

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

	Quarters Ended Dec. 31,		Years Ended Dec. 31,	
	2015	2014	2015	2014
Net sales	\$ 12,917	\$ 12,530	\$ 46,132	\$ 45,600
Cost of sales ¹	(11,607)	(11,262)	(40,932)	(40,345)
Gross profit	1,310	1,268	5,200	5,255
Other (expense) income, net ²	(29)	74	236	337
Operating profit ^{1,2}	1,281	1,342	5,436	5,592
Interest expense	(142)	(87)	(443)	(340)
Other non-operating income, net	24	3	30	6
Earnings before income taxes	1,163	1,258	5,023	5,258
Income tax expense	(230)	(354)	(1,418)	(1,644)
Net earnings ^{1,2,3}	\$ 933	\$ 904	\$ 3,605	\$ 3,614
Effective tax rate	19.8 %	28.1 %	28.2 %	31.3 %
Earnings per common share ^{1,2,3}				
Basic	\$ 3.05	\$ 2.87	\$ 11.62	\$ 11.41
Diluted	\$ 3.01	\$ 2.82	\$ 11.46	\$ 11.21
Weighted average shares outstanding				
Basic	305.9	315.1	310.3	316.8
Diluted	310.2	320.6	314.7	322.4
Common shares reported in stockholders' equity at end of period			303	314

¹ Cost of sales in 2015 includes severance charges associated with the elimination of certain positions at the MST business segment and the IS&GS business segment (prior to program realignment). These charges were approximately \$67 million in the quarter ended Dec. 31, 2015, which reduced net earnings about \$44 million, or \$0.14 per share; and approximately \$102 million in the year ended Dec. 31, 2015, which reduced net earnings about \$66 million, or \$0.21 per share.

² Other (expense) income, net in the quarter and year ended Dec. 31, 2015 includes approximately \$45 million of non-recoverable transaction costs associated with the acquisition of Sikorsky and the Corporation's strategic review, which reduced net earnings about \$28 million, or \$0.09 per share.

³ The amounts and per share data reported may change between the earnings release and filing of the Corporation's Form 10-K due to ongoing purchase accounting analysis related to the Sikorsky acquisition.

Lockheed Martin Corporation
Business Segment Summary Operating Results
(unaudited; in millions)

	<u>Quarters Ended Dec. 31,</u>		<u>% Change</u>	<u>Years Ended Dec. 31,</u>		<u>% Change</u>
	<u>2015</u>	<u>2014</u>		<u>2015</u>	<u>2014</u>	
Net sales						
Aeronautics	\$ 4,384	\$ 4,135	6 %	\$ 15,570	\$ 14,920	4 %
Information Systems & Global Solutions	1,397	1,491	(6) %	5,596	5,654	(1) %
Missiles and Fire Control	1,969	1,863	6 %	6,770	7,092	(5) %
Mission Systems and Training	2,785	2,451	14 %	9,091	8,732	4 %
Space Systems	2,382	2,590	(8) %	9,105	9,202	(1) %
Total net sales	\$ 12,917	\$ 12,530	3 %	\$ 46,132	\$ 45,600	1 %
Operating profit						
Aeronautics	\$ 448	\$ 441	2 %	\$ 1,681	\$ 1,649	2 %
Information Systems & Global Solutions	131	117	12 %	508	472	8 %
Missiles and Fire Control	387	329	18 %	1,282	1,344	(5) %
Mission Systems and Training	157	232	(32) %	844	936	(10) %
Space Systems	288	288	- %	1,171	1,187	(1) %
Total business segment operating profit	1,411	1,407	- %	5,486	5,588	(2) %
Unallocated items						
FAS/CAS pension adjustment						
FAS pension expense	(290)	(259)		(1,142)	(1,144)	
Less: CAS pension cost	403	380		1,613	1,520	
FAS/CAS pension adjustment	113	121		471	376	
Special items						
Goodwill impairment charge	-	(119)		-	(119)	
Severance charges ¹	(67)	-		(102)	-	
Stock-based compensation	(20)	(36)		(138)	(164)	
Other, net ^{2,3}	(156)	(31)		(281)	(89)	
Total unallocated items	(130)	(65)	N/M	(50)	4	N/M
Total consolidated operating profit	\$ 1,281	\$ 1,342	(5) %	\$ 5,436	\$ 5,592	(3) %
Operating margins						
Aeronautics	10.2 %	10.7 %		10.8 %	11.1 %	
Information Systems & Global Solutions	9.4 %	7.8 %		9.1 %	8.3 %	
Missiles and Fire Control	19.7 %	17.7 %		18.9 %	19.0 %	
Mission Systems and Training	5.6 %	9.5 %		9.3 %	10.7 %	
Space Systems	12.1 %	11.1 %		12.9 %	12.9 %	
Total business segment operating margins	10.9 %	11.2 %		11.9 %	12.3 %	
Total consolidated operating margins	9.9 %	10.7 %		11.8 %	12.3 %	

¹ Severance charges in 2015 consist of amounts associated with the elimination of certain positions at the MST business segment and the IS&GS business segment (prior to program realignment). These charges reduced net earnings about \$44 million, or \$0.14 per share, in the quarter ended Dec. 31, 2015 and about \$66 million, or \$0.21 per share, in the year ended Dec. 31, 2015. Severance charges for initiatives that are not significant are included in business segment operating profit.

