

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

	Quarters Ended		Six Months Ended	
	June 28, 2015	June 29, 2014	June 28, 2015	June 29, 2014
Net sales	\$ 11,643	\$ 11,306	\$ 21,754	\$ 21,956
Cost of sales	(10,272)	(9,965)	(19,120)	(19,244)
Gross profit	1,371	1,341	2,634	2,712
Other income, net	74	85	167	146
Operating profit	1,445	1,426	2,801	2,858
Interest expense	(104)	(85)	(197)	(171)
Other non-operating income, net	2	-	5	2
Earnings before income taxes	1,343	1,341	2,609	2,689
Income tax expense	(414)	(452)	(802)	(867)
Net earnings	\$ 929	\$ 889	\$ 1,807	\$ 1,822
Effective tax rate	30.8 %	33.7 %	30.7 %	32.2 %
Earnings per common share				
Basic	\$ 2.98	\$ 2.81	\$ 5.76	\$ 5.73
Diluted	\$ 2.94	\$ 2.76	\$ 5.68	\$ 5.63
Weighted average shares outstanding				
Basic	312.0	316.8	313.7	318.0
Diluted	316.1	322.1	318.2	323.6
Common shares reported in stockholders' equity at end of period			309	315

¹ The Corporation closes its books and records on the last Sunday of the calendar quarter, which was on June 28 for the second quarter of 2015 and June 29 for the second quarter of 2014, to align its financial closing with its business processes. 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			Six Months Ended		
	June 28, 2015	June 29, 2014	% Change	June 28, 2015	June 29, 2014	% Change
Net sales						
Aeronautics	\$ 4,131	\$ 3,855	7 %	\$ 7,265	\$ 7,241	- %
Information Systems & Global Solutions	1,898	1,941	(2) %	3,767	3,851	(2) %
Missiles and Fire Control	1,777	1,891	(6) %	3,280	3,758	(13) %
Mission Systems and Training	1,808	1,771	2 %	3,459	3,399	2 %
Space Systems	2,029	1,848	10 %	3,983	3,707	7 %
Total net sales	\$ 11,643	\$ 11,306	3 %	\$ 21,754	\$ 21,956	(1) %
Operating profit						
Aeronautics	\$ 444	\$ 453	(2) %	\$ 815	\$ 846	(4) %
Information Systems & Global Solutions	160	175	(9) %	296	349	(15) %
Missiles and Fire Control	303	345	(12) %	595	703	(15) %
Mission Systems and Training	234	185	26 %	453	435	4 %
Space Systems	259	248	4 %	547	502	9 %
Total business segment operating profit	1,400	1,406	- %	2,706	2,835	(5) %
Unallocated items						
FAS/CAS pension adjustment	120	85		239	171	
Other, net	(75)	(65)		(144)	(148)	
Total unallocated items	45	20	N/M	95	23	N/M
Total consolidated operating profit	\$ 1,445	\$ 1,426	1 %	\$ 2,801	\$ 2,858	(2) %
Operating margins						
Aeronautics	10.7 %	11.8 %		11.2 %	11.7 %	
Information Systems & Global Solutions	8.4 %	9.0 %		7.9 %	9.1 %	
Missiles and Fire Control	17.1 %	18.2 %		18.1 %	18.7 %	
Mission Systems and Training	12.9 %	10.4 %		13.1 %	12.8 %	
Space Systems	12.8 %	13.4 %		13.7 %	13.5 %	
Total business segment operating margins	12.0 %	12.4 %		12.4 %	12.9 %	
Total consolidated operating margins	12.4 %	12.6 %		12.9 %	13.0 %	

