

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

	Quarters Ended		Nine Months Ended	
	Sept. 30, 2012	Sept. 25, 2011	Sept. 30, 2012	Sept. 25, 2011
<b>Net sales</b>	<b>\$ 11,869</b>	\$ 12,119	<b>\$ 35,083</b>	\$ 34,288
<b>Cost of sales</b>	<b>(10,888)</b>	(11,123)	<b>(31,945)</b>	(31,572)
Gross profit	<b>981</b>	996	<b>3,138</b>	2,716
Other income, net	<b>117</b>	45	<b>172</b>	182
<b>Operating profit</b>	<b>1,098</b>	1,041	<b>3,310</b>	2,898
Interest expense	<b>(97)</b>	(89)	<b>(289)</b>	(258)
Other non-operating income (expense), net	<b>45</b>	(3)	<b>93</b>	25
Earnings from continuing operations before income taxes	<b>1,046</b>	949	<b>3,114</b>	2,665
Income tax expense	<b>(319)</b>	(284)	<b>(938)</b>	(696)
Net earnings from continuing operations	<b>727</b>	665	<b>2,176</b>	1,969
Net earnings from discontinued operations <sup>2</sup>	-	35	-	3
<b>Net earnings</b>	<b>\$ 727</b>	\$ 700	<b>\$ 2,176</b>	\$ 1,972
Effective tax rate	<b>30.5%</b>	29.9%	<b>30.1%</b>	26.1%
<b>Earnings per common share</b>				
Basic				
Continuing operations	<b>\$ 2.25</b>	\$ 2.01	<b>\$ 6.72</b>	\$ 5.78
Discontinued operations	-	0.11	-	0.01
Basic earnings per common share	<b>\$ 2.25</b>	\$ 2.12	<b>\$ 6.72</b>	\$ 5.79
Diluted				
Continuing operations	<b>\$ 2.21</b>	\$ 1.99	<b>\$ 6.62</b>	\$ 5.72
Discontinued operations	-	0.11	-	0.01
Diluted earnings per common share	<b>\$ 2.21</b>	\$ 2.10	<b>\$ 6.62</b>	\$ 5.73
<b>Weighted average number of shares outstanding</b>				
Basic	<b>323.5</b>	329.8	<b>324.0</b>	340.4
Diluted	<b>328.3</b>	333.6	<b>328.6</b>	344.3
Common shares reported in stockholders' equity at end of period			<b>321.4</b>	321.3

<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 Sept. 30 for the third quarter of 2012. The interim 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> Discontinued operations for 2011 include the operating results of Savi Technology, Inc. (Savi) and also Pacific Architects and Engineers, Inc. (PAE) through the date of its sale on April 4, 2011. Amounts related to discontinued operations during 2012 were not significant and, accordingly, were included in operating profit.

**Lockheed Martin Corporation**  
**Business Segment Net Sales, Operating Profit, and Operating Margins**  
(unaudited; in millions)

	Quarters Ended			Nine Months Ended		
	Sept. 30, 2012	Sept. 25, 2011	% Change	Sept. 30, 2012	Sept. 25, 2011	% Change
<b>Net sales</b>						
Aeronautics	\$ 3,698	\$ 3,965	(7) %	\$ 10,812	\$ 10,507	3 %
Electronic Systems	3,818	3,663	4 %	11,293	10,925	3 %
Information Systems & Global Solutions	2,292	2,323	(1) %	6,645	6,833	(3) %
Space Systems	2,061	2,168	(5) %	6,333	6,023	5 %
<b>Total net sales</b>	<b>\$ 11,869</b>	<b>\$ 12,119</b>	<b>(2) %</b>	<b>\$ 35,083</b>	<b>\$ 34,288</b>	<b>2 %</b>
<b>Operating profit</b>						
Aeronautics	\$ 415	\$ 444	(7) %	\$ 1,254	\$ 1,169	7 %
Electronic Systems	509	447	14 %	1,576	1,357	16 %
Information Systems & Global Solutions	209	213	(2) %	605	620	(2) %
Space Systems	301	251	20 %	809	731	11 %
<b>Total business segment operating profit</b>	<b>1,434</b>	<b>1,355</b>	<b>6 %</b>	<b>4,244</b>	<b>3,877</b>	<b>9 %</b>
Unallocated expense, net	(336)	(314)	7 %	(934)	(979)	(5) %
<b>Total consolidated operating profit</b>	<b>\$ 1,098</b>	<b>\$ 1,041</b>	<b>5 %</b>	<b>\$ 3,310</b>	<b>\$ 2,898</b>	<b>14 %</b>
<b>Operating margins</b>						
Aeronautics	11.2 %	11.2 %		11.6 %	11.1 %	
Electronic Systems	13.3 %	12.2 %		14.0 %	12.4 %	
Information Systems & Global Solutions	9.1 %	9.2 %		9.1 %	9.1 %	
Space Systems	14.6 %	11.6 %		12.8 %	12.1 %	
<b>Total business segment operating margins</b>	<b>12.1 %</b>	<b>11.2 %</b>		<b>12.1 %</b>	<b>11.3 %</b>	
<b>Total consolidated operating margins</b>	<b>9.3 %</b>	<b>8.6 %</b>		<b>9.4 %</b>	<b>8.5 %</b>	

