



Lockheed Martin 1st Quarter 2013 Financial Results Conference Call

April 23, 2013

11:00 a.m. ET

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Forward Looking Statements



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; the implementation of automatic sequestration or Congressional actions intended to replace sequestration; U.S. Government operations under a continuing resolution; quantity revisions to the F-35 program; the accuracy of the Corporation’s estimates and assumptions; the effect of capitalization changes; difficulties in developing and producing operationally advanced technology systems, cyber security, 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, export policies, and potential for delays in procurement due to bid protests; the ability to attract and retain key personnel and suppliers and to provide for the orderly transition of management as the Corporation reduces the size of its workforce; and economic, business, and political conditions and the Corporation’s increased reliance on securing international and adjacent business. 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, 2012, contain more information on the types of risks and other factors that could adversely affect these statements.



1Q 2013 Overview



- **Achieved \$11.1 Billion in Sales**
- **Expanded Segment Operating Margin* to 12.1%**
- **Increased Earnings Per Share to \$2.33**
- **Generated \$2.1 Billion in Cash From Operations**
- **Repurchased 5.1M Shares**

Strong Quarter in Dynamic Environment

* See Charts 14-15 for Definitions of Non-GAAP Measures

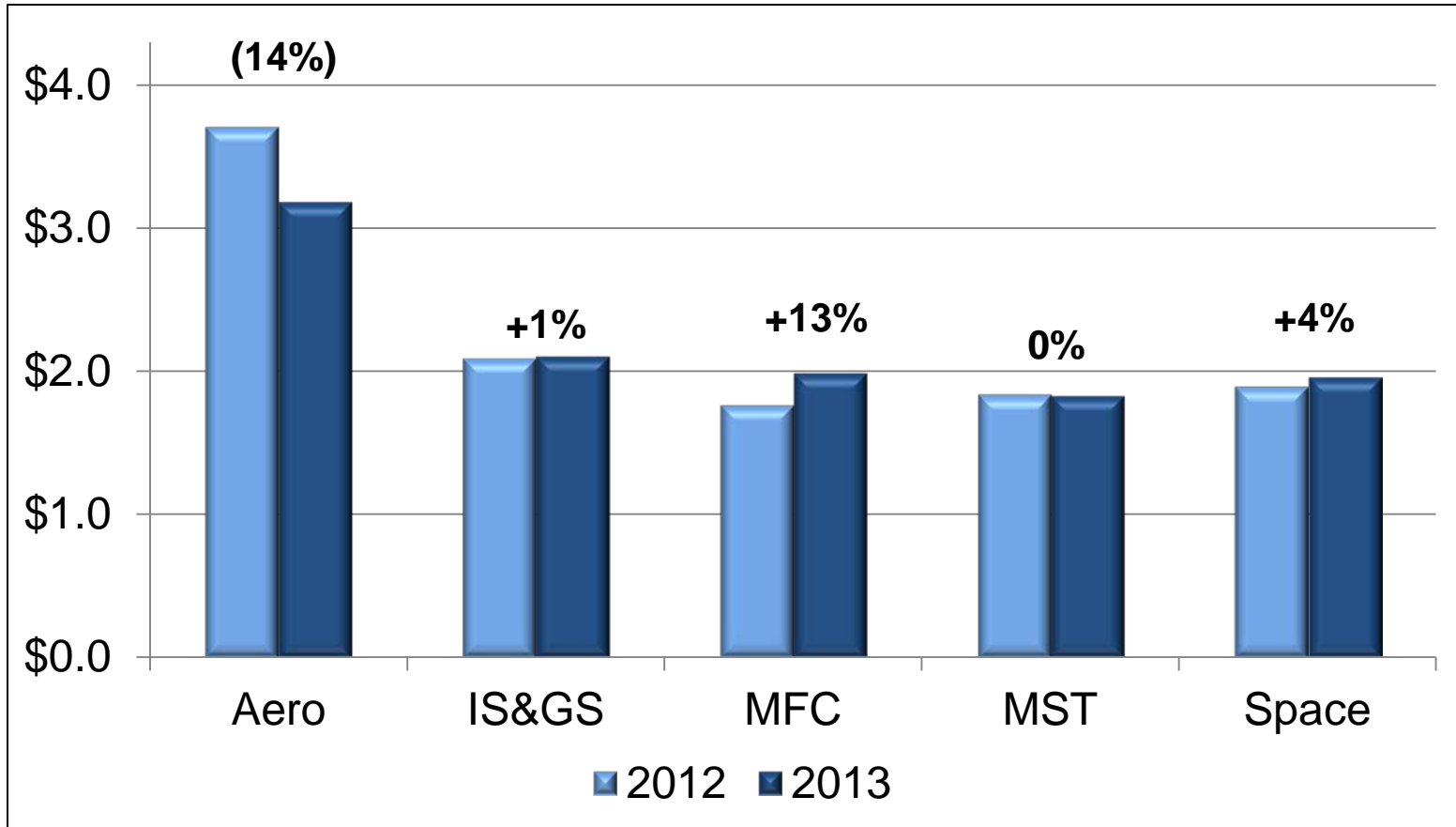
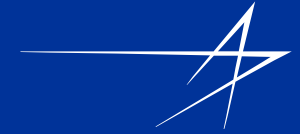
Chart 3

