Lockheed Martin 3rd Quarter 2012 Financial Results Conference Call

October 24, 2012
3:00 p.m. EDT

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Access audio replay at:
855-859-2056 U.S. & Canada
404-537-3406 International
Confirmation code: 24838598
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, performance, cost or other factors; sequestration under the Budget Control Act of 2011 or alternative measures that may be adopted; 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, accelerated 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
3Q Overview

• Generated Sales of $11.9 Billion
• Expanded Segment Operating Margin* to 12.1%
• Increased EPS from Continuing Operations by 11%
• Generated $1.6 Billion in Cash From Operations
• Increased Quarterly Dividend by 15% to $1.15 per share
• Increased 2012 Outlook for Sales, Earnings, EPS and Operating Cash
• Provided Preliminary 2013 Financial Trends and Pension Sensitivity

Continued Strong Performance

* See Charts 17-18 for Definitions of Non-GAAP Measures
Chart 3 October 24, 2012
Generated $11.9 Billion… 2% Decrease… Primarily Due to Aircraft Delivery and Satellite Timing
3Q YTD Sales Summary ($B)

Aeronautics

YTD 3Q 2011

YTD 3Q 2012 +3%

Electronic Systems

YTD 3Q 2011

YTD 3Q 2012 +3%

IS&GS

YTD 3Q 2011

YTD 3Q 2012 (3%)

Space

YTD 3Q 2011

YTD 3Q 2012 +5%

2012 YTD Sales +2%...
Increased Full Year Sales Outlook

Chart 5

October 24, 2012
3Q Segment Operating Margins (%)

Aeronautics

3Q 2011: 11.2%
3Q 2012: 11.2%

Electronic Systems

3Q 2011: 12.2%
3Q 2012: 13.3%

IS&GS

3Q 2011: 9.2%
3Q 2012: 9.1%

Space

3Q 2011: 11.6%
3Q 2012: 14.6%

Segment Operating Margin Increased 90 bps to 12.1%
3Q Earnings Per Share

**EPS**

<table>
<thead>
<tr>
<th>3Q 2011</th>
<th>3Q 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1.99</td>
<td>$2.21</td>
</tr>
</tbody>
</table>

**Pension-Adjusted EPS***

<table>
<thead>
<tr>
<th>3Q 2011</th>
<th>3Q 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2.42</td>
<td>$2.21</td>
</tr>
</tbody>
</table>

* EPS Growth Driven By Strong Operational Performance

* See Charts 17-18 for Definitions of Non-GAAP Measures

Chart 7

October 24, 2012
3Q Cash Flow
($M)

Pre-Pension Cash Flow*

3Q 2011
$551M

$960M Pension

$1,511M

3Q 2012
$1,573M

$1,573M

Strong Cash Generation…
Increased Full Year Outlook to > $4.0 Billion

* See Charts 17-18 for Definitions of Non-GAAP Measures
Chart 8
October 24, 2012
Dividends & Yield

<table>
<thead>
<tr>
<th>Year</th>
<th>Annual Dividend</th>
<th>Dividend Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>$1.83</td>
<td>2.2%</td>
</tr>
<tr>
<td>2009</td>
<td>$2.34</td>
<td>3.1%</td>
</tr>
<tr>
<td>2010</td>
<td>$2.64</td>
<td>3.8%</td>
</tr>
<tr>
<td>2011</td>
<td>$3.25</td>
<td>4.0%</td>
</tr>
<tr>
<td>2012</td>
<td>$4.15</td>
<td>4.5%</td>
</tr>
<tr>
<td></td>
<td><strong>Annualized</strong></td>
<td>~5.0%</td>
</tr>
</tbody>
</table>