² Other, net in the quarter and year ended Dec. 31, 2015 includes a non-cash asset impairment charge of approximately \$90 million related to the Corporation's decision to divest a non-core asset in 2016. This charge was partially offset by a net deferred tax benefit of about \$80 million, which is recorded in income tax expense. The net impact reduced net earnings by about \$10 million, or \$0.03 per share, in the quarter and year ended Dec. 31, 2015.

³ Other, net in the quarter and year ended Dec. 31, 2015 includes approximately \$45 million of non-recoverable transaction costs associated with the acquisition of Sikorsky and the Corporation's strategic review, which reduced net earnings about \$28 million, or \$0.09 per share.

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

	<u>Dec. 31,</u> <u>2015¹</u>	<u>Dec. 31,</u> <u>2014²</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 1,090	\$ 1,446
Receivables, net	8,061	5,877
Inventories, net	4,962	2,804
Deferred income taxes	1,463	1,451
Other current assets	622	744
Total current assets	<u>16,198</u>	<u>12,322</u>
Property, plant and equipment, net	5,438	4,751
Goodwill	13,628	10,862
Purchased intangibles, net	4,147	324
Deferred income taxes	4,470	4,013
Other noncurrent assets	5,247	4,774
Total assets	<u>\$ 49,128</u>	<u>\$ 37,046</u>
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	\$ 1,974	\$ 1,562
Customer advances and amounts in excess of costs incurred	6,988	5,775
Salaries, benefits and payroll taxes	1,916	1,824
Current portion of long-term debt	956	-
Other current liabilities	2,223	1,951
Total current liabilities	<u>14,057</u>	<u>11,112</u>
Long-term debt, net	14,305	6,142
Accrued pension liabilities	11,807	11,413
Other postretirement benefit liabilities	1,070	1,102
Other noncurrent liabilities	4,792	3,877
Total liabilities	<u>46,031</u>	<u>33,646</u>
Stockholders' equity		
Common stock, \$1 par value per share	303	314
Additional paid-in capital	-	-
Retained earnings	14,238	14,956
Accumulated other comprehensive loss	(11,444)	(11,870)
Total stockholders' equity	<u>3,097</u>	<u>3,400</u>
Total liabilities and stockholders' equity	<u>\$ 49,128</u>	<u>\$ 37,046</u>

¹ The Dec. 31, 2015 consolidated balance sheet includes the accounts of Sikorsky, including goodwill of approximately \$2.8 billion and purchased intangibles, net of about \$3.9 billion.

² Certain prior period amounts have been reclassified to conform with current year presentation.

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

	Years Ended Dec. 31,	
	2015	2014
Operating activities		
Net earnings	\$ 3,605	\$ 3,614
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation and amortization	1,026	994
Stock-based compensation	138	164
Deferred income taxes	(445)	(401)
Goodwill impairment charge	-	119
Severance charges	102	-
Changes in assets and liabilities		
Receivables, net	(256)	28
Inventories, net	(398)	77
Accounts payable	(160)	95
Customer advances and amounts in excess of costs incurred	(32)	(572)
Postretirement benefit plans	1,068	(880)
Income taxes	(48)	351
Other, net	501	277
Net cash provided by operating activities¹	5,101	3,866
Investing activities		
Capital expenditures	(939)	(845)
Acquisitions of businesses and investments in affiliates ²	(9,003)	(898)
Other, net	208	20
Net cash used for investing activities	(9,734)	(1,723)
Financing activities		
Issuance of long-term debt, net of related costs	9,101	-
Draw on revolving credit facility	6,000	-
Repayment on revolving credit facility	(6,000)	-
Repurchases of common stock	(3,071)	(1,900)
Proceeds from stock option exercises	174	308
Dividends paid	(1,932)	(1,760)
Other, net	5	38
Net cash provided by (used for) financing activities	4,277	(3,314)
Net change in cash and cash equivalents	(356)	(1,171)
Cash and cash equivalents at beginning of period	1,446	2,617
Cash and cash equivalents at end of period	\$ 1,090	\$ 1,446

¹ The Corporation made no contributions to its heritage qualified defined benefit pension trust in the year ended Dec. 31, 2015 compared to \$2.0 billion in the year ended Dec. 31, 2014. The Corporation made approximately \$5.0 million in contributions to the Sikorsky qualified defined benefit pension plan in the year ended Dec. 31, 2015. Additionally, the Corporation made net income tax payments of approximately \$1.8 billion in the year ended Dec. 31, 2015, compared to approximately \$1.5 billion in the year ended Dec. 31, 2014.