April 23, 2013



1Q Sales Summary

(\$B)

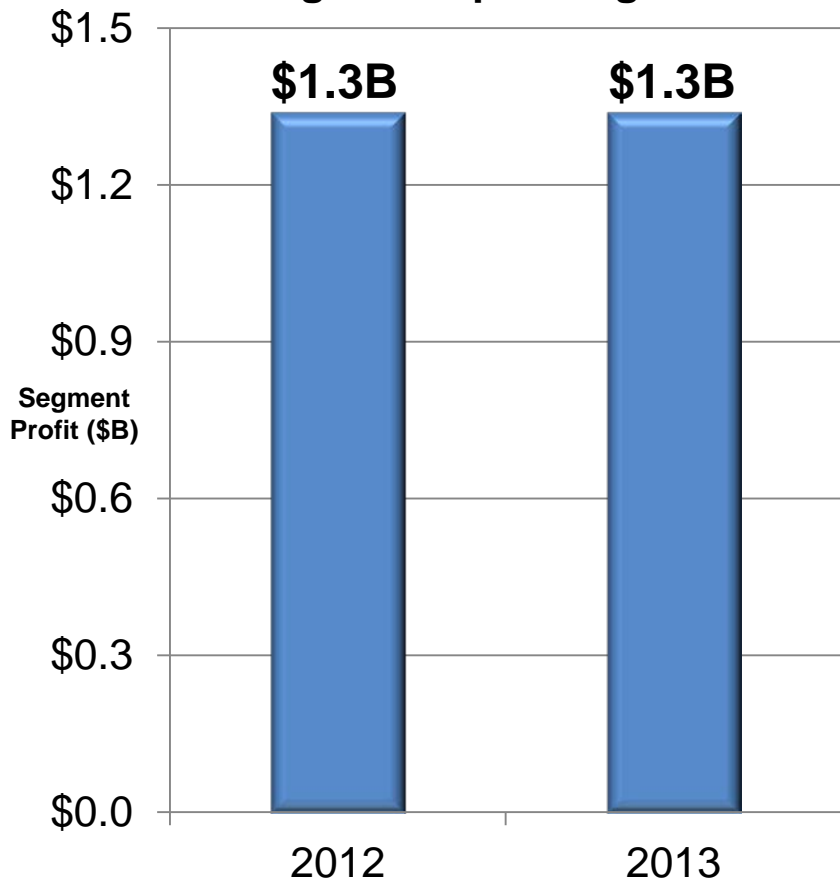


1st Quarter Results Exceeded Expectations

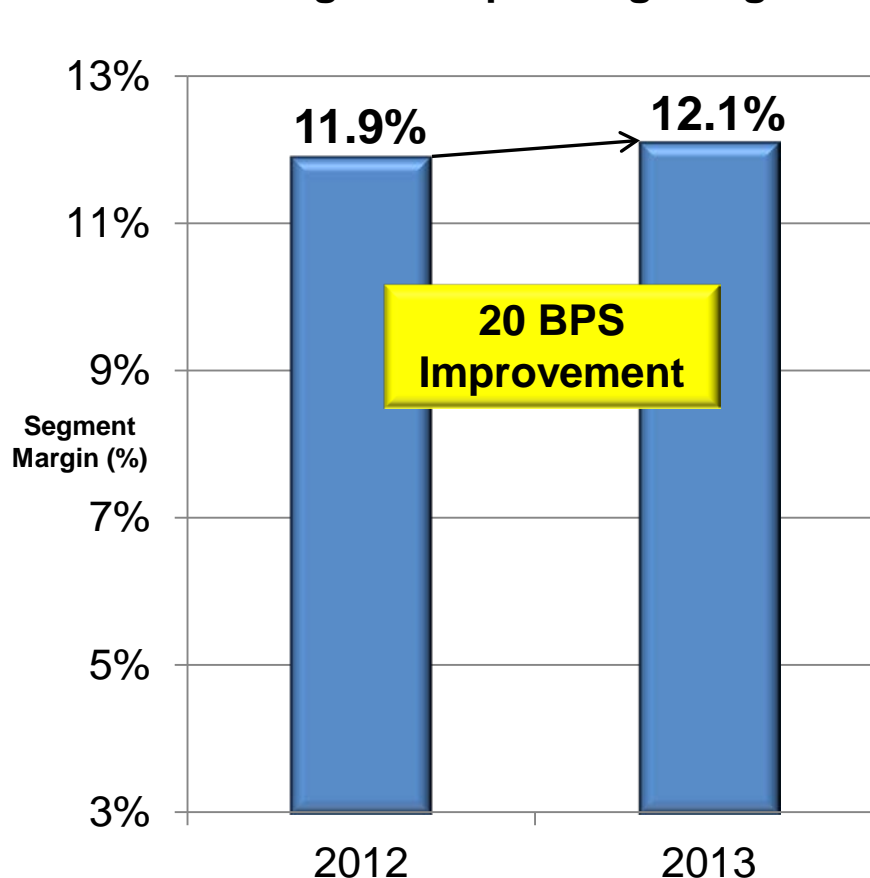
1Q Segment Operating Results



Segment Operating Profit*



