

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

	Quarters Ended Dec. 31,		Years Ended Dec. 31,	
	2012	2011	2012	2011
Net sales	\$ 12,099	\$ 12,211	\$ 47,182	\$ 46,499
Cost of sales ^{1,2}	(11,104)	(11,199)	(42,986)	(42,755)
Gross profit	995	1,012	4,196	3,744
Other income, net	66	94	238	276
Operating profit	1,061	1,106	4,434	4,020
Interest expense	(94)	(96)	(383)	(354)
Other non-operating (expense) income, net ¹	(9)	(44)	21	(35)
Earnings from continuing operations before income taxes	958	966	4,072	3,631
Income tax expense	(389)	(268)	(1,327)	(964)
Net earnings from continuing operations	569	698	2,745	2,667
Net loss from discontinued operations ³	-	(15)	-	(12)
Net earnings	\$ 569	\$ 683	\$ 2,745	\$ 2,655
Effective tax rate	40.6 %	27.7 %	32.6 %	26.5 %
Earnings (loss) per common share				
Basic				
Continuing operations	\$ 1.76	\$ 2.16	\$ 8.48	\$ 7.94
Discontinued operations	-	(0.04)	-	(0.04)
Basic earnings per common share	\$ 1.76	\$ 2.12	\$ 8.48	\$ 7.90
Diluted				
Continuing operations	\$ 1.73	\$ 2.14	\$ 8.36	\$ 7.85
Discontinued operations	-	(0.05)	-	(0.04)
Diluted earnings per common share	\$ 1.73	\$ 2.09	\$ 8.36	\$ 7.81
Weighted average shares outstanding				
Basic	322.7	322.5	323.7	335.9
Diluted	328.0	326.7	328.4	339.9
Common shares reported in stockholders' equity at end of period			321	321

¹ Gains and losses on investments used to fund the Corporation's deferred compensation plan liabilities have been reclassified from "other non-operating (expense) income, net" to "unallocated expenses, net" within "cost of sales" for all periods presented in order to align the classification of changes in the market value of investments held for the plan with changes in the value of the corresponding plan liabilities. Net gains on these investments were \$4 million and \$67 million for the quarter and year ended Dec. 31, 2012, respectively, and \$24 million and \$40 million for the quarter and year ended Dec. 31, 2011, respectively.

² Severance charges for 2012 consist of amounts associated with the elimination of certain positions at Aeronautics business segment in the fourth quarter, a charge of \$25 million, and the former Electronic Systems business segment in the third quarter, a charge of \$23 million. For 2011, severance charges consisted of amounts related to the elimination of certain positions at various business segments and Corporate Headquarters, a charge of \$136 million. Severance charges for initiatives that are not significant are included in business segment operating profit.

³ Discontinued operations in 2011 include the operating results of Savi Technology, Inc. and also Pacific Architects and Engineers, Inc. through the date of its sale on April 4, 2011. Amounts related to discontinued operations in 2012 were not significant and, accordingly, were included in consolidated operating profit.

Lockheed Martin Corporation

Business Segment Net Sales, Operating Profit, and Operating Margins ¹

(unaudited; in millions)

	Quarters Ended Dec. 31,			Years Ended Dec. 31,		
	2012	2011	% Change	2012	2011	% Change
Net sales ¹						
Aeronautics	\$ 4,141	\$ 3,855	7 %	\$ 14,953	\$ 14,362	4 %
Information Systems & Global Solutions	2,201	2,548	(14) %	8,846	9,381	(6) %
Missiles and Fire Control	1,897	1,826	4 %	7,457	7,463	- %
Mission Systems and Training	1,860	1,858	- %	7,579	7,132	6 %
Space Systems	2,000	2,124	(6) %	8,347	8,161	2 %
Total net sales	\$ 12,099	\$ 12,211	(1) %	\$ 47,182	\$ 46,499	1 %
Operating profit ¹						
Aeronautics	\$ 445	\$ 461	(3) %	\$ 1,699	\$ 1,630	4 %
Information Systems & Global Solutions	203	254	(20) %	808	874	(8) %
Missiles and Fire Control	272	231	18 %	1,256	1,069	17 %
Mission Systems and Training	187	171	9 %	737	645	14 %
Space Systems	232	287	(19) %	1,083	1,063	2 %
Total business segment operating profit	1,339	1,404	(5) %	5,583	5,281	6 %
Unallocated expenses, net:						
Non-cash FAS/CAS pension adjustment:						
FAS pension expense	(485)	(455)		(1,941)	(1,821)	
Less: CAS expense	277	225		1,111	899	
Non-cash FAS/CAS pension adjustment	(208)	(230)		(830)	(922)	
Special items - severance charges ²	(25)	-		(48)	(136)	
Stock-based compensation	(38)	(41)		(167)	(157)	
Other, net ³	(7)	(27)		(104)	(46)	
Total unallocated expenses, net	(278)	(298)	(7) %	(1,149)	(1,261)	(9) %
Total consolidated operating profit	\$ 1,061	\$ 1,106	(4) %	\$ 4,434	\$ 4,020	10 %
Operating margins ¹						
Aeronautics	10.7 %	12.0 %		11.4 %	11.3 %	
Information Systems & Global Solutions	9.2 %	10.0 %		9.1 %	9.3 %	
Missiles and Fire Control	14.3 %	12.7 %		16.8 %	14.3 %	
Mission Systems and Training	10.1 %	9.2 %		9.7 %	9.0 %	
Space Systems	11.6 %	13.5 %		13.0 %	13.0 %	
Total business segment operating margins	11.1 %	11.5 %		11.8 %	11.4 %	
Total consolidated operating margins	8.8 %	9.1 %		9.4 %	8.6 %	

