

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

	<b>Quarters Ended</b>	
	<b>March 27, 2016</b>	<b>March 29, 2015</b>
<b>Net sales</b>	<b>\$ 11,702</b>	<b>\$ 10,111</b>
<b>Cost of sales</b>	<b>(10,467)</b>	<b>(8,848)</b>
Gross profit	<b>1,235</b>	<b>1,263</b>
Other income, net	<b>62</b>	<b>93</b>
<b>Operating profit</b>	<b>1,297</b>	<b>1,356</b>
Interest expense	<b>(164)</b>	<b>(93)</b>
Other non-operating income, net	<b>1</b>	<b>3</b>
Earnings before income taxes	<b>1,134</b>	<b>1,266</b>
Income tax expense	<b>(340)</b>	<b>(388)</b>
<b>Net earnings</b>	<b>\$ 794</b>	<b>\$ 878</b>
Effective tax rate	<b>29.9 %</b>	<b>30.6 %</b>
<b>Earnings per common share</b>		
Basic	<b>\$ 2.61</b>	<b>\$ 2.78</b>
Diluted	<b>\$ 2.58</b>	<b>\$ 2.74</b>
<b>Weighted average shares outstanding</b>		
Basic	<b>304.5</b>	<b>315.4</b>
Diluted	<b>307.8</b>	<b>320.2</b>
Common shares reported in stockholders' equity at end of period	<b>303</b>	<b>313</b>

<sup>1</sup> The Corporation closes its books and records on the last Sunday of the calendar quarter to align its financial closing its business processes, which was on March 27 for the first quarter of 2016 and March 29 for the first quarter of 2015. The consolidated 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.

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

	<u>Quarters Ended</u>		<u>% Change</u>
	<u>March 27, 2016</u>	<u>March 29, 2015</u>	
<b>Net sales</b>			
Aeronautics	\$ 3,799	\$ 3,134	21 %
Information Systems & Global Solutions	1,334	1,390	(4) %
Missiles and Fire Control	1,434	1,383	4 %
Mission Systems and Training	3,004	1,979	52 %
Space Systems	2,131	2,225	(4) %
<b>Total net sales</b>	<u>\$ 11,702</u>	<u>\$ 10,111</u>	16 %
<b>Operating profit</b>			
Aeronautics	\$ 420	\$ 371	13 %
Information Systems & Global Solutions	109	145	(25) %
Missiles and Fire Control	221	286	(23) %
Mission Systems and Training	229	180	27 %
Space Systems	244	324	(25) %
<b>Total business segment operating profit</b>	<u>1,223</u>	<u>1,306</u>	(6) %
<b>Unallocated items</b>			
FAS/CAS pension adjustment	246	119	
Special item - severance <sup>1</sup>	(99)	-	
Other, net	(73)	(69)	
<b>Total unallocated items</b>	<u>74</u>	<u>50</u>	N/M
<b>Total consolidated operating profit</b>	<u>\$ 1,297</u>	<u>\$ 1,356</u>	(4) %
<b>Operating margins</b>			
Aeronautics	11.1 %	11.8 %	
Information Systems & Global Solutions	8.2 %	10.4 %	
Missiles and Fire Control	15.4 %	20.7 %	
Mission Systems and Training	7.6 %	9.1 %	
Space Systems	11.5 %	14.6 %	
<b>Total business segment operating margins</b>	<b>10.5 %</b>	<b>12.9 %</b>	
<b>Total consolidated operating margins</b>	<b>11.1 %</b>	<b>13.4 %</b>	

<sup>1</sup> Severance charges in the first quarter of 2016 consist of amounts associated with the elimination of certain positions at the Aeronautics and IS&GS business segments. These charges reduced net earnings about \$64 million, or \$0.21 per share, in the first quarter of 2016. 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)**

