-</b>	<b>11,212</b>	<b>12,685</b>	<b>(122)</b>	<b>-</b>	<b>12,563</b>	<b>12,169</b>	<b>172</b>	<b>-</b>	<b>12,341</b>	<b>15,137</b>	<b>(1,293)</b>	<b>-</b>	<b>13,844</b>
Aeronautics	436	3	-	439	550	17	-	567	517	(4)	-	513	661	(4)	-	657
Missiles and Fire Control	219	15	-	234	268	(15)	-	253	270	28	-	298	296	(47)	-	249
Rotary and Mission Systems	108	20	-	128	254	17	-	271	244	13	-	257	299	(53)	-	246
Space	288	2	-	290	256	-	-	256	218	1	-	219	231	(16)	-	215
<b>Business Segment Operating Profit</b>	<b>1,051</b>	<b>40</b>	<b>-</b>	<b>1,091</b>	<b>1,328</b>	<b>19</b>	<b>-</b>	<b>1,347</b>	<b>1,249</b>	<b>38</b>	<b>-</b>	<b>1,287</b>	<b>1,487</b>	<b>(120)</b>	<b>-</b>	<b>1,367</b>
Total Unallocated Items	98	-	213	311	157	-	212	369	179	-	211	390	372	-	210	582
<b>Total Consolidated Operating Profit</b>	<b>1,149</b>	<b>40</b>	<b>213</b>	<b>1,402</b>	<b>1,485</b>	<b>19</b>	<b>212</b>	<b>1,716</b>	<b>1,428</b>	<b>38</b>	<b>211</b>	<b>1,677</b>	<b>1,859</b>	<b>(120)</b>	<b>210</b>	<b>1,949</b>
Interest expense	(155)	-	-	(155)	(160)	-	-	(160)	(162)	-	-	(162)	(174)	-	-	(174)
Other non-operating income (expense), net	1	-	(213)	(212)	(2)	(212)	(214)	(7)	(7)	-	(211)	(218)	7	-	(210)	(203)
Earnings from continuing operations before income taxes	995	40	-	1,035	1,323	19	-	1,342	1,259	38	-	1,297	1,692	(120)	-	1,572
Income tax expense	(232)	(14)	-	(246)	(381)	(6)	-	(387)	(320)	(14)	-	(334)	(2,407)	18	-	(2,389)
Net earnings from continuing operations	763	26	-	789	942	13	-	955	939	24	-	963	(715)	(102)	-	(817)
Net earnings from discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-	73	-	-	73
<b>Net earnings</b>	<b>\$ 763</b>	<b>\$ 26</b>	<b>\$ -</b>	<b>\$ 789</b>	<b>\$ 942</b>	<b>\$ 13</b>	<b>\$ -</b>	<b>\$ 955</b>	<b>\$ 939</b>	<b>\$ 24</b>	<b>\$ -</b>	<b>\$ 963</b>	<b>\$ (642)</b>	<b>\$ (102)</b>	<b>\$ -</b>	<b>\$ (744)</b>
Effective tax rate	23.3%			23.8%	28.8%			28.8%	25.4%			25.8%	142.3%			152.0%
<b>Earnings per common share</b>																
Basic																
Continuing operations	\$ 2.63	\$ 0.09	\$ -	\$ 2.72	\$ 3.27	\$ 0.04	\$ -	\$ 3.31	\$ 3.27	\$ 0.08	\$ -	\$ 3.35	\$ (2.50)	\$ (0.35)	\$ -	\$ (2.85)
Discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-	0.25	-	-	0.25
Basic earnings per common share	\$ 2.63	\$ 0.09	\$ -	\$ 2.72	\$ 3.27	\$ 0.04	\$ -	\$ 3.31	\$ 3.27	\$ 0.08	\$ -	\$ 3.35	\$ (2.25)	\$ (0.35)	\$ -	\$ (2.60)
Diluted																
Continuing operations	\$ 2.61	\$ 0.08	\$ -	\$ 2.69	\$ 3.23	\$ 0.05	\$ -	\$ 3.28	\$ 3.24	\$ 0.08	\$ -	\$ 3.32	\$ (2.50)	\$ (0.35)	\$ -	\$ (2.85)
Discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-	0.25	-	-	0.25
Diluted earnings per common share	\$ 2.61	\$ 0.08	\$ -	\$ 2.69	\$ 3.23	\$ 0.05	\$ -	\$ 3.28	\$ 3.24	\$ 0.08	\$ -	\$ 3.32	\$ (2.25)	\$ (0.35)	\$ -	\$ (2.60)

Lockheed Martin Corporation  
Consolidated Statements of Earnings - Adjusted for Impacts of New Accounting Standards  
(unaudited; in millions, except per share data)

	Three Months Ended March 26, 2017				Six Months June 25, 2017				Nine Months Ended Sept. 24, 2017				Twelve Months Dec. 31, 2017			
	Historical	Adjustments for New Rev Rec Guidance	Reclassification for New Pension Guidance	Adjusted	Historical	Adjustments for New Rev Rec Guidance	Reclassification for New Pension Guidance	Adjusted	Historical	Adjustments for New Rev Rec Guidance	Reclassification for New Pension Guidance	Adjusted	Historical	Adjustments for New Rev Rec Guidance	Reclassification for New Pension Guidance	Adjusted