¹ Effective Dec. 31, 2012, the Corporation reorganized its former Electronic Systems business segment into two business segments: Missiles and Fire Control and Mission Systems and Training. In connection with this reorganization, the former Electronic Systems corporate management layer was eliminated, and the former Global Training and Logistics business was split between the two new business segments. In addition, the business reporting relationships for the Sandia Corporation, which manages the Sandia National Laboratories for the U.S. Government, and the U.K. Atomic Weapons Establishment joint venture were transferred from the former Electronic Systems business segment to the Space Systems business segment. As a result, the business segment net sales and operating profit have been adjusted to reflect this reorganization for all periods presented.

² Severance charges for 2012 consist of amounts associated with the elimination of certain positions at Aeronautics business segment in the fourth quarter and the former Electronic Systems business segment in the third quarter. For 2011, severance charges consisted of amounts related to the elimination of certain positions at various business segments and Corporate Headquarters. Severance charges for initiatives that are not significant are included in business segment operating profit.

³ Gains and losses on investments used to fund the Corporation's deferred compensation plan liabilities have been reclassified from "other non-operating (expense) income, net" to "unallocated expenses, net" within "cost of sales" for all periods presented in order to align the classification of changes in the market value of investments held for the plan with changes in the value of the corresponding plan liabilities. Net gains on these investments were \$4 million and \$67 million for the quarter and year ended Dec. 31, 2012, respectively, and \$24 million and \$40 million for the quarter and year ended Dec. 31, 2011, respectively.

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

	<u>Dec. 31,</u> <u>2012</u>	<u>Dec. 31,</u> <u>2011</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 1,898	\$ 3,582
Receivables, net	6,563	6,064
Inventories, net	2,937	2,481
Deferred income taxes	1,269	1,339
Other current assets	1,188	628
Total current assets	<u>13,855</u>	<u>14,094</u>
Property, plant, and equipment, net	4,675	4,611
Goodwill	10,370	10,148
Deferred income taxes	4,809	4,388
Other noncurrent assets	4,948	4,667
Total assets	<u>\$ 38,657</u>	<u>\$ 37,908</u>
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	\$ 2,038	\$ 2,269
Customer advances and amounts in excess of costs incurred	6,503	6,399
Salaries, benefits, and payroll taxes	1,649	1,664
Current portion of long-term debt	150	-
Other current liabilities	1,815	1,798
Total current liabilities	<u>12,155</u>	<u>12,130</u>
Long-term debt, net	6,158	6,460
Accrued pension liabilities	15,278	13,502
Other postretirement benefit liabilities	1,220	1,274
Other noncurrent liabilities	3,807	3,541
Total liabilities	<u>38,618</u>	<u>36,907</u>
Stockholders' equity		
Common stock, \$1 par value per share	321	321
Additional paid-in capital	-	-
Retained earnings	13,211	11,937
Accumulated other comprehensive loss	(13,493)	(11,257)
Total stockholders' equity	<u>39</u>	<u>1,001</u>
Total liabilities and stockholders' equity	<u>\$ 38,657</u>	<u>\$ 37,908</u>

Table 3

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

	<u>Years Ended Dec. 31,</u>	
	<u>2012</u>	<u>2011</u>
Operating activities		
Net earnings	\$ 2,745	\$ 2,655
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	988	1,008
Stock-based compensation	167	157
Deferred income taxes	930	(2)
Severance charges	48	136
Reduction in tax expense from resolution of certain tax matters	-	(89)
Net adjustments related to discontinued operations	-	(16)
Changes in operating assets and liabilities:		
Receivables, net	(460)	(363)
Inventories, net	(422)	(74)
Accounts payable	(236)	609
Customer advances and amounts in excess of costs incurred	57	502
Postretirement benefit plans	(1,883)	(393)
Income taxes	(535)	304
Other, net	162	(181)
Net cash provided by operating activities ¹	<u>1,561</u>	<u>4,253</u>
Investing activities		
Capital expenditures	(942)	(987)
Acquisitions of businesses / investments in affiliates	(304)	(649)
Net cash provided by short-term investment transactions	-	510
Other, net	24	313
Net cash used for investing activities	<u>(1,222)</u>	<u>(813)</u>
Financing activities		
Repurchases of common stock	(990)	(2,465)
Proceeds from stock option exercises	440	116
Dividends paid	(1,352)	(1,095)
Premium paid on debt exchange	(225)	-
Issuance of long-term debt, net of related costs	-	1,980
Repayments of long-term debt	-	(632)
Other, net	104	(23)
Net cash used for financing activities	<u>(2,023)</u>	<u>(2,119)</u>
Net change in cash and cash equivalents	<u>(1,684)</u>	<u>1,321</u>
Cash and cash equivalents at beginning of year	<u>3,582</u>	<u>2,261</u>
Cash and cash equivalents at end of year	<u>\$ 1,898</u>	<u>\$ 3,582</u>