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

	<u>June 28, 2015</u>	<u>Dec. 31, 2014</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 3,202	\$ 1,446
Receivables, net	7,064	5,884
Inventories, net	3,032	2,882
Deferred income taxes	1,469	1,451
Other current assets	520	666
Total current assets	<u>15,287</u>	<u>12,329</u>
Property, plant and equipment, net	4,640	4,755
Goodwill	10,867	10,862
Deferred income taxes	4,035	4,013
Other noncurrent assets	5,019	5,114
Total assets	<u>\$ 39,848</u>	<u>\$ 37,073</u>
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	\$ 2,016	\$ 1,570
Customer advances and amounts in excess of costs incurred	5,549	5,790
Salaries, benefits and payroll taxes	1,808	1,826
Current portion of long-term debt	452	-
Other current liabilities	2,799	1,926
Total current liabilities	<u>12,624</u>	<u>11,112</u>
Accrued pension liabilities	11,387	11,413
Other postretirement benefit liabilities	1,090	1,102
Long-term debt, net	7,950	6,169
Other noncurrent liabilities	3,815	3,877
Total liabilities	<u>36,866</u>	<u>33,673</u>
Stockholders' equity		
Common stock, \$1 par value per share	309	314
Additional paid-in capital	-	-
Retained earnings	14,129	14,956
Accumulated other comprehensive loss	(11,456)	(11,870)
Total stockholders' equity	<u>2,982</u>	<u>3,400</u>
Total liabilities and stockholders' equity	<u>\$ 39,848</u>	<u>\$ 37,073</u>

Table 3

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

	Six Months Ended	
	June 28, 2015	June 29, 2014
Operating activities		
Net earnings	\$ 1,807	\$ 1,822
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation and amortization	490	479
Stock-based compensation	89	97
Changes in assets and liabilities		
Receivables, net	(1,183)	(598)
Inventories, net	(154)	307
Accounts payable	453	557
Customer advances and amounts in excess of costs incurred	(211)	(160)
Postretirement benefit plans	580	125
Income taxes	471	311
Other, net	(122)	137
Net cash provided by operating activities	2,220	3,077
Investing activities		
Capital expenditures	(309)	(253)
Acquisitions of businesses and investments in affiliates	-	(172)
Other, net	91	(1)
Net cash used for investing activities	(218)	(426)
Financing activities		
Issuance of long-term debt, net of related costs	2,213	-
Repurchases of common stock	(1,541)	(1,230)
Proceeds from stock option exercises	84	223
Dividends paid	(965)	(865)
Other, net	(37)	40
Net cash used for financing activities	(246)	(1,832)
Net change in cash and cash equivalents	1,756	819
Cash and cash equivalents at beginning of period	1,446	2,617
Cash and cash equivalents at end of period	\$ 3,202	\$ 3,436

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	-	-	1,807	-	1,807
Other comprehensive income, net of tax ¹	-	-	-	414	414
Repurchases of common stock	(8)	(318)	(1,215)	-	(1,541)
Dividends declared ²	-	-	(1,419)	-	(1,419)
Stock-based awards and ESOP activity	3	318	-	-	321
Balance at June 28, 2015	<u>\$ 309</u>	<u>\$ -</u>	<u>\$ 14,129</u>	<u>\$ (11,456)</u>	<u>\$ 2,982</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 each of the first and second quarters of 2015. Additionally, includes dividends of \$1.50 per share declared in the second quarter of 2015 and payable in the third quarter of 2015.

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

	<u>June 28, 2015</u>	<u>Dec. 31, 2014</u>
Backlog		
Aeronautics	\$ 23,200	\$ 27,600
Information Systems & Global Solutions	7,500	8,700
Missiles and Fire Control	12,200	13,600
Mission Systems and Training	12,300	11,700
Space Systems	17,600	18,900
Total backlog	<u>\$ 72,800</u>	<u>\$ 80,500</u>

	<u>Quarters Ended</u>		<u>Six Months Ended</u>	
	<u>June 28, 2015</u>	<u>June 29, 2014</u>	<u>June 28, 2015</u>	<u>June 29, 2014</u>
Orders	<u>\$ 7,500</u>	<u>\$ 9,500</u>	<u>\$ 14,000</u>	<u>\$ 17,200</u>

	<u>Quarters Ended</u>		<u>Six Months Ended</u>	
	<u>June 28, 2015</u>	<u>June 29, 2014</u>	<u>June 28, 2015</u>	<u>June 29, 2014</u>
Aircraft Deliveries				
F-16	3	4	6	8
F-35	11	6	19	14
C-130J	6	6	10	11
C-5	4	2	5	4