Lockheed Martin
3rd Quarter 2013
Financial Results Conference Call
October 22, 2013
11:00 a.m. EDT

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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, 2012, contain more information on the types of risks and other factors that could adversely affect these statements.
3Q 2013 Overview

• Achieved $11.3 Billion in Sales

• Expanded Segment Operating Margin* to 12.8% and Increased Earnings Per Share From Continuing Operations 16% to $2.57

• Generated $900 Million in Cash From Operations After Making $750 Million Pension Contribution

• Returned $977 Million of Cash to Shareholders, Including Repurchasing 4.9M Shares for $607 Million

• Generated $15.0 Billion in Orders and Increased Backlog to $78.7 Billion

• Increased 2013 Outlook

Continued Strong Performance

* See Charts 15-16 for Definitions of Non-GAAP Measures
3Q Sales and Segment Operating* Results

3Q Sales Above Expectations…Tracking to Full Year Outlook…Margin Strength Continues

3Q 2012 | 3Q 2013
---|---
Sales ($B) | $11.3B | (4%) | $11.9B
Segment Operating Margin (%) | 12.1% | 70 BPS Improvement | 12.8%

* See Charts 15-16 for Definitions of Non-GAAP Measures

October 22, 2013
3Q Segment Operating Margins* (%)

4 of 5 Business Areas Met or Exceeded 2012 Performance

* See Charts 15-16 for Definitions of Non-GAAP Measures

Chart 5  October 22, 2013
3Q Earnings Per Share

Operational Performance Driving EPS Growth

* See Charts 15-16 for Definitions of Non-GAAP Measures

Chart 6  October 22, 2013
Pre-Pension Cash Flow*

- 2012: $1,573M
- 2013: $1,650M

($1,573M + $750M Pension Contributions = $1,650M)

Strong Cash Generation

* See Charts 15-16 for Definitions of Non-GAAP Measures
Cash Returned to Shareholders

3rd Quarter

- $611M Dividends
- $285M Shares
- $977M Total

September Year-to-Date

- $1,687M Dividends
- $708M Shares
- $2,645M Total

- $708M Shares
- $979M Dividends
- $1,112M Total

Strong Return of Free Cash Flow To Shareholders

* See Charts 15-16 for Definitions of Non-GAAP Measures
Expanded Backlog By $3.6 Billion in 3Q 2013 to $78.7 Billion

* See Charts 15-16 for Definitions of Non-GAAP Measures
### 2013 Outlook
($M, Except EPS)

<table>
<thead>
<tr>
<th></th>
<th>July Outlook</th>
<th>Current Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>$44,500 - 46,000</td>
<td>~ $45,000</td>
</tr>
<tr>
<td></td>
<td>Low-End of Range</td>
<td></td>
</tr>
<tr>
<td><strong>Segment Operating Profit</strong>*</td>
<td>$5,400 - 5,550</td>
<td>$5,525 - 5,675</td>
</tr>
<tr>
<td><strong>Unallocated Expenses, net</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FAS/CAS Adjustment</td>
<td>~ (485)</td>
<td>~ (485)</td>
</tr>
<tr>
<td>Special Item - Severance</td>
<td>~ (30)</td>
<td>~ (55)</td>
</tr>
<tr>
<td>Other Unallocated Items</td>
<td>~ (335)</td>
<td>~ (360)</td>
</tr>
<tr>
<td><strong>Operating Profit</strong></td>
<td>$4,550 - 4,700</td>
<td>$4,625 - 4,775</td>
</tr>
<tr>
<td><strong>Cash From Operations</strong></td>
<td>≥ $4,200</td>
<td>≥ $4,300</td>
</tr>
</tbody>
</table>

* See Charts 15-16 for Definitions of Non-GAAP Measures
2013 Outlook ($M)

**Sales**
- Aeronautics: ~$14,000
- IS&GS: ~$8,300
- MFC: ~$7,600
- MST: ~$7,200

**Segment Op Profit***
- Aeronautics: $1,580 - 1,610
- IS&GS: $735 - 765
- MFC: $1,345 - 1,375
- MST: $870 - 900

**~ $45,000M**

**~ $7,600**

**~ $14,000**

**~ $7,900**

**~ $8,300**

**~ $7,200**

**~ $45,000M**

**$5,525 - 5,675M**

*See Charts 15-16 for Definitions of Non-GAAP Measures*
Preliminary 2014 Trends

• 2014 Sales Slightly Below 2013 Level
  – Includes Estimate of FY14 CR / Known Sequestration Impacts

• Consolidated Segment Operating Margin* Above 11.5%

• FAS/CAS Pension Adjustment Favorable ~$150M
  – Assumes 4.75% Discount Rate at Year-End 2013
  – Assumes Low Single-Digit Returns in 2013
  – Assumes ~ $1B of Pension Funding in 2014

Will Continue Refining Estimates Over Next Three Months

* See Charts 15-16 for Definitions of Non-GAAP Measures
Summary

2013
• Strong Year-to-Date Performance…Leading to Solid Year
• Continuing to Position for Challenging Environment
• Returning Outstanding Value to Shareholders

2014
• Detailed Guidance Available on January 2014 Call

Positioned Well for Achieving Full Year 2013 Goals
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.

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 “Unallocated Expenses, net)” 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.

($ Millions)

<table>
<thead>
<tr>
<th>2013 Outlook (July)</th>
<th>2013 Current Outlook (October)</th>
</tr>
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<tbody>
<tr>
<td>Sales</td>
<td>$44,500 – 46,000 (Low-End of Range)</td>
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<tr>
<td>Segment Operating Profit</td>
<td>$5,400 - 5,550</td>
</tr>
<tr>
<td>Mid-Point Segment Margin</td>
<td>12.1%</td>
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<tr>
<td>Consolidated Operating Profit</td>
<td>$4,550 – 4,700</td>
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<table>
<thead>
<tr>
<th>3Q 2013</th>
<th>3Q 2012</th>
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</thead>
<tbody>
<tr>
<td>Sales</td>
<td>Profit</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>$ 11,347</td>
</tr>
<tr>
<td>Unallocated Expenses, net</td>
<td>-</td>
</tr>
<tr>
<td>Segment Operating Profit</td>
<td>$ 11,347</td>
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</tbody>
</table>
**Pension-Adjusted Earnings Per Share**
Lockheed Martin defines adjusted earnings per share as GAAP earnings per share excluding the effect of the FAS/CAS pension adjustment. Management uses these measures as an additional means to compare and forecast the company’s operating performance before the effect of the FAS/CAS pension adjustment between periods and in comparison to that of other companies within our industry as an alternative to GAAP.

**Pre-Pension Cash Flow**
Lockheed Martin defines pre-pension cash flow as GAAP cash from operations plus the cash amount contributed to pension trusts.

**Book-to-Bill Ratio**
Lockheed Martin defines the Book-to-Bill as the ratio of orders received to sales recognized for a specified period.