¹ The Corporation made contributions to its pension trust of \$2.5 billion and \$3.6 billion during the quarter and year ended Dec. 31, 2012, respectively. During the quarter and year ended Dec. 31, 2011, the Corporation made contributions to its pension trust of \$1.0 billion and \$2.3 billion, respectively.

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

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance at Dec. 31, 2011	\$ 321	\$ -	\$ 11,937	\$ (11,257)	\$ 1,001
Net earnings	-	-	2,745	-	2,745
Other comprehensive loss, net of tax ¹	-	-	-	(2,236)	(2,236)
Repurchases of common stock ²	(11)	(889)	(108)	-	(1,008)
Dividends declared ³	-	-	(1,363)	-	(1,363)
Stock-based awards and ESOP activity	11	889	-	-	900
Balance at Dec. 31, 2012	\$ 321	\$ -	\$ 13,211	\$ (13,493)	\$ 39

¹ At Dec. 31, 2012, the Corporation recognized a non-cash, after-tax reduction to stockholders' equity of \$3.2 billion, as a result of the year-end remeasurement of its postretirement benefit plans. Partially offsetting this reduction was an \$858 million recognition of previously deferred amounts. The decrease primarily was due to a lower discount rate at Dec. 31, 2012 of 4.00% as compared to 4.75% at Dec. 31, 2011.

² The Corporation repurchased 3.1 million shares of its common stock for \$286 million during the quarter ended Dec. 31, 2012. For the year ended Dec. 31, 2012, the Corporation repurchased 11.3 million shares for \$1.0 billion, of which 0.2 million shares purchased for \$18 million were settled and paid in January of 2013. The Corporation's Board of Directors has approved a share repurchase program, authorizing an amount available for share repurchases of \$6.5 billion. As of Dec. 31, 2012, the Corporation had repurchased a total of 54.3 million shares of its common stock under its share repurchase program for \$4.2 billion, and had remaining authorization of \$2.3 billion for future share repurchases.

³ Includes dividends of \$1.00 per share declared during each of the quarters ended March 25, 2012, June 24, 2012, Sept. 30, 2012, and a fourth quarter dividend of \$1.15 per share declared during the quarter ended Sept. 30, 2012. Additionally includes dividend equivalent cash payments for unvested RSUs that are paid only upon vesting.

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

	Dec. 31, 2012	Dec. 31, 2011
Backlog		
Aeronautics	\$ 30,100	\$ 30,500
Information Systems & Global Solutions	8,700	9,300
Missiles and Fire Control	14,700	14,400
Mission Systems and Training	10,700	10,500
Space Systems	18,100	16,000
Total backlog	\$ 82,300	\$ 80,700

Aircraft Deliveries	Quarters Ended Dec. 31,		Years Ended Dec. 31,	
	2012	2011	2012	2011
F-16	8	5	37	22
F-22	-	6	8	14
F-35	13	2	30	9
C-130J	9	7	34	33
C-5M	2	-	4	2

Table 6

Lockheed Martin Corporation
Business Segment Net Sales, Operating Profit, and Operating Margins
As Reported and Adjusted to Reflect Reorganization of Electronic Systems ¹
(unaudited; in millions)