**Lockheed Martin Corporation**  
**Selected Financial Data**  
(unaudited; in millions)

	Quarters Ended		Nine Months Ended	
	Sept. 30, 2012	Sept. 25, 2011	Sept. 30, 2012	Sept. 25, 2011
<b>Unallocated expense, net</b>				
Non-cash FAS/CAS pension adjustment				
FAS pension expense	\$ (485)	\$ (455)	\$ (1,456)	\$ (1,366)
Less: CAS expense	(278)	(224)	(834)	(674)
Non-cash FAS/CAS pension adjustment	(207)	(231)	(622)	(692)
Special items - severance charges <sup>1</sup>	(23)	(39)	(23)	(136)
Stock-based compensation	(42)	(37)	(129)	(116)
Other, net	(64)	(7)	(160)	(35)
<b>Total unallocated expense, net</b>	<b>\$ (336)</b>	<b>\$ (314)</b>	<b>\$ (934)</b>	<b>\$ (979)</b>

<sup>1</sup> Severance charges for 2012 consisted of amounts, net of state tax benefits, associated with the elimination of certain positions at the Electronic Systems business segment. For 2011, severance charges consisted of amounts related to actions taken at various business segments as well as Corporate Headquarters. Severance charges for initiatives that are not significant are included in business segment operating profit.

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

	<u>Sept. 30,</u> <u>2012</u>	<u>Dec. 31,</u> <u>2011</u>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 4,652	\$ 3,582
Receivables, net	6,428	6,064
Inventories, net	2,878	2,481
Deferred income taxes	1,281	1,339
Other current assets	552	628
Total current assets	<u>15,791</u>	<u>14,094</u>
Property, plant, and equipment, net	4,486	4,611
Goodwill	10,183	10,148
Deferred income taxes	4,073	4,388
Other noncurrent assets	4,788	4,667
<b>Total assets</b>	<u><b>\$ 39,321</b></u>	<u><b>\$ 37,908</b></u>
<b>Liabilities and stockholders' equity</b>		
Current liabilities		
Accounts payable	\$ 2,184	\$ 2,269
Customer advances and amounts in excess of costs incurred	6,396	6,399
Salaries, benefits, and payroll taxes	1,725	1,664
Current portion of long-term debt	150	-
Other current liabilities	2,213	1,798
Total current liabilities	<u>12,668</u>	<u>12,130</u>
Long-term debt, net	6,374	6,460
Accrued pension liabilities	12,967	13,502
Other postretirement benefit liabilities	1,245	1,274
Other noncurrent liabilities	3,625	3,541
<b>Total liabilities</b>	<u><b>36,879</b></u>	<u><b>36,907</b></u>
Stockholders' equity		
Common stock, \$1 par value per share	321	321
Additional paid-in capital	-	-
Retained earnings	12,703	11,937
Accumulated other comprehensive loss	(10,582)	(11,257)
Total stockholders' equity	<u>2,442</u>	<u>1,001</u>
<b>Total liabilities and stockholders' equity</b>	<u><b>\$ 39,321</b></u>	<u><b>\$ 37,908</b></u>