² Includes the \$9.0 billion purchase price of Sikorsky, net of cash acquired.

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	-	-	3,605	-	3,605
Other comprehensive income, net of tax ¹	-	-	-	426	426
Repurchases of common stock	(15)	(656)	(2,400)	-	(3,071)
Dividends declared ²	-	-	(1,923)	-	(1,923)
Stock-based awards and ESOP activity	4	656	-	-	660
Balance at Dec. 31, 2015	\$ 303	\$ -	\$ 14,238	\$ (11,444)	\$ 3,097

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

² Represents dividends of \$1.50 per share declared during each of the first, second and third quarters of 2015. Additionally, includes dividends of \$1.65 per share declared in the third quarter of 2015 and paid in the fourth quarter of 2015.

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

	<u>Dec. 31, 2015</u>	<u>Dec. 31, 2014</u>
Backlog		
Aeronautics	\$ 31,800	\$ 27,600
Information Systems & Global Solutions	4,800	6,000
Missiles and Fire Control	15,500	13,300
Mission Systems and Training	30,100 ¹	13,300
Space Systems	17,400	20,300
Total backlog	<u>\$ 99,600</u> ¹	<u>\$ 80,500</u>
Orders	<u>\$ 50,200</u>	

	<u>Quarters Ended Dec. 31,</u>		<u>Years Ended Dec. 31,</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Aircraft Deliveries				
F-16	2	6	11	17
F-35	14	14	45	36
C-130J	7	8	21	24
C-5	2	1	9	7

¹ Includes Sikorsky backlog of approximately \$15.6 billion, which may change as the Corporation completes its analysis of acquired backlog.

Lockheed Martin Corporation
Proforma Business Segment Net Sales, Operating Profit and Operating Margins
To Reflect Reorganization of Government Information Technology (IT) and Technical Services Businesses ¹
(unaudited; in millions)

	Twelve Months Ended Dec. 31, 2015			
	Prior to Realignment	Government IT Reclassification	Technical Svcs. Reclassification	As Adjusted
Net sales ¹				
Aeronautics	\$ 15,570	\$ -	\$ -	\$ 15,570
Information Systems & Global Solutions	7,458	(2,480)	618	5,596
Missiles and Fire Control	7,366	63	(659)	6,770
Mission Systems and Training	7,697	1,353	41	9,091
Space Systems	8,041	1,064	-	9,105
Total net sales	\$ 46,132	\$ -	\$ -	\$ 46,132
Operating profit ¹				
Aeronautics	\$ 1,681	\$ -	\$ -	\$ 1,681
Information Systems & Global Solutions	628	(173)	53	508
Missiles and Fire Control	1,332	5	(55)	1,282
Mission Systems and Training	800	42	2	844
Space Systems	1,045	126	-	1,171
Total business segment operating profit	5,486	-	-	5,486
Unallocated items, net	(50)	-	-	(50)
Total consolidated operating profit	\$ 5,436	\$ -	\$ -	\$ 5,436
Operating margins ¹				
Aeronautics	10.8 %	-	-	10.8 %
Information Systems & Global Solutions	8.4 %	0.7 %	-	9.1 %
Missiles and Fire Control	18.1 %	(0.1) %	0.9 %	18.9 %
Mission Systems and Training	10.4 %	(1.1) %	-	9.3 %
Space Systems	13.0 %	(0.1) %	-	12.9 %
Total business segment operating margins	11.9 %	- %	- %	11.9 %
Total consolidated operating margins	11.8 %	- %	- %	11.8 %

¹ During the fourth quarter of 2015, the Corporation realigned certain programs among its business segments in connection with its strategic review of its government IT and technical services businesses. As part of the realignment, mission IT and services programs supporting the Corporation's platforms were transferred from the Information Systems & Global Solutions (IS&GS) business segment to the Mission Systems and Training (MST) business segment, energy solutions programs were transferred from the IS&GS business segment to the Missiles and Fire Control (MFC) business segment, space services programs were transferred from the IS&GS business segment to the Space Systems business segment and technical services programs were transferred from the MFC business segment to the IS&GS business segment. The amounts in the table above reflect the impacts of the program realignment. The realignment did not impact the Corporation's previously reported consolidated financial statements.

Table 7

Lockheed Martin Corporation
Proforma Business Segment Net Sales, Operating Profit and Operating Margins
To Reflect Reorganization of Government Information Technology (IT) and Technical Services Businesses ¹
(unaudited; in millions)

