

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

	Quarters Ended		Six Months Ended	
	June 24, 2012	June 26, 2011	June 24, 2012	June 26, 2011
Net sales	\$ 11,921	\$ 11,543	\$ 23,214	\$ 22,169
Cost of sales	(10,741)	(10,637)	(21,057)	(20,449)
Gross profit	1,180	906	2,157	1,720
Other income, net	20	87	55	137
Operating profit	1,200	993	2,212	1,857
Interest expense	(96)	(84)	(192)	(169)
Other non-operating income, net	13	9	48	28
Earnings from continuing operations before income taxes	1,117	918	2,068	1,716
Income tax expense	(336)	(170)	(619)	(412)
Net earnings from continuing operations	781	748	1,449	1,304
Net loss from discontinued operations ²	-	(6)	-	(32)
Net earnings	\$ 781	\$ 742	\$ 1,449	\$ 1,272
Effective tax rate	30.1%	18.5%	29.9%	24.0%
Earnings (loss) per common share				
Basic				
Continuing operations	\$ 2.41	\$ 2.18	\$ 4.47	\$ 3.77
Discontinued operations	-	(0.02)	-	(0.09)
Basic earnings per common share	\$ 2.41	\$ 2.16	\$ 4.47	\$ 3.68
Diluted				
Continuing operations	\$ 2.38	\$ 2.16	\$ 4.41	\$ 3.73
Discontinued operations	-	(0.02)	-	(0.09)
Diluted earnings per common share	\$ 2.38	\$ 2.14	\$ 4.41	\$ 3.64
Weighted average number of shares outstanding				
Basic	324.5	342.8	324.3	345.6
Diluted	328.8	346.6	328.7	349.6
Common shares reported in stockholders' equity at end of period			322.2	333.2

¹ The Corporation closes its books and records on the Sunday prior to the end of the calendar quarter to align its financial closing with its business processes.

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 December 31.

² Discontinued operations for 2011 include the operating results for 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 Savi during 2012 are not material and, accordingly, have been included in operating profit.

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

	Quarters Ended			Six Months Ended		
	June 24, 2012	June 26, 2011	% Change	June 24, 2012	June 26, 2011	% Change
Net sales						
Aeronautics	\$ 3,408	\$ 3,390	1 %	\$ 7,114	\$ 6,542	9 %
Electronic Systems	3,866	3,780	2 %	7,475	7,262	3 %
Information Systems & Global Solutions	2,263	2,361	(4) %	4,353	4,510	(3) %
Space Systems	2,384	2,012	18 %	4,272	3,855	11 %
Total net sales	\$ 11,921	\$ 11,543	3 %	\$ 23,214	\$ 22,169	5 %
Operating profit						
Aeronautics	\$ 454	\$ 397	14 %	\$ 839	\$ 725	16 %
Electronic Systems	526	478	10 %	1,067	910	17 %
Information Systems & Global Solutions	208	213	(2) %	396	407	(3) %
Space Systems	282	263	7 %	508	480	6 %
Total business segment operating profit	1,470	1,351	9 %	2,810	2,522	11 %
Unallocated expense, net	(270)	(358)	(25) %	(598)	(665)	(10) %
Total consolidated operating profit	\$ 1,200	\$ 993	21 %	\$ 2,212	\$ 1,857	19 %
Operating margins						
Aeronautics	13.3 %	11.7 %		11.8 %	11.1 %	
Electronic Systems	13.6 %	12.6 %		14.3 %	12.5 %	
Information Systems & Global Solutions	9.2 %	9.0 %		9.1 %	9.0 %	
Space Systems	11.8 %	13.1 %		11.9 %	12.5 %	
Total business segment operating margins	12.3 %	11.7 %		12.1 %	11.4 %	
Total consolidated operating margins	10.1 %	8.6 %		9.5 %	8.4 %	

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

	Quarters Ended		Six Months Ended	
	June 24, 2012	June 26, 2011	June 24, 2012	June 26, 2011
Unallocated expense, net				
Non-cash FAS/CAS pension adjustment				
FAS pension expense	\$ (486)	\$ (456)	\$ (971)	\$ (911)
Less: CAS expense	(278)	(226)	(556)	(450)
Non-cash FAS/CAS pension adjustment	(208)	(230)	(415)	(461)
Special item - severance charges ¹	-	(97)	-	(97)
Stock-based compensation	(45)	(40)	(87)	(79)
Other, net	(17)	9	(96)	(28)
Total unallocated expense, net	\$ (270)	\$ (358)	\$ (598)	\$ (665)

¹ The severance charges for 2011 consist of amounts, net of state taxes, related to actions taken at our Aeronautics and Space Systems business segments. Severance charges for initiatives that are not material are included in business segment operating profit.