	Quarter Ended March 25, 2012			Quarter Ended June 24, 2012			Quarter Ended Sept. 30, 2012		
	As Reported	Reclassification	As Adjusted	As Reported	Reclassification	As Adjusted	As Reported	Reclassification	As Adjusted
Net sales ¹									
Aeronautics	\$ 3,706	\$ -	\$ 3,706	\$ 3,408	\$ -	\$ 3,408	\$ 3,698	\$ -	\$ 3,698
Information Systems & Global Solutions	2,090	-	2,090	2,263	-	2,263	2,292	-	2,292
Electronic Systems	3,609	(3,609)	-	3,866	(3,866)	-	3,818	(3,818)	-
Missiles and Fire Control	-	1,766	1,766	-	1,843	1,843	-	1,951	1,951
Mission Systems and Training	-	1,838	1,838	-	2,019	2,019	-	1,862	1,862
Space Systems	1,888	5	1,893	2,384	4	2,388	2,061	5	2,066
Total net sales	\$ 11,293	\$ -	\$ 11,293	\$ 11,921	\$ -	\$ 11,921	\$ 11,869	\$ -	\$ 11,869
Operating profit ¹									
Aeronautics	\$ 385	\$ -	\$ 385	\$ 454	\$ -	\$ 454	\$ 415	\$ -	\$ 415
Information Systems & Global Solutions	188	-	188	208	-	208	209	-	209
Electronic Systems	541	(541)	-	526	(526)	-	509	(509)	-
Missiles and Fire Control	-	371	371	-	313	313	-	300	300
Mission Systems and Training	-	157	157	-	195	195	-	198	198
Space Systems	226	13	239	282	18	300	301	11	312
Total business segment operating profit	1,340	-	1,340	1,470	-	1,470	1,434	-	1,434
Unallocated expenses, net ²	(328)	32	(296)	(270)	(8)	(278)	(336)	39	(297)
Total consolidated operating profit	\$ 1,012	\$ 32	\$ 1,044	\$ 1,200	\$ (8)	\$ 1,192	\$ 1,098	\$ 39	\$ 1,137
Operating margins ¹									
Aeronautics	10.4 %	- %	10.4 %	13.3 %	- %	13.3 %	11.2 %	- %	11.2 %
Information Systems & Global Solutions	9.0 %	- %	9.0 %	9.2 %	- %	9.2 %	9.1 %	- %	9.1 %
Electronic Systems	15.0 %	(15.0) %	- %	13.6 %	(13.6) %	- %	13.3 %	(13.3) %	- %
Missiles and Fire Control	- %	21.0 %	21.0 %	- %	17.0 %	17.0 %	- %	15.4 %	15.4 %
Mission Systems and Training	- %	8.5 %	8.5 %	- %	9.7 %	9.7 %	- %	10.6 %	10.6 %
Space Systems	12.0 %	0.6 %	12.6 %	11.8 %	0.8 %	12.6 %	14.6 %	0.5 %	15.1 %
Total business segment operating margins	11.9 %	- %	11.9 %	12.3 %	- %	12.3 %	12.1 %	- %	12.1 %
Total consolidated operating margins	9.0 %	0.2 %	9.2 %	10.1 %	(0.1) %	10.0 %	9.3 %	0.3 %	9.6 %

	Three Months Ended March 25, 2012			Six Months Ended June 24, 2012			Nine Months Ended Sept. 30, 2012		
	As Reported	Reclassification	As Adjusted	As Reported	Reclassification	As Adjusted	As Reported	Reclassification	As Adjusted
Net sales ¹									
Aeronautics	\$ 3,706	\$ -	\$ 3,706	\$ 7,114	\$ -	\$ 7,114	\$ 10,812	\$ -	\$ 10,812
Information Systems & Global Solutions	2,090	-	2,090	4,353	-	4,353	6,645	-	6,645
Electronic Systems	3,609	(3,609)	-	7,475	(7,475)	-	11,293	(11,293)	-
Missiles and Fire Control	-	1,766	1,766	-	3,609	3,609	-	5,560	5,560
Mission Systems and Training	-	1,838	1,838	-	3,857	3,857	-	5,719	5,719
Space Systems	1,888	5	1,893	4,272	9	4,281	6,333	14	6,347
Total net sales	\$ 11,293	\$ -	\$ 11,293	\$ 23,214	\$ -	\$ 23,214	\$ 35,083	\$ -	\$ 35,083
Operating profit ¹									
Aeronautics	\$ 385	\$ -	\$ 385	\$ 839	\$ -	\$ 839	\$ 1,254	\$ -	\$ 1,254
Information Systems & Global Solutions	188	-	188	396	-	396	605	-	605
Electronic Systems	541	(541)	-	1,067	(1,067)	-	1,576	(1,576)	-
Missiles and Fire Control	-	371	371	-	684	684	-	984	984
Mission Systems and Training	-	157	157	-	352	352	-	550	550
Space Systems	226	13	239	508	31	539	809	42	851
Total business segment operating profit	1,340	-	1,340	2,810	-	2,810	4,244	-	4,244
Unallocated expenses, net ²	(328)	32	(296)	(598)	24	(574)	(934)	63	(871)
Total consolidated operating profit	\$ 1,012	\$ 32	\$ 1,044	\$ 2,212	\$ 24	\$ 2,236	\$ 3,310	\$ 63	\$ 3,373
Operating margins ¹									
Aeronautics	10.4 %	- %	10.4 %	11.8 %	- %	11.8 %	11.6 %	- %	11.6 %
Information Systems & Global Solutions	9.0 %	- %	9.0 %	9.1 %	- %	9.1 %	9.1 %	- %	9.1 %
Electronic Systems	15.0 %	(15.0) %	- %	14.3 %	(14.3) %	- %	14.0 %	(14.0) %	- %
Missiles and Fire Control	- %	21.0 %	21.0 %	- %	19.0 %	19.0 %	- %	17.7 %	17.7 %
Mission Systems and Training	- %	8.5 %	8.5 %	- %	9.1 %	9.1 %	- %	9.6 %	9.6 %
Space Systems	12.0 %	0.6 %	12.6 %	11.9 %	0.7 %	12.6 %	12.8 %	0.6 %	13.4 %
Total business segment operating margins	11.9 %	- %	11.9 %	12.1 %	- %	12.1 %	12.1 %	- %	12.1 %
Total consolidated operating margins	9.0 %	0.2 %	9.2 %	9.5 %	0.1 %	9.6 %	9.4 %	0.2 %	9.6 %

