

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

	<b>Quarters Ended</b>	
	<b>March 25, 2012</b>	<b>March 27, 2011</b>
Net sales	\$ 11,293	\$ 10,626
Cost of sales	(10,319)	(9,812)
Gross profit	974	814
Other income, net	35	50
Operating profit	1,009	864
Interest expense	(96)	(85)
Other non-operating income, net	35	19
Earnings from continuing operations before income taxes	948	798
Income tax expense	(283)	(242)
Net earnings from continuing operations	665	556
Net earnings (loss) from discontinued operations <sup>2</sup>	3	(26)
Net earnings	\$ 668	\$ 530
Effective tax rate	29.9%	30.3%
Earnings (loss) per common share		
Basic		
Continuing operations	\$ 2.05	\$ 1.59
Discontinued operations	0.01	(0.07)
Basic earnings per common share	\$ 2.06	\$ 1.52
Diluted		
Continuing operations	\$ 2.02	\$ 1.57
Discontinued operations	0.01	(0.07)
Diluted earnings per common share	\$ 2.03	\$ 1.50
Weighted average number of shares outstanding		
Basic	324.1	348.5
Diluted	328.6	352.6
Common shares reported in stockholders' equity at end of period	322.4	344.9

<sup>1</sup> It is the Corporation's practice to close its books and records on the Sunday prior to the end of the calendar quarter. The interim financial statements and tables of financial information included herein are labeled based on that convention.

<sup>2</sup> Discontinued operations include the operating results of Savi Technology, Inc. for all periods presented and Pacific Architects and Engineers, Inc. (PAE) for 2011. The Corporation completed the sale of PAE in April 2011.

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

	Quarters Ended		% Change
	March 25, 2012	March 27, 2011	
<b>Net sales</b>			
Aeronautics	\$ 3,706	\$ 3,152	18 %
Electronic Systems	3,609	3,482	4 %
Information Systems & Global Solutions	2,090	2,149	(3) %
Space Systems	1,888	1,843	2 %
<b>Total net sales</b>	<b>\$ 11,293</b>	<b>\$ 10,626</b>	<b>6 %</b>
<b>Operating profit</b>			
Aeronautics	\$ 385	\$ 328	17 %
Electronic Systems	541	432	25 %
Information Systems & Global Solutions	188	194	(3) %
Space Systems	226	217	4 %
<b>Total business segment operating profit</b>	<b>1,340</b>	<b>1,171</b>	<b>14 %</b>
Unallocated corporate expense, net	(331)	(307)	(8) %
<b>Total consolidated operating profit</b>	<b>\$ 1,009</b>	<b>\$ 864</b>	<b>17 %</b>
<b>Operating margins</b>			
Aeronautics	10.4 %	10.4 %	
Electronic Systems	15.0 %	12.4 %	
Information Systems & Global Solutions	9.0 %	9.0 %	
Space Systems	12.0 %	11.8 %	
<b>Total business segment operating margins</b>	<b>11.9 %</b>	<b>11.0 %</b>	
<b>Total consolidated operating margins</b>	<b>8.9 %</b>	<b>8.1 %</b>	

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

	<b>Quarters Ended</b>	
	<b>March 25, 2012</b>	<b>March 27, 2011</b>
<b>Unallocated corporate expense, net</b>		
Non-cash FAS/CAS pension adjustment		
FAS pension expense	\$ (485)	\$ (455)
Less: CAS expense	(278)	(224)
Non-cash FAS/CAS pension adjustment	(207)	(231)
Stock compensation expense and other, net	(124)	(76)
<b>Total unallocated corporate expense, net</b>	<b>\$ (331)</b>	<b>\$ (307)</b>