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

	<u>June 24, 2012</u>	<u>Dec. 31, 2011</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 3,802	\$ 3,582
Receivables, net	6,569	6,064
Inventories, net	2,521	2,481
Deferred income taxes	1,327	1,339
Other current assets	581	628
Total current assets	<u>14,800</u>	<u>14,094</u>
Property, plant, and equipment, net	4,495	4,611
Goodwill	10,158	10,148
Deferred income taxes	4,186	4,388
Other noncurrent assets	4,747	4,667
Total assets	<u>\$ 38,386</u>	<u>\$ 37,908</u>
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	\$ 2,359	\$ 2,269
Customer advances and amounts in excess of costs incurred	6,287	6,399
Salaries, benefits, and payroll taxes	1,668	1,664
Current portion of long-term debt	150	-
Other current liabilities	1,804	1,798
Total current liabilities	<u>12,268</u>	<u>12,130</u>
Long-term debt, net	6,343	6,460
Accrued pension liabilities	12,775	13,502
Other postretirement benefit liabilities	1,267	1,274
Other noncurrent liabilities	3,529	3,541
Total liabilities	<u>36,182</u>	<u>36,907</u>
Stockholders' equity		
Common stock, \$1 par value per share	322	321
Additional paid-in capital	19	-
Retained earnings	12,727	11,937
Accumulated other comprehensive loss	(10,864)	(11,257)
Total stockholders' equity	<u>2,204</u>	<u>1,001</u>
Total liabilities and stockholders' equity	<u>\$ 38,386</u>	<u>\$ 37,908</u>

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

	Six Months Ended	
	June 24, 2012	June 26, 2011
Operating activities	\$ 1,449	\$ 1,272
Net earnings		
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	464	492
Stock-based compensation	87	79
Severance charges	-	97
Reduction in tax expense from resolution of certain tax matters	-	(89)
Changes in operating assets and liabilities:		
Receivables, net	(505)	(861)
Inventories, net	(38)	148
Accounts payable	91	592
Customer advances and amounts in excess of costs incurred	(111)	151
Postretirement benefit plans	(138)	622
Income taxes	(105)	196
Other, net	109	(86)
Net cash provided by operating activities	1,303	2,613
Investing activities		
Capital expenditures	(306)	(328)
Net cash provided by short-term investment transactions	-	260
Other, net	8	236
Net cash (used for) provided by investing activities	(298)	168
Financing activities		
Repurchases of common stock	(423)	(1,313)
Dividends paid	(653)	(524)
Proceeds from stock option exercises	235	60
Other, net	56	3
Net cash used for financing activities	(785)	(1,774)
Net change in cash and cash equivalents	220	1,007
Cash and cash equivalents at beginning of period	3,582	2,261
Cash and cash equivalents at end of period	\$ 3,802	\$ 3,268

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	-	-	1,449	-	1,449
Other comprehensive income, net of tax ¹	-	-	-	393	393
Repurchases of common stock ²	(5)	(423)	-	-	(428)
Dividends declared ³	-	-	(659)	-	(659)
Stock-based awards and ESOP activity	6	442	-	-	448
Balance at June 24, 2012	<u>\$ 322</u>	<u>\$ 19</u>	<u>\$ 12,727</u>	<u>\$ (10,864)</u>	<u>\$ 2,204</u>

¹ Primarily represents the reclassification adjustment for recognition of prior period amounts related to postretirement benefit plans of \$406 million.

² The Corporation repurchased 2.2 million shares of its common stock for \$186 million during the quarter ended June 24, 2012. For the six months ended June 24, 2012, the Corporation repurchased 4.9 million shares for \$428 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 June 24, 2012, the Corporation had repurchased a total of 47.9 million shares of its common stock under its share repurchase program for \$3.6 billion, and had remaining authorization of \$2.9 billion for future share repurchases.

³ Includes dividends of \$1.00 per share declared during each of the quarters ended March 25, 2012 and June 24, 2012.

Lockheed Martin Corporation
Operating Data
(unaudited)

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

	<u>Quarters Ended</u>		<u>Six Months Ended</u>	
Aircraft Deliveries	<u>June 24, 2012</u>	<u>June 26, 2011</u>	<u>June 24, 2012</u>	<u>June 26, 2011</u>
F-16	10	7	23	12
F-22	4	6	8	8
F-35	3	2	5	2
C-130J	7	7	17	13
C-5M	-	1	1	1