¹ Effective Dec. 31, 2012, the Corporation reorganized its former Electronic Systems business segment into two business segments: Missiles and Fire Control and Mission Systems and Training. In connection with this reorganization, the former Electronic Systems corporate management layer was eliminated, and the former Global Training and Logistics business was split between the two new business segments. In addition, the business reporting relationships for Sandia Corporation, which manages the Sandia National Laboratories for the U.S. Government, and the U.K. Atomic Weapons Establishment joint venture were transferred from the former Electronic Systems business segment to the Space Systems business segment. As a result, the business segment net sales and operating profit have been adjusted to reflect this reorganization for all periods presented.

² Gains and losses on investments used to fund the Corporation's deferred compensation plan liabilities have been reclassified from "other non-operating income (expense), net" to "unallocated expenses, net" within "cost of sales" for all periods presented in order to align the classification of changes in the market value of investments held for the plan with changes in the value of the corresponding plan liabilities. Net gains on these investments were \$4 million and \$67 million for the quarter and year ended Dec. 31, 2012, respectively, and \$24 million and \$40 million for the quarter and year ended Dec. 31, 2011, respectively.

Lockheed Martin Corporation
Business Segment Net Sales, Operating Profit, and Operating Margins
As Reported and Adjusted to Reflect Reorganization of Electronic Systems ¹
(unaudited; in millions)

	Quarter Ended March 27, 2011			Quarter Ended June 26, 2011			Quarter Ended Sept. 25, 2011			Quarter Ended Dec. 31, 2011		
	As Reported	Reclassification	As Adjusted	As Reported	Reclassification	As Adjusted	As Reported	Reclassification	As Adjusted	As Reported	Reclassification	As Adjusted
Net sales ¹												
Aeronautics	\$ 3,152	\$ -	\$ 3,152	\$ 3,390	\$ -	\$ 3,390	\$ 3,965	\$ -	\$ 3,965	\$ 3,855	\$ -	\$ 3,855
Information Systems & Global Solutions	2,149	-	2,149	2,361	-	2,361	2,323	-	2,323	2,548	-	2,548
Electronic Systems	3,482	(3,482)	-	3,780	(3,780)	-	3,663	(3,663)	-	3,697	(3,697)	-
Missiles and Fire Control	-	1,762	1,762	-	1,983	1,983	-	1,892	1,892	-	1,826	1,826
Mission Systems and Training	-	1,715	1,715	-	1,793	1,793	-	1,766	1,766	-	1,858	1,858
Space Systems	1,843	5	1,848	2,012	4	2,016	2,168	5	2,173	2,111	13	2,124
Total net sales	\$ 10,626	\$ -	\$ 10,626	\$ 11,543	\$ -	\$ 11,543	\$ 12,119	\$ -	\$ 12,119	\$ 12,211	\$ -	\$ 12,211
Operating profit ¹												
Aeronautics	\$ 328	\$ -	\$ 328	\$ 397	\$ -	\$ 397	\$ 444	\$ -	\$ 444	\$ 461	\$ -	\$ 461
Information Systems & Global Solutions	194	-	194	213	-	213	213	-	213	254	-	254
Electronic Systems	432	(432)	-	478	(478)	-	447	(447)	-	431	(431)	-
Missiles and Fire Control	-	284	284	-	278	278	-	276	276	-	231	231
Mission Systems and Training	-	136	136	-	183	183	-	155	155	-	171	171
Space Systems	217	12	229	263	17	280	251	16	267	258	29	287
Total business segment operating profit	1,171	-	1,171	1,351	-	1,351	1,355	-	1,355	1,404	-	1,404
Unallocated expenses, net ²	(307)	16	(291)	(358)	6	(352)	(314)	(6)	(320)	(322)	24	(298)
Total consolidated operating profit	\$ 864	\$ 16	\$ 880	\$ 993	\$ 6	\$ 999	\$ 1,041	\$ (6)	\$ 1,035	\$ 1,082	\$ 24	\$ 1,106
Operating margins ¹												
Aeronautics	10.4 %	- %	10.4 %	11.7 %	- %	11.7 %	11.2 %	- %	11.2 %	12.0 %	- %	12.0 %
Information Systems & Global Solutions	9.0 %	- %	9.0 %	9.0 %	- %	9.0 %	9.2 %	- %	9.2 %	10.0 %	- %	10.0 %
Electronic Systems	12.4 %	(12.4) %	- %	12.6 %	(12.6) %	- %	12.2 %	(12.2) %	- %	11.7 %	(11.7) %	- %
Missiles and Fire Control	- %	16.1 %	16.1 %	- %	14.0 %	14.0 %	- %	14.6 %	14.6 %	- %	12.7 %	12.7 %
Mission Systems and Training	- %	7.9 %	7.9 %	- %	10.2 %	10.2 %	- %	8.8 %	8.8 %	- %	9.2 %	9.2 %
Space Systems	11.8 %	0.6 %	12.4 %	13.1 %	0.8 %	13.9 %	11.6 %	0.7 %	12.3 %	12.2 %	1.3 %	13.5 %
Total business segment operating margins	11.0 %	- %	11.0 %	11.7 %	- %	11.7 %	11.2 %	- %	11.2 %	11.5 %	- %	11.5 %
Total consolidated operating margins	8.1 %	0.2 %	8.3 %	8.6 %	0.1 %	8.7 %	8.6 %	(0.1) %	8.5 %	8.9 %	0.2 %	9.1 %