* Based Upon $92.89 Price on 10/19/2012

10th Consecutive Year of Double Digit Dividend Increase… Growing Returns to Shareholders
<table>
<thead>
<tr>
<th></th>
<th>Prior (July)</th>
<th>Current (Oct)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$45,000 - 46,000</td>
<td>$45,500 - 46,500</td>
</tr>
<tr>
<td>Segment Operating Profit</td>
<td>$5,200 - 5,300</td>
<td>$5,375 - 5,475</td>
</tr>
<tr>
<td>Unallocated Corp Inc / (Exp)</td>
<td>~ (835)</td>
<td>~ (835)</td>
</tr>
<tr>
<td>FAS/CAS Adjustment</td>
<td>~ (340)</td>
<td>~ (390)</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>$4,025 - 4,125</td>
<td>$4,150 - 4,250</td>
</tr>
<tr>
<td>EPS - Continuing Operations</td>
<td>$7.90 - 8.10</td>
<td>$8.20 - 8.40</td>
</tr>
<tr>
<td>Cash From Operations</td>
<td>≥ $3,900</td>
<td>≥ $4,000</td>
</tr>
</tbody>
</table>
# 2012 EPS Outlook Reconciliation

<table>
<thead>
<tr>
<th></th>
<th>EPS from Continuing Operations</th>
</tr>
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<tbody>
<tr>
<td><strong>July 2012 Outlook</strong></td>
<td>$7.90 – $8.10</td>
</tr>
<tr>
<td><strong>Segment Operating Profit Increase</strong></td>
<td>0.35</td>
</tr>
<tr>
<td><strong>All Other</strong></td>
<td>(0.05)</td>
</tr>
<tr>
<td><strong>October 2012 Outlook</strong></td>
<td>$8.20 – $8.40</td>
</tr>
</tbody>
</table>
2012 Sales Outlook
($ Million)

Sales (Prior)

- Aeronautics: $14,100 - 14,350
- Space: $7,750 - 8,000
- Electronic Systems: $14,550 - 14,800
- IS&GS: $8,600 - 8,850

$45,000 - 46,000M

Sales (Current)

- Aeronautics: $14,150 - 14,400
- Space: $8,000 - 8,250
- Electronic Systems: $8,650 - 8,900
- IS&GS: $8,650 - 8,900

$45,500 - 46,500M

All Four Segments Increased Sales Outlook
2012 Segment Operating Profit Outlook ($ Million)

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

Aeronautics
$1,625 - 1,650
$1,635 - 1,660

Electronic Systems
$1,875 - 1,900
$1,975 - 2,000

Space
$925 - 950
$980 - 1,005

IS&GS
$775 - 800
$785 - 810

All Four Segments Increased Operating Profit Outlook

$5,200 - 5,300M  $5,375 - 5,475M

* See Charts 17-18 for Definitions of Non-GAAP Measures
Preliminary 2013 Trends

• Low Single Digit Decline in Top-Line Sales
  – Assumes No Impact From Sequestration

• Segment Operating Margin Remains Above 11%

• FAS/CAS Pension Adjustment Expense ~($700M)
  – Assumes 4.0% Discount Rate at Year-End 2012
  – Assumes 8.0% Actual Return on Assets During 2012
  – Assumes Pension Funding Comparable to 2012
Summary

2012
• Strong Year-to-Date Performance…Leading to Solid Year
• Continuing to Position for Challenging Environment
• Returning Value to Shareholders

2013
• Detailed Guidance Available on January 2013 Call
  Reflecting New Electronic Systems Realignment

Positioned for Full Year 2012 Goals Achievement
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 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.

<table>
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<tr>
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<th>2012 Outlook (July)</th>
<th>2012 Outlook (October)</th>
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<tr>
<td>Mid-Point Segment Margin</td>
<td>11.5%</td>
<td>11.8%</td>
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<td>Consolidated Operating Profit</td>
<td>$4,025 – 4,125</td>
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<th>3Q 2012</th>
<th>3Q 2011</th>
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<tbody>
<tr>
<td>Operating Profit</td>
<td>$11,869 $ 1,098 9.3%</td>
<td>$12,119 $ 1,041 8.6%</td>
</tr>
<tr>
<td>Unallocated/Other expenses, net</td>
<td>- 336</td>
<td>- 314</td>
</tr>
<tr>
<td>Segment Operating Profit</td>
<td>$11,869 $ 1,434 12.1%</td>
<td>$12,119 $ 1,355 11.2%</td>
</tr>
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</table>
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.