	Quarter Ended March 29, 2015				Quarter Ended June 28, 2015				Quarter Ended Sept. 27, 2015				Quarter Ended Dec. 31, 2015			
	Previously Reported	Government IT Reclassification	Technical Svcs. Reclassification	As Adjusted	Previously Reported	Government IT Reclassification	Technical Svcs. Reclassification	As Adjusted	Previously Reported	Government IT Reclassification	Technical Svcs. Reclassification	As Adjusted	Prior to Realignment	Government IT Reclassification	Technical Svcs. Reclassification	As Adjusted
Net sales ¹																
Aeronautics	\$ 3,134	\$ -	\$ -	\$ 3,134	\$ 4,131	\$ -	\$ -	\$ 4,131	\$ 3,921	\$ -	\$ -	\$ 3,921	\$ 4,384	\$ -	\$ -	\$ 4,384
Information Systems & Global Solutions	1,869	(612)	133	1,390	1,898	(644)	154	1,408	1,870	(631)	162	1,401	1,821	(593)	169	1,397
Missiles and Fire Control	1,503	26	(146)	1,383	1,777	37	(165)	1,649	1,938	1	(170)	1,769	2,148	(1)	(178)	1,969
Mission Systems and Training	1,651	315	13	1,979	1,808	346	11	2,165	1,802	352	8	2,162	2,436	340	9	2,785
Space Systems	1,954	271	-	2,225	2,029	261	-	2,290	1,930	278	-	2,208	2,128	254	-	2,382
Total net sales	\$ 10,111	\$ -	\$ -	\$ 10,111	\$ 11,643	\$ -	\$ -	\$ 11,643	\$ 11,461	\$ -	\$ -	\$ 11,461	\$ 12,917	\$ -	\$ -	\$ 12,917
Operating profit ¹																
Aeronautics	\$ 371	\$ -	\$ -	\$ 371	\$ 444	\$ -	\$ -	\$ 444	\$ 418	\$ -	\$ -	\$ 418	\$ 448	\$ -	\$ -	\$ 448
Information Systems & Global Solutions	136	1	8	145	160	(66)	13	107	163	(57)	19	125	169	(51)	13	131
Missiles and Fire Control	292	2	(8)	286	303	4	(14)	293	336	-	(20)	316	401	(1)	(13)	387
Mission Systems and Training	219	(39)	-	180	234	27	1	262	220	24	1	245	127	30	-	157
Space Systems	288	36	-	324	259	35	-	294	232	33	-	265	266	22	-	288
Total business segment operating profit	1,306	-	-	1,306	1,400	-	-	1,400	1,369	-	-	1,369	1,411	-	-	1,411
Unallocated items, net	50	-	-	50	45	-	-	45	(15)	-	-	(15)	(130)	-	-	(130)
Total consolidated operating profit	\$ 1,356	\$ -	\$ -	\$ 1,356	\$ 1,445	\$ -	\$ -	\$ 1,445	\$ 1,354	\$ -	\$ -	\$ 1,354	\$ 1,281	\$ -	\$ -	\$ 1,281
Operating margins ¹																
Aeronautics	11.8 %	- %	- %	11.8 %	10.7 %	- %	- %	10.7 %	10.7 %	- %	- %	10.7 %	10.2 %	- %	- %	10.2 %
Information Systems & Global Solutions	7.3 %	3.5 %	(0.2) %	10.4 %	8.4 %	(1.0) %	- %	7.6 %	8.7 %	(0.1) %	0.3 %	8.9 %	9.3 %	0.3 %	(0.2) %	9.4 %
Missiles and Fire Control	19.4 %	(0.2) %	1.5 %	20.7 %	17.1 %	(0.1) %	0.8 %	17.8 %	17.3 %	- %	0.6 %	17.9 %	18.7 %	(0.1) %	1.1 %	19.7 %
Mission Systems and Training	13.3 %	(4.1) %	(0.1) %	9.1 %	12.9 %	(0.8) %	- %	12.1 %	12.2 %	(0.9) %	- %	11.3 %	5.2 %	0.4 %	- %	5.6 %
Space Systems	14.7 %	(0.1) %	- %	14.6 %	12.8 %	- %	- %	12.8 %	12.0 %	- %	- %	12.0 %	12.5 %	(0.4) %	- %	12.1 %
Total business segment operating margins	12.9 %	- %	- %	12.9 %	12.0 %	- %	- %	12.0 %	11.9 %	- %	- %	11.9 %	10.9 %	- %	- %	10.9 %
Total consolidated operating margins	13.4 %	- %	- %	13.4 %	12.4 %	- %	- %	12.4 %	11.8 %	- %	- %	11.8 %	9.9 %	- %	- %	9.9 %