	Three Months Ended March 27, 2011			Six Months Ended June 26, 2011			Nine Months Ended Sept. 25, 2011			Year Ended Dec. 31, 2011		
	As Reported	Reclassification	As Adjusted	As Reported	Reclassification	As Adjusted	As Reported	Reclassification	As Adjusted	As Reported	Reclassification	As Adjusted
Net sales ¹												
Aeronautics	\$ 3,152	\$ -	\$ 3,152	\$ 6,542	\$ -	\$ 6,542	\$ 10,507	\$ -	\$ 10,507	\$ 14,362	\$ -	\$ 14,362
Information Systems & Global Solutions	2,149	-	2,149	4,510	-	4,510	6,833	-	6,833	9,381	-	9,381
Electronic Systems	3,482	(3,482)	-	7,262	(7,262)	-	10,925	(10,925)	-	14,622	(14,622)	-
Missiles and Fire Control	-	1,762	1,762	-	3,745	3,745	-	5,637	5,637	-	7,463	7,463
Mission Systems and Training	-	1,715	1,715	-	3,508	3,508	-	5,274	5,274	-	7,132	7,132
Space Systems	1,843	5	1,848	3,855	9	3,864	6,023	14	6,037	8,134	27	8,161
Total net sales	\$ 10,626	\$ -	\$ 10,626	\$ 22,169	\$ -	\$ 22,169	\$ 34,288	\$ -	\$ 34,288	\$ 46,499	\$ -	\$ 46,499
Operating profit ¹												
Aeronautics	\$ 328	\$ -	\$ 328	\$ 725	\$ -	\$ 725	\$ 1,169	\$ -	\$ 1,169	\$ 1,630	\$ -	\$ 1,630
Information Systems & Global Solutions	194	-	194	407	-	407	620	-	620	874	-	874
Electronic Systems	432	(432)	-	910	(910)	-	1,357	(1,357)	-	1,788	(1,788)	-
Missiles and Fire Control	-	284	284	-	562	562	-	838	838	-	1,069	1,069
Mission Systems and Training	-	136	136	-	319	319	-	474	474	-	645	645
Space Systems	217	12	229	480	29	509	731	45	776	989	74	1,063
Total business segment operating profit	1,171	-	1,171	2,522	-	2,522	3,877	-	3,877	5,281	-	5,281
Unallocated expenses, net ²	(307)	16	(291)	(665)	22	(643)	(979)	16	(963)	(1,301)	40	(1,261)
Total consolidated operating profit	\$ 864	\$ 16	\$ 880	\$ 1,857	\$ 22	\$ 1,879	\$ 2,898	\$ 16	\$ 2,914	\$ 3,980	\$ 40	\$ 4,020
Operating margins ¹												
Aeronautics	10.4 %	- %	10.4 %	11.1 %	- %	11.1 %	11.1 %	- %	11.1 %	11.3 %	- %	11.3 %
Information Systems & Global Solutions	9.0 %	- %	9.0 %	9.0 %	- %	9.0 %	9.1 %	- %	9.1 %	9.3 %	- %	9.3 %
Electronic Systems	12.4 %	(12.4) %	- %	12.5 %	(12.5) %	- %	12.4 %	(12.4) %	- %	12.2 %	(12.2) %	- %
Missiles and Fire Control	- %	16.1 %	16.1 %	- %	15.0 %	15.0 %	- %	14.9 %	14.9 %	- %	14.3 %	14.3 %
Mission Systems and Training	- %	7.9 %	7.9 %	- %	9.1 %	9.1 %	- %	9.0 %	9.0 %	- %	9.0 %	9.0 %
Space Systems	11.8 %	0.6 %	12.4 %	12.5 %	0.7 %	13.2 %	12.1 %	0.8 %	12.9 %	12.2 %	0.8 %	13.0 %
Total business segment operating margins	11.0 %	- %	11.0 %	11.4 %	- %	11.4 %	11.3 %	- %	11.3 %	11.4 %	- %	11.4 %
Total consolidated operating margins	8.1 %	0.2 %	8.3 %	8.4 %	0.1 %	8.5 %	8.5 %	- %	8.5 %	8.6 %	- %	8.6 %

¹ Effective Dec. 31, 2012, the Corporation reorganized its former Electronic Systems business segment into two business segments: Missiles and Fire Control and Mission Systems and Training. In connection with this reorganization, the former Electronic Systems corporate management layer was eliminated, and the former Global Training and Logistics business was split between the two new business segments. In addition, the business reporting relationships for Sandia Corporation, which manages the Sandia National Laboratories for the U.S. Government, and the U.K. Atomic Weapons Establishment joint venture were transferred from the former Electronic Systems business segment to the Space Systems business segment. As a result, the business segment net sales and operating profit have been adjusted to reflect this reorganization for all periods presented.

