Lockheed Martin Corporation

2nd Quarter 2017

Financial Results Conference Call
July 18, 2017
11:00 am EDT

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800-475-6701 U.S. and Canada
320-365-3844 International
Replay confirmation code: 426159
Forward-Looking Statements

This presentation contains statements that, to the extent they are not recitations of historical fact, constitute forward-looking statements within the meaning of the federal securities laws, and are based on our current expectations and assumptions. The words “believe,” “estimate,” “anticipate,” “project,” “intend,” “expect,” “plan,” “outlook,” “scheduled,” “forecast” and similar expressions are intended to identify forward-looking statements. 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: our reliance on contracts with the U.S. Government, all of which are conditioned upon the availability of funding and can be terminated by the U.S. Government for convenience, and our ability to negotiate favorable contract terms; budget uncertainty and the potential for a government shutdown; affordability initiatives; the implementation of automatic sequestration under the Budget Control Act of 2011 or Congressional actions intended to replace sequestration; risks related to the development, production, performance, schedule, cost and requirements of complex and technologically advanced programs including our largest, the F-35 program; economic, industry, business and political conditions (domestic and international) including their effects on governmental policy; our success expanding into and doing business in adjacent markets and internationally; the differing risks posed by international sales, including those involving commercial relationships with unfamiliar customers and different cultures; that in some instances our ability to recover investments is dependent upon the successful operation of ventures that we do not control; and changes in foreign national priorities, and foreign government budgets; the competitive environment for our products and services, including increased pricing pressures, competition from outside the aerospace and defense industry, and increased bid protests; planned production rates for significant programs; compliance with stringent performance and reliability standards; materials availability; the performance and financial viability of key suppliers, teammates, ventures, venture partners, subcontractors and customers; the timing and customer acceptance of product deliveries; our ability to continue to innovate and develop new products and to attract and retain key personnel and transfer knowledge to new personnel; the impact of work stoppages or other labor disruptions; the impact of cyber or other security threats or other disruptions to our businesses; our ability to implement and continue capitalization changes such as share repurchase activity and payment of dividends, pension funding as well as the pace and effect of any such capitalization changes; our ability to recover certain costs under U.S. Government contracts and changes in contract mix; the accuracy of our estimates and projections and the potential impact of changes in U.S. or foreign tax laws; movements in interest rates and other changes that may affect pension plan assumptions, equity, the level of the FAS/CAS adjustment and actual returns on pension plan assets; realizing the anticipated benefits of acquisitions or divestitures, ventures, teaming arrangements or internal reorganizations, and our efforts to increase the efficiency of our operations and improve the affordability of our products and services; the ability to realize synergies and other expected benefits of the Sikorsky acquisition; remediation of the material weakness in internal control over financial reporting related to Sikorsky; risk of an impairment of goodwill, investments or other long-term assets, including the potential impairment of goodwill, intangible assets and inventory recorded as a result of the Sikorsky acquisition if Sikorsky does not perform as expected, has a deterioration of projected cash flows, negative changes in market factors, including oil and gas trends, or a significant increase in carrying value of the reporting unit; risks related to the achievement of the intended benefits and tax treatment of the divestiture of our former IS&GS business; the adequacy of our insurance and indemnities; the effect of changes in (or the interpretation of): legislation, regulation or policy, including those applicable to procurement (including competition from fewer and larger prime contractors), cost allowability or recovery, accounting, taxation, or export; and the outcome of legal proceedings, bid protests, environmental remediation efforts, government investigations or government allegations that we have failed to comply with law, other contingencies and U.S. Government identification of deficiencies in our business systems. These are only some of the factors that may affect forward-looking statements contained in this presentation. For a discussion identifying additional important factors that could cause actual results to vary materially from those anticipated in the forward-looking statements, see our filings with the U.S. Securities and Exchange Commission (SEC) including, but not limited to, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2016 and subsequent quarterly reports on Form 10-Q. Our filings may be accessed through the Investor Relations page of our website, www.lockheedmartin.com/investor, or through the website maintained by the SEC at www.sec.gov. Our actual financial results likely will be different from those projected due to the inherent nature of projections. Given these uncertainties, forward-looking statements should not be relied on in making investment decisions. The forward-looking statements contained in this presentation speak only as of the date of this presentation. Except where required by applicable law, we expressly disclaim a duty to provide updates to forward-looking statements after the date of this presentation to reflect subsequent events, changed circumstances, changes in expectations, or the estimates and assumptions associated with them. The forward-looking statements in this presentation are intended to be subject to the safe harbor protection provided by the federal securities laws.
2Q 2017 Overview

• Achieved Sales of $12.7 Billion

• Achieved Segment Operating Profit* of $1.3 Billion and Earnings Per Share of $3.23

• Generated $1.5 Billion in Cash From Operations

• Returned $1.0 Billion of Cash to Stockholders, Including $500 Million in Share Repurchases

• Increased 2017 Outlook for Sales, Operating Profit and Earnings Per Share

Strong 2017 Year-to-Date Performance… Driving Increased Outlook

*See Chart 15 for Definitions of Non-GAAP Measures
2Q Sales and Segment Operating Profit*

Sales

- 2Q 2016: $11.6B
- 2Q 2017: $12.7B

Segment Operating Profit

- 2Q 2016: $1,273M
- 2Q 2017: $1,328M

Sales and Segment Operating Profit Exceeded Expectations...Enabled Increased Full Year Outlook