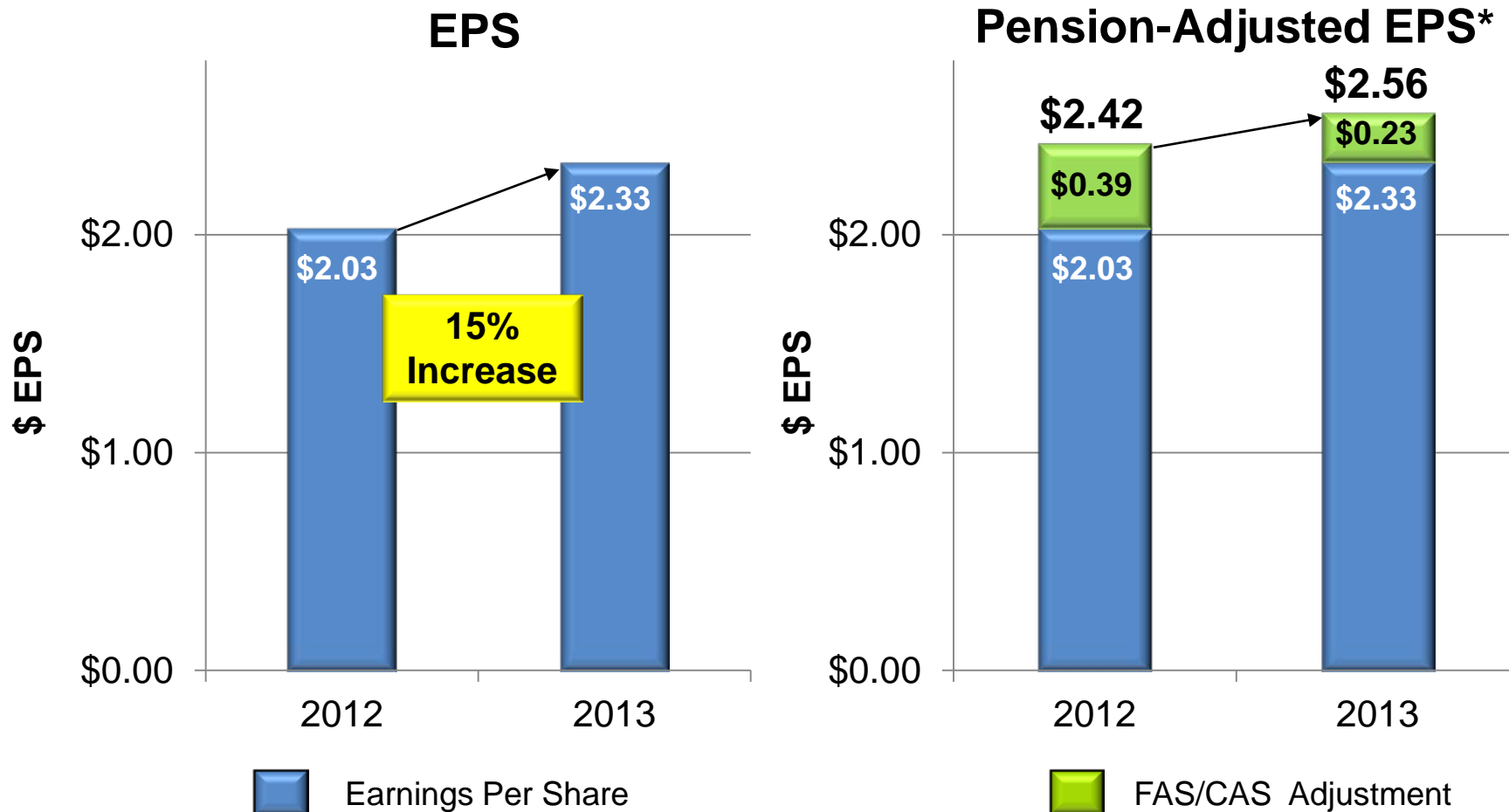
Segment Operating Margin*



**Program Execution and Cost Reduction
Actions Continue to Drive Results**

* See Charts 14-15 for Definitions of Non-GAAP Measures
Chart 5 April 23, 2013