² Gains and losses on investments used to fund the Corporation's deferred compensation plan liabilities have been reclassified from "other non-operating income (expense), net" to "unallocated expenses, net" within "cost of sales" for all periods presented in order to align the classification of changes in the market value of investments held for the plan with changes in the value of the corresponding plan liabilities. Net gains on these investments were \$4 million and \$67 million for the quarter and year ended Dec. 31, 2012, respectively, and \$24 million and \$40 million for the quarter and year ended Dec. 31, 2011, respectively.

Lockheed Martin Corporation
Consolidated Statements of Earnings
As Reported and Adjusted for Gains and Losses on Investments¹
(unaudited; in millions)

	Quarter Ended March 25, 2012			Quarter Ended June 24, 2012			Quarter Ended Sept. 30, 2012		
	As Reported	Reclassification	As Adjusted	As Reported	Reclassification	As Adjusted	As Reported	Reclassification	As Adjusted
Net sales	\$ 11,293	\$ -	\$ 11,293	\$ 11,921	\$ -	\$ 11,921	\$ 11,869	\$ -	\$ 11,869
Cost of sales	(10,316)	32	(10,284)	(10,741)	(8)	(10,749)	(10,888)	39	(10,849)
Gross profit	977	32	1,009	1,180	(8)	1,172	981	39	1,020
Other income, net	35	-	35	20	-	20	117	-	117
Operating profit	1,012	32	1,044	1,200	(8)	1,192	1,098	39	1,137
Interest expense	(96)	-	(96)	(96)	-	(96)	(97)	-	(97)
Other non-operating income, net	35	(32)	3	13	8	21	45	(39)	6
Earnings from continuing operations before income taxes	951	-	951	1,117	-	1,117	1,046	-	1,046
Income tax expense	(283)	-	(283)	(336)	-	(336)	(319)	-	(319)
Net earnings	\$ 668	\$ -	\$ 668	\$ 781	\$ -	\$ 781	\$ 727	\$ -	\$ 727

	Three Months Ended March 25, 2012			Six Months Ended June 24, 2012			Nine Months Ended Sept. 30, 2012		
	As Reported	Reclassification	As Adjusted	As Reported	Reclassification	As Adjusted	As Reported	Reclassification	As Adjusted
Net sales	\$ 11,293	\$ -	\$ 11,293	\$ 23,214	\$ -	\$ 23,214	\$ 35,083	\$ -	\$ 35,083
Cost of sales	(10,316)	32	(10,284)	(21,057)	24	(21,033)	(31,945)	63	(31,882)
Gross profit	977	32	1,009	2,157	24	2,181	3,138	63	3,201
Other income, net	35	-	35	55	-	55	172	-	172
Operating profit	1,012	32	1,044	2,212	24	2,236	3,310	63	3,373
Interest expense	(96)	-	(96)	(192)	-	(192)	(289)	-	(289)
Other non-operating income, net	35	(32)	3	48	(24)	24	93	(63)	30
Earnings from continuing operations before income taxes	951	-	951	2,068	-	2,068	3,114	-	3,114
Income tax expense	(283)	-	(283)	(619)	-	(619)	(938)	-	(938)
Net earnings	\$ 668	\$ -	\$ 668	\$ 1,449	\$ -	\$ 1,449	\$ 2,176	\$ -	\$ 2,176

¹ Gains and losses on investments used to fund the Corporation's deferred compensation plan liabilities have been reclassified from "other non-operating income, net" to "unallocated expenses, net" within "cost of sales" for all periods presented in order to align the classification of changes in the market value of investments held for the plan with changes in the value of the corresponding plan liabilities. Net gains on these investments were \$4 million and \$67 million for the quarter and year ended Dec. 31, 2012, respectively, and \$24 million and \$40 million for the quarter and year ended Dec. 31, 2011, respectively.

Lockheed Martin Corporation
Consolidated Statements of Earnings
As Reported and Adjusted for Gains and Losses on Investments ¹
(unaudited; in millions)