*See Chart 15 for Definitions of Non-GAAP Measures

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2Q Earnings Per Share*

EPS Growth Reflects Strong Operational Performance

*Earnings Per Share from Continuing Operations
Increased Cash Generation...on Track for Full Year ≥ $6B
Cash Returned to Stockholders

Cash From Ops $1,544 M
Less CapEx (278)
Free Cash Flow* $1,266 M

Share Repurchases
$501M
Dividends
$500M

Continued Commitment to Returning Cash to Stockholders

*See Chart 15 for Definitions of Non-GAAP Measures

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Backlog

**Backlog Strength Providing for Future Growth**

- **2Q Post-Close Awards:**
  - Black Hawk ~$3.8B
  - F-35 LRIP 11 UCA ~$5.6B
  - ~$9.4B

**Chart 8**

July 18, 2017
## 2017 Outlook Update

($)M, Except EPS

<table>
<thead>
<tr>
<th></th>
<th>Prior (April)</th>
<th>Current (July)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$49,500 - $50,700</td>
<td>$49,800 - $51,000</td>
</tr>
<tr>
<td>Segment operating profit*</td>
<td>$4,985 - $5,105</td>
<td>$5,020 - $5,140</td>
</tr>
<tr>
<td>Unallocated items</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FAS/CAS pension adjustment</td>
<td>~ 880</td>
<td>~ 880</td>
</tr>
<tr>
<td>Other, net</td>
<td>~ (350)</td>
<td>~ (325)</td>
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<tr>
<td>Operating profit</td>
<td>$5,515 - $5,635</td>
<td>$5,575 - $5,695</td>
</tr>
<tr>
<td>Diluted Earnings Per Share</td>
<td>$12.15 - $12.45</td>
<td>$12.30 - $12.60</td>
</tr>
<tr>
<td>Cash from operations</td>
<td>≥ $6,000</td>
<td>≥ $6,000</td>
</tr>
</tbody>
</table>

*See Chart 15 for Definitions of Non-GAAP Measures

July 18, 2017
2017 Sales Outlook
($M)

- **Aeronautics**: $20,250 – 20,550
  - Prior: $6,800 – 7,100
  - Current: $49,800 – 51,000
- **Space**: $8,850 – 9,150
  - Prior: $20,250 – 20,550
  - Current: $13,600 – 13,900
- **MFC**: $6,800 – 7,100
  - Prior: $9,150 – 9,450
  - Current: $13,600 – 13,900

Total:
- Prior: $49,500 – 50,700M
- Current: $49,800 – 51,000M

Sales Outlook Increased by $300M
2017 Segment Operating Profit* Outlook
($M)

Segment Op Profit (Prior)

Aeronautics $2,100 – 2,130
Space $965 – 995
RMS $905 – 935
MFC $1,015 – 1,045

Total $4,985 – 5,105M

Segment Op Profit (Current)

Aeronautics $2,120 – 2,150
Space $980 – 1,010
RMS $905 – 935
MFC $1,015 – 1,045

Total $5,020 – 5,140M

Segment Operating Profit Outlook Increased by $35M

*See Chart 15 for Definitions of Non-GAAP Measures
## 2017 EPS Outlook Reconciliation

<table>
<thead>
<tr>
<th></th>
<th>Diluted EPS</th>
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<tr>
<td>April 2017 Outlook</td>
<td>$12.15 - $12.45</td>
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<table>
<thead>
<tr>
<th>Change Description</th>
<th>Impact</th>
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<tbody>
<tr>
<td>Increase in Segment Operating Profit*</td>
<td>~ 0.10</td>
</tr>
<tr>
<td>Decrease in Other Unallocated Expense</td>
<td>~ 0.05</td>
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| July 2017 Outlook | $12.30 - $12.60 |

*See Chart 15 for Definitions of Non-GAAP Measures
Summary

- Delivered Increased Sales, Profit, EPS from Continuing Operations, and Cash from Operations

- Strong Operational and Financial Performance Enabling Increase to Full Year Outlook

- Positioned for Full Year Goals Achievement

- 2018 Trend Information to be Provided on October Call
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>2017 Outlook (April)</th>
<th>2017 Outlook (July)</th>
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<td>Segment Operating Profit</td>
<td>$4,985 – 5,105</td>
<td>$5,020 – 5,140</td>
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<tr>
<td>Mid-Point Segment Margin</td>
<td>10.1%</td>
<td>10.1%</td>
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<tr>
<td>Consolidated Operating Profit</td>
<td>$5,515 – 5,635</td>
<td>$5,575 – 5,695</td>
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<thead>
<tr>
<th></th>
<th>2Q 2017</th>
<th>2Q 2016</th>
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<tr>
<td>Segment Operating Profit</td>
<td>$12,685</td>
<td>$12,685</td>
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<tr>
<td>Total Unallocated Items</td>
<td>$1,328</td>
<td>$1,273</td>
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<tr>
<td>Consolidated Operating Profit (GAAP)</td>
<td>10.5%</td>
<td>11.0%</td>
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<tr>
<td>$11,577</td>
<td>$11,577</td>
<td>$11,577</td>
</tr>
<tr>
<td>$1,485</td>
<td>$1,375</td>
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<tr>
<td>11.7%</td>
<td>11.9%</td>
<td>11.9%</td>
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