	<b>March 27, 2016</b>	<b>December 31, 2015<sup>1</sup></b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 1,452	\$ 1,090
Receivables, net	8,620	8,061
Inventories, net	5,223	4,962
Other current assets	472	460
Total current assets	<u>15,767</u>	<u>14,573</u>
Property, plant and equipment, net	5,417	5,490
Goodwill	13,583	13,576
Intangible assets, net	4,121	4,147
Deferred income taxes	5,893	5,931
Other noncurrent assets	5,377	5,411
Total assets	<u>\$ 50,158</u>	<u>\$ 49,128</u>
<b>Liabilities and stockholders' equity</b>		
Current liabilities		
Accounts payable	\$ 2,715	\$ 1,974
Customer advances and amounts in excess of costs incurred	6,856	6,988
Salaries, benefits and payroll taxes	1,963	1,916
Current maturities of long-term debt	956	956
Other current liabilities	2,422	2,085
Total current liabilities	<u>14,912</u>	<u>13,919</u>
Long-term debt, net	14,320	14,305
Accrued pension liabilities	11,800	11,807
Other postretirement benefit liabilities	1,072	1,070
Other noncurrent liabilities	4,877	4,930
Total liabilities	<u>46,981</u>	<u>46,031</u>
Stockholders' equity		
Common stock, \$1 par value per share	303	303
Additional paid-in capital	-	-
Retained earnings	14,128	14,238
Accumulated other comprehensive loss	(11,254)	(11,444)
Total stockholders' equity	<u>3,177</u>	<u>3,097</u>
Total liabilities and stockholders' equity	<u>\$ 50,158</u>	<u>\$ 49,128</u>

<sup>1</sup> Certain prior period amounts have been reclassified to conform with current period presentation.

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

	<b>Quarters Ended</b>	
	<b>March 27, 2016</b>	<b>March 29, 2015</b>
<b>Operating activities</b>		
Net earnings	\$ 794	\$ 878
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation and amortization	296	244
Stock-based compensation	44	40
Severance charges	99	-
Changes in assets and liabilities		
Receivables, net	(558)	(661)
Inventories, net	(310)	(205)
Accounts payable	751	375
Customer advances and amounts in excess of costs incurred	(146)	(242)
Postretirement benefit plans	246	292
Income taxes	225	395
Other, net	122	(159)
<b>Net cash provided by operating activities</b>	<b>1,563</b>	<b>957</b>
<b>Investing activities</b>		
Capital expenditures	(151)	(118)
Other, net	4	26
<b>Net cash used for investing activities</b>	<b>(147)</b>	<b>(92)</b>
<b>Financing activities</b>		
Issuance of long-term debt, net of related costs	-	2,213
Repurchases of common stock	(501)	(604)
Proceeds from stock option exercises	28	65
Dividends paid	(533)	(498)
Other, net	(48)	(1)
<b>Net cash (used for) provided by financing activities</b>	<b>(1,054)</b>	<b>1,175</b>
<b>Net change in cash and cash equivalents</b>	<b>362</b>	<b>2,040</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,090</b>	<b>1,446</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 1,452</b>	<b>\$ 3,486</b>

**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>
<b>Balance at Dec. 31, 2015</b>	<b>\$ 303</b>	<b>\$ -</b>	<b>\$ 14,238</b>	<b>\$ (11,444)</b>	<b>\$ 3,097</b>
Net earnings	-	-	794	-	794
Other comprehensive income, net of tax <sup>1</sup>	-	-	-	190	190
Repurchases of common stock	(2)	(107)	(392)	-	(501)
Dividends declared <sup>2</sup>	-	-	(512)	-	(512)
Stock-based awards and ESOP activity	2	107	-	-	109
<b>Balance at March 27, 2016</b>	<b><u>\$ 303</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 14,128</u></b>	<b><u>\$ (11,254)</u></b>	<b><u>\$ 3,177</u></b>

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

<sup>2</sup> Represents dividends of \$1.65 per share declared during the first quarter of 2016.

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

	<b>March 27, 2016</b>	<b>Dec. 31, 2015</b>
<b>Backlog</b>		
Aeronautics	\$ 30,700	\$ 31,800
Information Systems & Global Solutions	4,500	4,800
Missiles and Fire Control	15,100	15,500
Mission Systems and Training	29,800	30,100
Space Systems	17,800	17,400
<b>Total backlog</b>	<b>\$ 97,900</b>	<b>\$ 99,600</b>

	<b>Quarters Ended</b>	
<b>Aircraft Deliveries</b>	<b>March 27, 2016</b>	<b>March 29, 2015</b>
F-16	2	3
F-35	6	8
C-130J	6	4
C-5	2	1

Table 6