	Three Months Ended March 29, 2015				Six Months Ended June 28, 2015				Nine Months Ended Sept. 27, 2015				Twelve Months Ended Dec. 31, 2015			
	Previously Reported	Government IT Reclassification	Technical Svcs. Reclassification	As Adjusted	Previously Reported	Government IT Reclassification	Technical Svcs. Reclassification	As Adjusted	Previously Reported	Government IT Reclassification	Technical Svcs. Reclassification	As Adjusted	Prior to Realignment	Government IT Reclassification	Technical Svcs. Reclassification	As Adjusted
Net sales ¹																
Aeronautics	\$ 3,134	\$ -	\$ -	\$ 3,134	\$ 7,265	\$ -	\$ -	\$ 7,265	\$ 11,186	\$ -	\$ -	\$ 11,186	\$ 15,570	\$ -	\$ -	\$ 15,570
Information Systems & Global Solutions	1,869	(612)	133	1,390	3,767	(1,256)	287	2,798	5,637	(1,887)	449	4,199	7,458	(2,480)	618	5,596
Missiles and Fire Control	1,503	26	(146)	1,383	3,280	63	(311)	3,032	5,218	64	(481)	4,801	7,366	63	(659)	6,770
Mission Systems and Training	1,651	315	13	1,979	3,459	661	24	4,144	5,261	1,013	32	6,306	7,697	1,353	41	9,091
Space Systems	1,954	271	-	2,225	3,983	532	-	4,515	5,913	810	-	6,723	8,041	1,064	-	9,105
Total net sales	\$ 10,111	\$ -	\$ -	\$ 10,111	\$ 21,754	\$ -	\$ -	\$ 21,754	\$ 33,215	\$ -	\$ -	\$ 33,215	\$ 46,132	\$ -	\$ -	\$ 46,132
Operating profit ¹																
Aeronautics	\$ 371	\$ -	\$ -	\$ 371	\$ 815	\$ -	\$ -	\$ 815	\$ 1,233	\$ -	\$ -	\$ 1,233	\$ 1,681	\$ -	\$ -	\$ 1,681
Information Systems & Global Solutions	136	1	8	145	296	(65)	21	252	459	(122)	40	377	628	(173)	53	508
Missiles and Fire Control	292	2	(8)	286	595	6	(22)	579	931	6	(42)	895	1,332	5	(55)	1,282
Mission Systems and Training	219	(39)	-	180	453	(12)	1	442	673	12	2	687	800	42	2	844
Space Systems	288	36	-	324	547	71	-	618	779	104	-	883	1,045	126	-	1,171
Total business segment operating profit	1,306	-	-	1,306	2,706	-	-	2,706	4,075	-	-	4,075	5,486	-	-	5,486
Unallocated items, net	50	-	-	50	95	-	-	95	80	-	-	80	(50)	-	-	(50)
Total consolidated operating profit	\$ 1,356	\$ -	\$ -	\$ 1,356	\$ 2,801	\$ -	\$ -	\$ 2,801	\$ 4,155	\$ -	\$ -	\$ 4,155	\$ 5,436	\$ -	\$ -	\$ 5,436
Operating margins ¹																
Aeronautics	11.8 %	- %	- %	11.8 %	11.2 %	- %	- %	11.2 %	11.0 %	- %	- %	11.0 %	10.8 %	- %	- %	10.8 %
Information Systems & Global Solutions	7.3 %	3.5 %	(0.2) %	10.4 %	7.9 %	1.2 %	(0.1) %	9.0 %	8.1 %	0.8 %	0.1 %	9.0 %	8.4 %	0.7 %	- %	9.1 %
Missiles and Fire Control	19.4 %	(0.2) %	1.5 %	20.7 %	18.1 %	(0.1) %	1.1 %	19.1 %	17.8 %	(0.1) %	0.9 %	18.6 %	18.1 %	(0.1) %	0.9 %	18.9 %
Mission Systems and Training	13.3 %	(4.1) %	(0.1) %	9.1 %	13.1 %	(2.3) %	(0.1) %	10.7 %	12.8 %	(1.9) %	- %	10.9 %	10.4 %	(1.1) %	- %	9.3 %
Space Systems	14.7 %	(0.1) %	- %	14.6 %	13.7 %	- %	- %	13.7 %	13.2 %	(0.1) %	- %	13.1 %	13.0 %	(0.1) %	- %	12.9 %
Total business segment operating margins	12.9 %	- %	- %	12.9 %	12.4 %	- %	- %	12.4 %	12.3 %	- %	- %	12.3 %	11.9 %	- %	- %	11.9 %
Total consolidated operating margins	13.4 %	- %	- %	13.4 %	12.9 %	- %	- %	12.9 %	12.5 %	- %	- %	12.5 %	11.8 %	- %	- %	11.8 %

¹ During the fourth quarter of 2015, the Corporation realigned certain programs among its business segments in connection with its strategic review of its government IT and technical services businesses. As part of the realignment, mission IT and services programs supporting the Corporation's platforms were transferred from the Information Systems & Global Solutions (IS&GS) business segment to the Mission Systems and Training (MST) business segment, energy solutions programs were transferred from the IS&GS business segment to the Missiles and Fire Control (MFC) business segment, space services programs were transferred from the IS&GS business segment to the Space Systems business segment and technical services programs were transferred from the MFC business segment to the IS&GS business segment. The amounts in the table above reflect the impacts of the program realignment. The realignment did not impact the Corporation's previously reported consolidated financial statements.

