Lockheed Martin
4th Quarter 2014
Financial Results Conference Call
January 27, 2015
11:00 a.m. EST

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Our presentation contains “forward-looking statements” or projections based on Lockheed Martin’s current expectations and assumptions. These statements are not guarantees of future performance and are subject to risks and uncertainties. Actual results may differ materially due to factors such as: the availability of funding for the Corporation’s products and services; changes in customer priorities and requirements including declining budgets resulting from affordability initiatives, our dependence upon U.S. Government contracts, (e.g., the F-35 program), the deferral or termination of awards, budget uncertainty arising from sequestration or Congressional actions intended to replace sequestration, U.S. Government operations under a continuing resolution, and the success of our strategy to mitigate some of these risks by focusing on expanding into adjacent markets and growing international sales; lower demand for services due to improved product field performance requiring less service support; lower in-theater support as troop levels are drawn down; and increased re-competition on existing contracts coupled with the fragmentation of large contracts into multiple smaller contracts that are awarded primarily on the basis of price; the accuracy of the Corporation’s estimates and assumptions; the ability to implement, pace and effect of capitalization changes; difficulties in developing and producing operationally advanced technology systems, cyber security or other security threats, information technology failures, natural disasters, public health crises or other disruptions; the timing and customer acceptance of product deliveries; materials availability and the performance of key suppliers, teammates, joint venture partners, subcontractors, and customers; charges from any future impairment reviews that may result in the recognition of losses and a reduction in the book value of goodwill or other long-term assets; the future effect of legislation, rulemaking, and changes in accounting, tax, defense procurement, changes in policy, interpretations, or challenges to the allowability and recovery of costs incurred under government cost accounting standards, export policy, changes in contracting policy and contract mix; the future impact of acquisitions or divestitures, joint ventures, teaming arrangements, or internal reorganizations; compliance with laws and regulations, the outcome of legal proceedings and other contingencies, and U.S. Government identification of deficiencies in the Corporation’s business systems; the competitive environment for the Corporation’s products and services, and potential for delays in procurement due to bid protests; the Corporation’s efforts to increase the efficiency of its operations and improve the affordability of its products and services including difficulties associated with: moving or consolidating operations; reducing the size of the workforce; providing for the orderly transition of management; attracting and retaining key personnel; and supply chain management; and economic, business, and political conditions domestically and internationally (including potential impacts resulting from tensions over Ukraine) and the Corporation’s increased reliance on securing international and adjacent business. Except where required by applicable law, we disclaim any duty to update these forward-looking statements.

Our SEC filings (found at www.lockheedmartin.com/investor, or through the website maintained by the SEC at www.sec.gov), including, our Annual Report on Form 10-K for the year ended Dec. 31, 2013, contain more information on the types of risks and other factors that could adversely affect these statements.
2014 Overview

- Achieved Sales of $45.6 Billion
- Achieved Segment Operating Margin* of 12.3%
- Increased Earnings Per Share From Continuing Operations in 2014 to $11.21, After Special Charge
- Generated $3.9 Billion in Cash From Operations, After $2 Billion Discretionary Pension Contributions
- Achieved $80.5 Billion in Backlog

* See Chart 14 for Definitions of Non-GAAP Measures
4Q and Full Year Sales Results

Strong Close to Year
4Q and Full Year Earnings Per Share*

**EPS Growth Continued in 2014**

* EPS from Continuing Operations
2014 EPS Outlook Reconciliation

**EPS**

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>October Outlook</td>
<td>~ $11.15</td>
</tr>
<tr>
<td>Special Charge for Non-Cash Goodwill Impairment</td>
<td>(0.33)</td>
</tr>
<tr>
<td>Reinstatement of R&amp;D Tax Credit Benefit</td>
<td>0.14</td>
</tr>
<tr>
<td><strong>Adjusted Outlook</strong></td>
<td>~ $10.96</td>
</tr>
</tbody>
</table>

**Actual 2014 GAAP EPS** $11.21

Outstanding Operational Performance in 4Q14

* EPS from Continuing Operations
Cash Returned to Shareholders

- **Cash From Ops**: $3,866 M
- **Less CapEx**: (845)
- **Free Cash Flow**: $3,021 M

- **$3,660M**
  - **Dividends**: $1,760M
  - **Shares**: $1,900M

**Total Cash Returned (% FCF*)**: 121%

**Continued Commitment to Balanced Cash Returns to Shareholders**

* See Chart 14 for Definitions of Non-GAAP Measures
Full Year Backlog
($B)