	Quarter Ended March 27, 2011			Quarter Ended June 26, 2011			Quarter Ended Sept. 25, 2011			Quarter Ended Dec. 31, 2011		
	As Reported	Reclassification	As Adjusted	As Reported	Reclassification	As Adjusted	As Reported	Reclassification	As Adjusted	As Reported	Reclassification	As Adjusted
Net sales	\$ 10,626	\$ -	\$ 10,626	\$ 11,543	\$ -	\$ 11,543	\$ 12,119	\$ -	\$ 12,119	\$ 12,211	\$ -	\$ 12,211
Cost of sales	(9,812)	16	(9,796)	(10,637)	6	(10,631)	(11,123)	(6)	(11,129)	(11,223)	24	(11,199)
Gross profit	814	16	830	906	6	912	996	(6)	990	988	24	1,012
Other income, net	50	-	50	87	-	87	45	-	45	94	-	94
Operating profit	864	16	880	993	6	999	1,041	(6)	1,035	1,082	24	1,106
Interest expense	(85)	-	(85)	(84)	-	(84)	(89)	-	(89)	(96)	-	(96)
Other non-operating income (expense), net	19	(16)	3	9	(6)	3	(3)	6	3	(20)	(24)	(44)
Earnings from continuing operations before income taxes	798	-	798	918	-	918	949	-	949	966	-	966
Income tax expense	(242)	-	(242)	(170)	-	(170)	(284)	-	(284)	(268)	-	(268)
Net earnings from continuing operations	556	-	556	748	-	748	665	-	665	698	-	698
Net loss (earnings) from discontinued operations	(26)	-	(26)	(6)	-	(6)	35	-	35	(15)	-	(15)
Net earnings	\$ 530	\$ -	\$ 530	\$ 742	\$ -	\$ 742	\$ 700	\$ -	\$ 700	\$ 683	\$ -	\$ 683

	Three Months Ended March 27, 2011			Six Months Ended June 26, 2011			Nine Months Ended Sept. 25, 2011			Year Ended Dec. 31, 2011		
	As Reported	Reclassification	As Adjusted	As Reported	Reclassification	As Adjusted	As Reported	Reclassification	As Adjusted	As Reported	Reclassification	As Adjusted
Net sales	\$ 10,626	\$ -	\$ 10,626	\$ 22,169	\$ -	\$ 22,169	\$ 34,288	\$ -	\$ 34,288	\$ 46,499	\$ -	\$ 46,499
Cost of sales	(9,812)	16	(9,796)	(20,449)	22	(20,427)	(31,572)	16	(31,556)	(42,795)	40	(42,755)
Gross profit	814	16	830	1,720	22	1,742	2,716	16	2,732	3,704	40	3,744
Other income, net	50	-	50	137	-	137	182	-	182	276	-	276
Operating profit	864	16	880	1,857	22	1,879	2,898	16	2,914	3,980	40	4,020
Interest expense	(85)	-	(85)	(169)	-	(169)	(258)	-	(258)	(354)	-	(354)
Other non-operating income (expense), net	19	(16)	3	28	(22)	6	25	(16)	9	5	(40)	(35)
Earnings from continuing operations before income taxes	798	-	798	1,716	-	1,716	2,665	-	2,665	3,631	-	3,631
Income tax expense	(242)	-	(242)	(412)	-	(412)	(696)	-	(696)	(964)	-	(964)
Net earnings from continuing operations	556	-	556	1,304	-	1,304	1,969	-	1,969	2,667	-	2,667
Net loss (earnings) from discontinued operations	(26)	-	(26)	(32)	-	(32)	3	-	3	(12)	-	(12)
Net earnings	\$ 530	\$ -	\$ 530	\$ 1,272	\$ -	\$ 1,272	\$ 1,972	\$ -	\$ 1,972	\$ 2,655	\$ -	\$ 2,655

¹ Gains and losses on investments used to fund the Corporation's deferred compensation plan liabilities have been reclassified from "other non-operating income (expense), net" to "unallocated expenses, net" within "cost of sales" for all periods presented in order to align the classification of changes in the market value of investments held for the plan with changes in the value of the corresponding plan liabilities. Net gains on these investments were \$4 million and \$67 million for the quarter and year ended Dec. 31, 2012, respectively, and \$24 million and \$40 million for the quarter and year ended Dec. 31, 2011, respectively.

Lockheed Martin Corporation
Backlog - Reorganization of Electronic Systems
(unaudited; in millions)

	<u>March 27, 2011</u>	<u>June 26, 2011</u>	<u>Sept. 25, 2011</u>	<u>Dec. 31, 2011</u>	<u>March 25, 2012</u>	<u>June 24, 2012</u>	<u>Sept. 30, 2012</u>	<u>Dec. 31, 2012</u>
Backlog:								
Aeronautics	\$ 31,300	\$ 29,900	\$ 27,800	\$ 30,500	\$ 28,200	\$ 26,900	\$ 26,600	\$ 30,100
Information Systems & Global Solutions	9,100	8,600	8,300	9,300	8,700	8,300	8,200	8,700
Missiles and Fire Control	12,100	11,800	11,500	14,400	13,400	13,500	14,500	14,700
Mission Systems and Training	10,500	10,400	10,200	10,500	10,900	11,000	10,800	10,700
Space Systems	17,000	16,500	15,200	16,000	15,400	15,800	15,500	18,100
Total backlog	<u>\$ 80,000</u>	<u>\$ 77,200</u>	<u>\$ 73,000</u>	<u>\$ 80,700</u>	<u>\$ 76,600</u>	<u>\$ 75,500</u>	<u>\$ 75,600</u>	<u>\$ 82,300</u>