Lockheed Martin Corporation
Proforma Business Segment Net Sales, Operating Profit and Operating Margins
To Reflect Reorganization of Government Information Technology (IT) and Technical Services Businesses ¹
(unaudited; in millions)

	Twelve Months Ended Dec. 31, 2014			
	Previously Reported	Government IT Reclassification	Technical Svcs. Reclassification	As Adjusted
Net sales ¹				
Aeronautics	\$ 14,920	\$ -	\$ -	\$ 14,920
Information Systems & Global Solutions	7,788	(2,810)	676	5,654
Missiles and Fire Control	7,680	155	(743)	7,092
Mission Systems and Training	7,147	1,518	67	8,732
Space Systems	8,065	1,137	-	9,202
Total net sales	\$ 45,600	\$ -	\$ -	\$ 45,600
Operating profit ¹				
Aeronautics	\$ 1,649	\$ -	\$ -	\$ 1,649
Information Systems & Global Solutions	699	(259)	32	472
Missiles and Fire Control	1,358	21	(35)	1,344
Mission Systems and Training	843	90	3	936
Space Systems	1,039	148	-	1,187
Total business segment operating profit	5,588	-	-	5,588
Unallocated items, net	4	-	-	4
Total consolidated operating profit	\$ 5,592	\$ -	\$ -	\$ 5,592
Operating margins ¹				
Aeronautics	11.1 %	- %	- %	11.1 %
Information Systems & Global Solutions	9.0 %	(0.2) %	(0.4) %	8.3 %
Missiles and Fire Control	17.7 %	(0.1) %	1.4 %	19.0 %
Mission Systems and Training	11.8 %	(1.0) %	(0.1) %	10.7 %
Space Systems	12.9 %	- %	- %	12.9 %
Total business segment operating margins	12.3 %	- %	- %	12.3 %
Total consolidated operating margins	12.3 %	- %	- %	12.3 %

¹ During the fourth quarter of 2015, the Corporation realigned certain programs among its business segments in connection with its strategic review of its government IT and technical services businesses. As part of the realignment, mission IT and services programs supporting the Corporation's platforms were transferred from the Information Systems & Global Solutions (IS&GS) business segment to the Mission Systems and Training (MST) business segment, energy solutions programs were transferred from the IS&GS business segment to the Missiles and Fire Control (MFC) business segment, space services programs were transferred from the IS&GS business segment to the Space Systems business segment and technical services programs were transferred from the MFC business segment to the IS&GS business segment. The amounts in the table above reflect the impacts of the program realignment. The realignment did not impact the Corporation's previously reported consolidated financial statements.

Lockheed Martin Corporation
Proforma Business Segment Net Sales, Operating Profit and Operating Margins
To Reflect Reorganization of Government Information Technology (IT) and Technical Services Businesses ¹
(unaudited; in millions)

	Quarter Ended March 30, 2014				Quarter Ended June 29, 2014				Quarter Ended Sept. 28, 2014				Quarter Ended Dec. 31, 2014			
	Previously Reported	Government IT Reclassification	Technical Svcs. Reclassification	As Adjusted	Previously Reported	Government IT Reclassification	Technical Svcs. Reclassification	As Adjusted	Previously Reported	Government IT Reclassification	Technical Svcs. Reclassification	As Adjusted	Previously Reported	Government IT Reclassification	Technical Svcs. Reclassification	As Adjusted
Net sales ¹																
Aeronautics	\$ 3,386	\$ -	\$ -	\$ 3,386	\$ 3,855	\$ -	\$ -	\$ 3,855	\$ 3,544	\$ -	\$ -	\$ 3,544	\$ 4,135	\$ -	\$ -	\$ 4,135
Information Systems & Global Solutions	1,910	(736)	169	1,343	1,941	(725)	163	1,379	1,949	(676)	168	1,441	1,988	(673)	176	1,491
Missiles and Fire Control	1,867	40	(188)	1,719	1,891	36	(180)	1,747	1,908	38	(183)	1,763	2,014	41	(192)	1,863
Mission Systems and Training	1,628	398	19	2,045	1,771	387	17	2,175	1,679	367	15	2,061	2,069	366	16	2,451
Space Systems	1,859	298	-	2,157	1,848	302	-	2,150	2,034	271	-	2,305	2,324	266	-	2,590
Total net sales	\$ 10,650	\$ -	\$ -	\$ 10,650	\$ 11,306	\$ -	\$ -	\$ 11,306	\$ 11,114	\$ -	\$ -	\$ 11,114	\$ 12,530	\$ -	\$ -	\$ 12,530
Operating profit ¹																
Aeronautics	\$ 393	\$ -	\$ -	\$ 393	\$ 453	\$ -	\$ -	\$ 453	\$ 362	\$ -	\$ -	\$ 362	\$ 441	\$ -	\$ -	\$ 441
Information Systems & Global Solutions	174	(69)	16	121	175	(69)	6	112	175	(56)	3	122	175	(65)	7	117
Missiles and Fire Control	358	-	(16)	342	345	6	(8)	343	335	(2)	(3)	330	320	17	(8)	329
Mission Systems and Training	250	29	-	279	185	16	2	203	193	29	-	222	215	16	1	232
Space Systems	254	40	-	294	248	47	-	295	281	29	-	310	256	32	-	288
Total business segment operating profit	1,429	-	-	1,429	1,406	-	-	1,406	1,346	-	-	1,346	1,407	-	-	1,407
Unallocated items, net	3	-	-	3	20	-	-	20	46	-	-	46	(65)	-	-	(65)
Total consolidated operating profit	\$ 1,432	\$ -	\$ -	\$ 1,432	\$ 1,426	\$ -	\$ -	\$ 1,426	\$ 1,392	\$ -	\$ -	\$ 1,392	\$ 1,342	\$ -	\$ -	\$ 1,342
Operating margins ¹																
Aeronautics	11.6 %	- %	- %	11.6 %	11.8 %	- %	- %	11.8 %	10.2 %	- %	- %	10.2 %	10.7 %	- %	- %	10.7 %
Information Systems & Global Solutions	9.1 %	(0.1) %	- %	9.0 %	9.0 %	(0.4) %	(0.5) %	8.1 %	9.0 %	0.2 %	(0.7) %	8.5 %	8.8 %	(0.5) %	(0.4) %	7.8 %
Missiles and Fire Control	19.2 %	(0.5) %	1.2 %	19.9 %	18.2 %	- %	1.5 %	19.6 %	17.6 %	(0.5) %	1.6 %	18.7 %	15.9 %	0.6 %	1.2 %	17.7 %
Mission Systems and Training	15.4 %	(1.6) %	(0.2) %	13.6 %	10.4 %	(1.2) %	0.1 %	9.3 %	11.5 %	(0.6) %	(0.1) %	10.8 %	10.4 %	(0.9) %	- %	9.5 %
Space Systems	13.7 %	(0.1) %	- %	13.6 %	13.4 %	0.3 %	- %	13.7 %	13.8 %	(0.3) %	- %	13.5 %	11.0 %	0.1 %	- %	11.1 %
Total business segment operating margins	13.4 %	- %	- %	13.4 %	12.4 %	- %	- %	12.4 %	12.1 %	- %	- %	12.1 %	11.2 %	- %	- %	11.2 %
Total consolidated operating margins	13.4 %	- %	- %	13.4 %	12.6 %	- %	- %	12.6 %	12.5 %	- %	- %	12.5 %	10.7 %	- %	- %	10.7 %