Maintained >$80B Backlog Since 2011

2011 2012 2013 2014

$80.7B $82.3B $82.6B $80.5B

Record
2015 Guidance Assumptions

• FAS/CAS Pension Adjustment Favorable ~ $475M Income
  – Discount Rate at 4.00% Versus 4.25% Assumed in October
  – Long Term Asset Return at 8.0%...Actual 2014 Return ~ 6%
  – No 2015 Contributions / 2015 CAS Recovery ~ $1.6B

• Research & Development Tax Credit Excluded

• ≥$2B in Share Repurchase Activity
## 2015 Outlook
($M, Except EPS)

<table>
<thead>
<tr>
<th>Description</th>
<th>Current Outlook</th>
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</thead>
<tbody>
<tr>
<td>Orders</td>
<td>$43,500 - 45,000</td>
</tr>
<tr>
<td>Sales</td>
<td>$43,500 - 45,000</td>
</tr>
<tr>
<td>Segment Operating Profit*</td>
<td>$5,100 - 5,250</td>
</tr>
<tr>
<td><strong>Unallocated Income / (Expense)</strong></td>
<td></td>
</tr>
<tr>
<td>FAS/CAS Pension Income</td>
<td>~ 475</td>
</tr>
<tr>
<td>Other Unallocated Items</td>
<td>~ (275)</td>
</tr>
<tr>
<td>Consolidated Operating Profit</td>
<td>$5,300 - 5,450</td>
</tr>
<tr>
<td>EPS - Continuing Operations</td>
<td>$10.80 - 11.10</td>
</tr>
<tr>
<td>Cash From Operations</td>
<td>≥ $5,000</td>
</tr>
</tbody>
</table>

* See Chart 14 for Definitions of Non-GAAP Measures
2015 Outlook
($M)

Sales

Aeronautics
$14,700 - 15,000

Space
$7,500 - 7,800

IS&GS
$7,300 - 7,600

MFC
$7,000 - 7,300

MST
$7,000 - 7,300

$43,500 - 45,000M

Segment Op Profit*

Aeronautics
$1,610 - 1,640

Space
$870 - 900

IS&GS
$610 - 640

MFC
$1,220 - 1,250

MST
$790 - 820

$5,100 - 5,250M

* See Chart 14 for Definitions of Non-GAAP Measures

Chart 11
January 27, 2015
Summary

• Strong 2014 Operational and Financial Performance

• Portfolio Providing Excellent Positioning for Future

• Cash Deployment Focus to Generate Returns to Shareholders

Solid Foundation to Deliver Value in 2015
Financial Appendix
**Definitions of Non-GAAP Measures**

**Non-GAAP Financial Measures Disclosure**
This presentation, and today’s conference call remarks, contain non-Generally Accepted Accounting Principles (GAAP) financial measures (as defined by SEC Regulation G). While we believe that these non-GAAP financial measures may be useful in evaluating Lockheed Martin, this information should be considered supplemental and is not a substitute for financial information prepared in accordance with GAAP. In addition, our definitions for non-GAAP measures may differ from similarly titled measures used by other companies or analysts.

**Free Cash Flow**
Lockheed Martin defines Free Cash Flow (FCF) as Cash from Operations, less Capital Expenditures.

**Segment Operating Profit / Margin**
Segment Operating Profit represents the total earnings from our business segments before unallocated income and expense, interest expense, other non-operating income and expense, and income tax expense. This measure is used by our senior management in evaluating the performance of our business segments. The caption “Total Unallocated Items” reconciles Segment Operating Profit to Consolidated Operating Profit. Segment Margin is calculated by dividing Segment Operating Profit by Sales. Mid-point Segment Margin represents the mid-point of the outlook range for Segment Operating Profit divided by the mid-point of the outlook range for Sales.

<table>
<thead>
<tr>
<th>($ Millions)</th>
<th>2015 Outlook (January)</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$43,500 – 45,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Segment Operating Profit</td>
<td>$5,100 – 5,250</td>
<td>$ 5,588</td>
<td>12.3%</td>
</tr>
<tr>
<td>Mid-Point Segment Margin</td>
<td>11.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consolidated Operating Profit</td>
<td>$5,300 – 5,450</td>
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<td>Segment Operating Profit</td>
<td>$ 45,600</td>
<td>$ 5,588</td>
</tr>
<tr>
<td>Total Unallocated Items</td>
<td>-</td>
<td>4</td>
</tr>
<tr>
<td>Consolidated Operating Profit (GAAP)</td>
<td>$ 45,600</td>
<td>$ 5,592</td>
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