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

	<b>Nine Months Ended</b>	
	<b>Sept. 30, 2012</b>	<b>Sept. 25, 2011</b>
<b>Operating activities</b>		
Net earnings	\$ 2,176	\$ 1,972
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	711	739
Stock-based compensation	129	116
Severance charges	23	136
Reduction in tax expense from resolution of certain tax matters	-	(89)
Tax benefit related to discontinued operations	-	(81)
Changes in operating assets and liabilities:		
Receivables, net	(365)	(853)
Inventories, net	(387)	575
Accounts payable	(86)	707
Customer advances and amounts in excess of costs incurred	(3)	(342)
Postretirement benefit plans	329	134
Income taxes	48	7
Other, net	301	143
<b>Net cash provided by operating activities</b>	<b>2,876</b>	<b>3,164</b>
<b>Investing activities</b>		
Capital expenditures	(514)	(569)
Net cash provided by short-term investment transactions	-	510
Other, net	(33)	270
<b>Net cash (used for) provided by investing activities</b>	<b>(547)</b>	<b>211</b>
<b>Financing activities</b>		
Repurchases of common stock	(708)	(2,317)
Dividends paid	(979)	(770)
Issuance of long-term debt, net of related costs	-	1,980
Proceeds from stock option exercises	337	81
Other, net	91	(46)
<b>Net cash used for financing activities</b>	<b>(1,259)</b>	<b>(1,072)</b>
<b>Net change in cash and cash equivalents</b>	<b>1,070</b>	<b>2,303</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>3,582</b>	<b>2,261</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 4,652</b>	<b>\$ 4,564</b>

**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
<b>Balance at Dec. 31, 2011</b>	\$ 321	\$ -	\$ 11,937	\$ (11,257)	\$ 1,001
Net earnings	-	-	2,176	-	2,176
Other comprehensive income, net of tax <sup>1</sup>	-	-	-	675	675
Repurchases of common stock <sup>2</sup>	(8)	(669)	(45)	-	(722)
Dividends declared <sup>3</sup>	-	-	(1,365)	-	(1,365)
Stock-based awards and ESOP activity	8	669	-	-	677
<b>Balance at Sept. 30, 2012</b>	<u>\$ 321</u>	<u>\$ -</u>	<u>\$ 12,703</u>	<u>\$ (10,582)</u>	<u>\$ 2,442</u>

<sup>1</sup> Primarily represents the reclassification adjustment for recognition of prior period amounts related to postretirement benefit plans of \$609 million.

<sup>2</sup> The Corporation repurchased 3.3 million shares of its common stock for \$294 million during the quarter ended Sept. 30, 2012. For the nine months ended Sept. 30, 2012, the Corporation repurchased 8.2 million shares for \$722 million. 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 Sept. 30, 2012, the Corporation had repurchased a total of 51.2 million shares of its common stock under its share repurchase program for \$3.9 billion, and had remaining authorization of \$2.6 billion for future share repurchases.

<sup>3</sup> Includes dividends of \$1.00 per share declared during each of the quarters ended March 25, 2012, June 24, 2012 and Sept. 30, 2012. Additionally includes a fourth quarter dividend of \$1.15 per share declared during the quarter ended Sept. 30, 2012.

**Lockheed Martin Corporation**  
**Operating Data**  
**(unaudited)**

	<u>Sept. 30, 2012</u>	<u>Dec. 31, 2011</u>
<b>Backlog</b>	<b>(in millions)</b>	
Aeronautics	\$ 26,600	\$ 30,500
Electronic Systems	25,300	24,900
Information Systems & Global Solutions	8,200	9,300
Space Systems	15,500	16,000
<b>Total backlog</b>	<u>\$ 75,600</u>	<u>\$ 80,700</u>

	<u>Quarters Ended</u>		<u>Nine Months Ended</u>	
<b>Aircraft Deliveries</b>	<u>Sept. 30, 2012</u>	<u>Sept. 25, 2011</u>	<u>Sept. 30, 2012</u>	<u>Sept. 25, 2011</u>
F-16	6	5	29	17
F-22	-	-	8	8
F-35	12	5	17	7
C-130J	8	13	25	26
C-5M	1	1	2	2