	Three Months Ended March 30, 2014				Six Months Ended June 29, 2014				Nine Months Ended Sept. 28, 2014				Twelve Months Ended Dec. 31, 2014			
	Previously Reported	Government IT Reclassification	Technical Svcs. Reclassification	As Adjusted	Previously Reported	Government IT Reclassification	Technical Svcs. Reclassification	As Adjusted	Previously Reported	Government IT Reclassification	Technical Svcs. Reclassification	As Adjusted	Previously Reported	Government IT Reclassification	Technical Svcs. Reclassification	As Adjusted
Net sales ¹																
Aeronautics	\$ 3,386	\$ -	\$ -	\$ 3,386	\$ 7,241	\$ -	\$ -	\$ 7,241	\$ 10,785	\$ -	\$ -	\$ 10,785	\$ 14,920	\$ -	\$ -	\$ 14,920
Information Systems & Global Solutions	1,910	(736)	169	1,343	3,851	(1,461)	332	2,722	5,800	(2,137)	500	4,163	7,788	(2,810)	676	5,654
Missiles and Fire Control	1,867	40	(188)	1,719	3,758	76	(368)	3,466	5,666	114	(551)	5,229	7,680	155	(743)	7,092
Mission Systems and Training	1,628	398	19	2,045	3,399	785	36	4,220	5,078	1,152	51	6,281	7,147	1,518	67	8,732
Space Systems	1,859	298	-	2,157	3,707	600	-	4,307	5,741	871	-	6,612	8,065	1,137	-	9,202
Total net sales	\$ 10,650	\$ -	\$ -	\$ 10,650	\$ 21,956	\$ -	\$ -	\$ 21,956	\$ 33,070	\$ -	\$ -	\$ 33,070	\$ 45,600	\$ -	\$ -	\$ 45,600
Operating profit ¹																
Aeronautics	\$ 393	\$ -	\$ -	\$ 393	\$ 846	\$ -	\$ -	\$ 846	\$ 1,208	\$ -	\$ -	\$ 1,208	\$ 1,649	\$ -	\$ -	\$ 1,649
Information Systems & Global Solutions	174	(69)	16	121	349	(138)	22	233	524	(194)	25	355	699	(259)	32	472
Missiles and Fire Control	358	-	(16)	342	703	6	(24)	685	1,038	4	(27)	1,015	1,358	21	(35)	1,344
Mission Systems and Training	250	29	-	279	435	45	2	482	628	74	2	704	843	90	3	936
Space Systems	254	40	-	294	502	87	-	589	783	116	-	899	1,039	148	-	1,187
Total business segment operating profit	1,429	-	-	1,429	2,835	-	-	2,835	4,181	-	-	4,181	5,588	-	-	5,588
Unallocated items, net	3	-	-	3	23	-	-	23	69	-	-	69	4	-	-	4
Total consolidated operating profit	\$ 1,432	\$ -	\$ -	\$ 1,432	\$ 2,858	\$ -	\$ -	\$ 2,858	\$ 4,250	\$ -	\$ -	\$ 4,250	\$ 5,592	\$ -	\$ -	\$ 5,592
Operating margins ¹																
Aeronautics	11.6 %	- %	- %	11.6 %	11.7 %	- %	- %	11.7 %	11.2 %	- %	- %	11.2 %	11.1 %	- %	- %	11.1 %
Information Systems & Global Solutions	9.1 %	(0.1) %	- %	9.0 %	9.1 %	(0.3) %	(0.2) %	8.6 %	9.0 %	(0.1) %	(0.4) %	8.5 %	9.0 %	(0.2) %	(0.4) %	8.3 %
Missiles and Fire Control	19.2 %	(0.5) %	1.2 %	19.9 %	18.7 %	(0.2) %	1.3 %	19.8 %	18.3 %	(0.3) %	1.4 %	19.4 %	17.7 %	(0.1) %	1.4 %	19.0 %
Mission Systems and Training	15.4 %	(1.6) %	(0.2) %	13.6 %	12.8 %	(1.3) %	(0.1) %	11.4 %	12.4 %	(1.1) %	(0.1) %	11.2 %	11.8 %	(1.0) %	(0.1) %	10.7 %
Space Systems	13.7 %	(0.1) %	- %	13.6 %	13.5 %	0.2 %	- %	13.7 %	13.6 %	- %	- %	13.6 %	12.9 %	- %	- %	12.9 %
Total business segment operating margins	13.4 %	- %	- %	13.4 %	12.9 %	- %	- %	12.9 %	12.6 %	- %	- %	12.6 %	12.3 %	- %	- %	12.3 %
Total consolidated operating margins	13.4 %	- %	- %	13.4 %	13.0 %	- %	- %	13.0 %	12.9 %	- %	- %	12.9 %	12.3 %	- %	- %	12.3 %