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

	<u>March 25, 2012</u>	<u>Dec. 31, 2011</u>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 3,518	\$ 3,582
Receivables, net	6,720	6,064
Inventories, net	2,380	2,481
Deferred income taxes	1,332	1,339
Other current assets	611	628
Total current assets	<u>14,561</u>	<u>14,094</u>
Property, plant, and equipment, net	4,530	4,611
Goodwill	10,170	10,148
Deferred income taxes	4,290	4,388
Other noncurrent assets	4,789	4,667
<b>Total assets</b>	<u><b>\$ 38,340</b></u>	<u><b>\$ 37,908</b></u>
<b>Liabilities and stockholders' equity</b>		
Current liabilities		
Accounts payable	\$ 2,384	\$ 2,269
Customer advances and amounts in excess of costs incurred	6,148	6,399
Salaries, benefits, and payroll taxes	1,624	1,664
Other current liabilities	2,055	1,798
Total current liabilities	<u>12,211</u>	<u>12,130</u>
Long-term debt, net	6,472	6,460
Accrued pension liabilities	13,190	13,502
Other postretirement benefit liabilities	1,281	1,274
Other noncurrent liabilities	3,613	3,541
<b>Total liabilities</b>	<u><b>36,767</b></u>	<u><b>36,907</b></u>
Stockholders' equity		
Common stock, \$1 par value per share	322	321
Additional paid-in capital	4	-
Retained earnings	12,277	11,937
Accumulated other comprehensive loss	(11,030)	(11,257)
Total stockholders' equity	<u>1,573</u>	<u>1,001</u>
<b>Total liabilities and stockholders' equity</b>	<u><b>\$ 38,340</b></u>	<u><b>\$ 37,908</b></u>

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

	<b>Quarters Ended</b>	
	<b>March 25, 2012</b>	<b>March 27, 2011</b>
<b>Operating activities</b>		
Net earnings	\$ 668	\$ 530
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	231	246
Stock-based compensation	41	39
Changes in operating assets and liabilities:		
Receivables, net	(654)	(900)
Inventories, net	104	93
Accounts payable	116	745
Customer advances and amounts in excess of costs incurred	(251)	(42)
Postretirement benefit plans	(8)	473
Income taxes	111	486
Other, net	100	49
<b>Net cash provided by operating activities</b>	<b>458</b>	<b>1,719</b>
<b>Investing activities</b>		
Capital expenditures	(131)	(130)
Other, net	(18)	32
<b>Net cash used for investing activities</b>	<b>(149)</b>	<b>(98)</b>
<b>Financing activities</b>		
Repurchases of common stock	(242)	(314)
Dividends paid	(327)	(266)
Issuances of common stock	159	43
Other, net	37	12
<b>Net cash used for financing activities</b>	<b>(373)</b>	<b>(525)</b>
<b>Net change in cash and cash equivalents</b>	<b>(64)</b>	<b>1,096</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>\$ 3,518</b>	<b>\$ 3,357</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
<b>Net earnings</b>	-	-	668	-	668
<b>Other comprehensive income, net of tax <sup>1</sup></b>	-	-	-	227	227
<b>Repurchases of common stock <sup>2</sup></b>	(3)	(239)	-	-	(242)
<b>Dividends declared <sup>3</sup></b>	-	-	(328)	-	(328)
<b>Stock-based awards and ESOP activity</b>	4	243	-	-	247
<b>Balance at March 25, 2012</b>	<u>\$ 322</u>	<u>\$ 4</u>	<u>\$ 12,277</u>	<u>\$ (11,030)</u>	<u>\$ 1,573</u>

<sup>1</sup> Primarily represents the reclassification adjustment for recognition of prior period amounts related to postretirement benefit plans of \$203 million.

<sup>2</sup> The Corporation repurchased 2.7 million shares of its common stock for \$242 million during the quarter ended March 25, 2012. 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 March 25, 2012, the Corporation had repurchased a total of 45.7 million shares of its common stock under its share repurchase program for \$3.4 billion, and had remaining authorization of \$3.1 billion for future share repurchases.

<sup>3</sup> Includes dividends of \$1.00 per share declared during the quarter ended March 25, 2012.

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

	<u>March 25, 2012</u>	<u>Dec. 31, 2011</u>
<b>Backlog</b>	(in millions)	
Aeronautics	\$ 28,200	\$ 30,500
Electronic Systems	24,300	24,900
Information Systems & Global Solutions	8,700	9,300
Space Systems	15,400	16,000
<b>Total backlog</b>	<u>\$ 76,600</u>	<u>\$ 80,700</u>

	<u>Quarters Ended</u>	
	<u>March 25, 2012</u>	<u>March 27, 2011</u>
<b>Aircraft Deliveries</b>		
F-16	13	5
F-22	4	2
F-35	2	-
C-130J	10	6
C-5M	1	-