	Aeronautics	\$ 4,106	\$ 14	\$ -	\$ 4,120	\$ 9,331	\$ (289)	\$ -	\$ 9,042	\$ 14,102	\$ (344)	\$ -	\$ 13,758	\$ 20,148	\$ (738)	\$ -
Missiles and Fire Control	1,489	60	-	1,549	3,126	207	-	3,333	4,919	371	-	5,290	7,212	70	-	7,282
Rotary and Mission Systems	3,101	26	-	3,127	6,511	30	-	6,541	9,864	40	-	9,904	14,215	(552)	-	13,663
Space	2,361	55	-	2,416	4,774	85	-	4,859	7,026	138	-	7,164	9,473	132	-	9,605
<b>Net sales</b>	<b>11,057</b>	<b>155</b>	<b>-</b>	<b>11,212</b>	<b>23,742</b>	<b>33</b>	<b>-</b>	<b>23,775</b>	<b>35,911</b>	<b>205</b>	<b>-</b>	<b>36,116</b>	<b>51,048</b>	<b>(1,088)</b>	<b>-</b>	<b>49,960</b>
Aeronautics	436	3	-	439	986	20	-	1,006	1,503	16	-	1,519	2,164	12	-	2,176
Missiles and Fire Control	219	15	-	234	487	-	-	487	757	28	-	785	1,053	(19)	-	1,034
Rotary and Mission Systems	108	20	-	128	362	37	-	399	606	50	-	656	905	(3)	-	902
Space	288	2	-	290	544	2	-	546	762	3	-	765	993	(13)	-	980
<b>Business Segment Operating Profit</b>	<b>1,051</b>	<b>40</b>	<b>-</b>	<b>1,091</b>	<b>2,379</b>	<b>59</b>	<b>-</b>	<b>2,438</b>	<b>3,628</b>	<b>97</b>	<b>-</b>	<b>3,725</b>	<b>5,115</b>	<b>(23)</b>	<b>-</b>	<b>5,092</b>
Total Unallocated Items	98	-	213	311	255	-	425	680	434	-	636	1,070	806	-	846	1,652
<b>Total Consolidated Operating Profit</b>	<b>1,149</b>	<b>40</b>	<b>213</b>	<b>1,402</b>	<b>2,634</b>	<b>59</b>	<b>425</b>	<b>3,118</b>	<b>4,062</b>	<b>97</b>	<b>636</b>	<b>4,795</b>	<b>5,921</b>	<b>(23)</b>	<b>846</b>	<b>6,744</b>
Interest expense	(155)	-	-	(155)	(315)	-	-	(315)	(477)	-	-	(477)	(651)	-	-	(651)
Other non-operating income (expense), net	1	-	(213)	(212)	(1)	-	(425)	(426)	(8)	-	(636)	(644)	(1)	-	(846)	(847)
Earnings from continuing operations before income taxes	995	40	-	1,035	2,318	59	-	2,377	3,577	97	-	3,674	5,269	(23)	-	5,246
Income tax expense	(232)	(14)	-	(246)	(613)	(20)	-	(633)	(933)	(34)	-	(967)	(3,340)	(16)	-	(3,356)
Net earnings from continuing operations	763	26	-	789	1,705	39	-	1,744	2,644	63	-	2,707	1,929	(39)	-	1,890
Net earnings from discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-	73	-	-	73
<b>Net earnings</b>	<b>\$ 763</b>	<b>\$ 26</b>	<b>\$ -</b>	<b>\$ 789</b>	<b>\$ 1,705</b>	<b>\$ 39</b>	<b>\$ -</b>	<b>\$ 1,744</b>	<b>\$ 2,644</b>	<b>\$ 63</b>	<b>\$ -</b>	<b>\$ 2,707</b>	<b>\$ 2,002</b>	<b>\$ (39)</b>	<b>\$ -</b>	<b>\$ 1,963</b>
Effective tax rate	23.3%			23.8%	26.4%			26.6%	26.1%			26.3%	63.4%			64.0%
<b>Earnings per common share</b>																
<b>Basic</b>																
Continuing operations	\$ 2.63	\$ 0.09	\$ -	\$ 2.72	\$ 5.90	\$ 0.13	\$ -	\$ 6.03	\$ 9.16	\$ 0.22	\$ -	\$ 9.38	\$ 6.70	\$ (0.14)	\$ -	\$ 6.56
Discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-	0.26	-	-	0.26
Basic earnings per common share	\$ 2.63	\$ 0.09	\$ -	\$ 2.72	\$ 5.90	\$ 0.13	\$ -	\$ 6.03	\$ 9.16	\$ 0.22	\$ -	\$ 9.38	\$ 6.96	\$ (0.14)	\$ -	\$ 6.82
<b>Diluted</b>																
Continuing operations	\$ 2.61	\$ 0.08	\$ -	\$ 2.69	\$ 5.84	\$ 0.13	\$ -	\$ 5.97	\$ 9.08	\$ 0.21	\$ -	\$ 9.29	\$ 6.64	\$ (0.14)	\$ -	\$ 6.50
Discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-	0.25	-	-	0.25
Diluted earnings per common share	\$ 2.61	\$ 0.08	\$ -	\$ 2.69	\$ 5.84	\$ 0.13	\$ -	\$ 5.97	\$ 9.08	\$ 0.21	\$ -	\$ 9.29	\$ 6.89	\$ (0.14)	\$ -	\$ 6.75