¹ During the fourth quarter of 2015, the Corporation realigned certain programs among its business segments in connection with its strategic review of its government IT and technical services businesses. As part of the realignment, mission IT and services programs supporting the Corporation's platforms were transferred from the Information Systems & Global Solutions (IS&GS) business segment to the Mission Systems and Training (MST) business segment, energy solutions programs were transferred from the IS&GS business segment to the Missiles and Fire Control (MFC) business segment, space services programs were transferred from the IS&GS business segment to the Space Systems business segment and technical services programs were transferred from the MFC business segment to the IS&GS business segment. The amounts in the table above reflect the impacts of the program realignment. The realignment did not impact the Corporation's previously reported consolidated financial statements.

Lockheed Martin Corporation
Proforma Backlog
To Reflect Reorganization of Government Information Technology (IT) and Technical Services Businesses ¹
(unaudited; in millions)

	<u>March 30, 2014</u>	<u>June 29, 2014</u>	<u>Sept. 28, 2014</u>	<u>Dec. 31, 2014</u>	<u>March 29, 2015</u>	<u>June 28, 2015</u>	<u>Sept. 27, 2015</u>	<u>Dec. 31, 2015</u>
Backlog¹:								
Aeronautics	\$ 26,400	\$ 24,200	\$ 23,300	\$ 27,600	\$ 25,300	\$ 23,200	\$ 22,600	\$ 31,800
Information Systems & Global Solutions	6,000	5,500	6,200	6,000	5,300	5,000	4,700	4,800
Missiles and Fire Control	13,900	13,000	12,300	13,300	12,600	12,000	13,400	15,500
Mission Systems and Training	12,800	13,300	13,800	13,300	13,900	13,800	13,200	30,100 ²
Space Systems	20,500	21,800	20,900	20,300	19,800	18,800	17,800	17,400
Total backlog	\$ 79,600	\$ 77,800	\$ 76,500	\$ 80,500	\$ 76,900	\$ 72,800	\$ 71,700	\$ 99,600 ²

¹ During the fourth quarter of 2015, the Corporation realigned certain programs between its business segments in connection with its strategic review of its government IT and technical services businesses. As part of the realignment, mission IT and services programs supporting the Corporation's platforms were transferred from the Information Systems & Global Solutions (IS&GS) business segment to the Mission Systems and Training (MST) business segment, energy solutions programs were transferred from the IS&GS business segment to the Missiles and Fire Control (MFC) business segment, space services programs were transferred from the IS&GS business segment to the Space Systems business segment, and technical services programs were transferred from the MFC business segment to the IS&GS business segment. The amounts in the table above reflect the impacts of the program realignment. The realignment did not impact the Corporation's previously reported consolidated financial statements.

² Includes Sikorsky backlog of approximately \$15.6 billion, which may change as the Corporation completes its analysis of acquired backlog.