1Q Earnings Per Share



Solid Start to Year...Tracking Well

* See Charts 14-15 for Definitions of Non-GAAP Measures
Chart 6

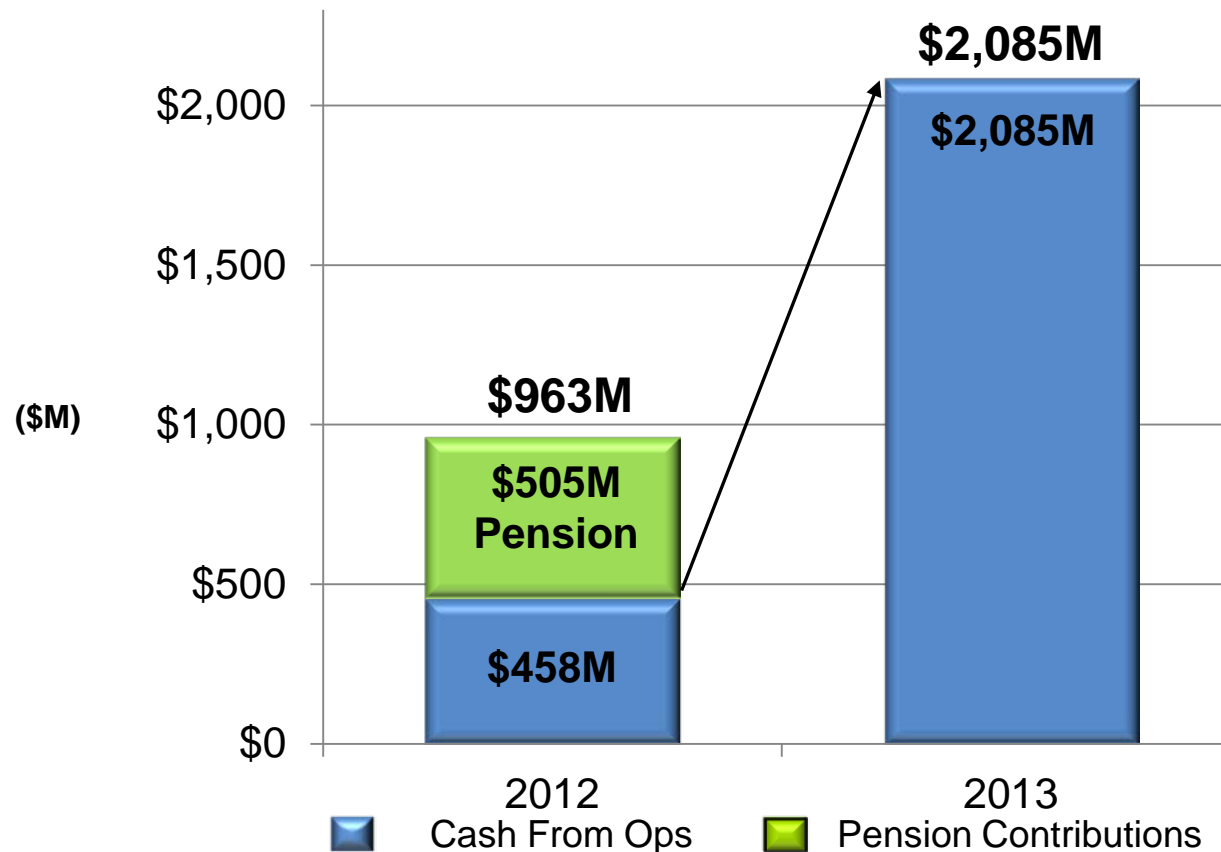
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1Q Cash Flow

(\$M)



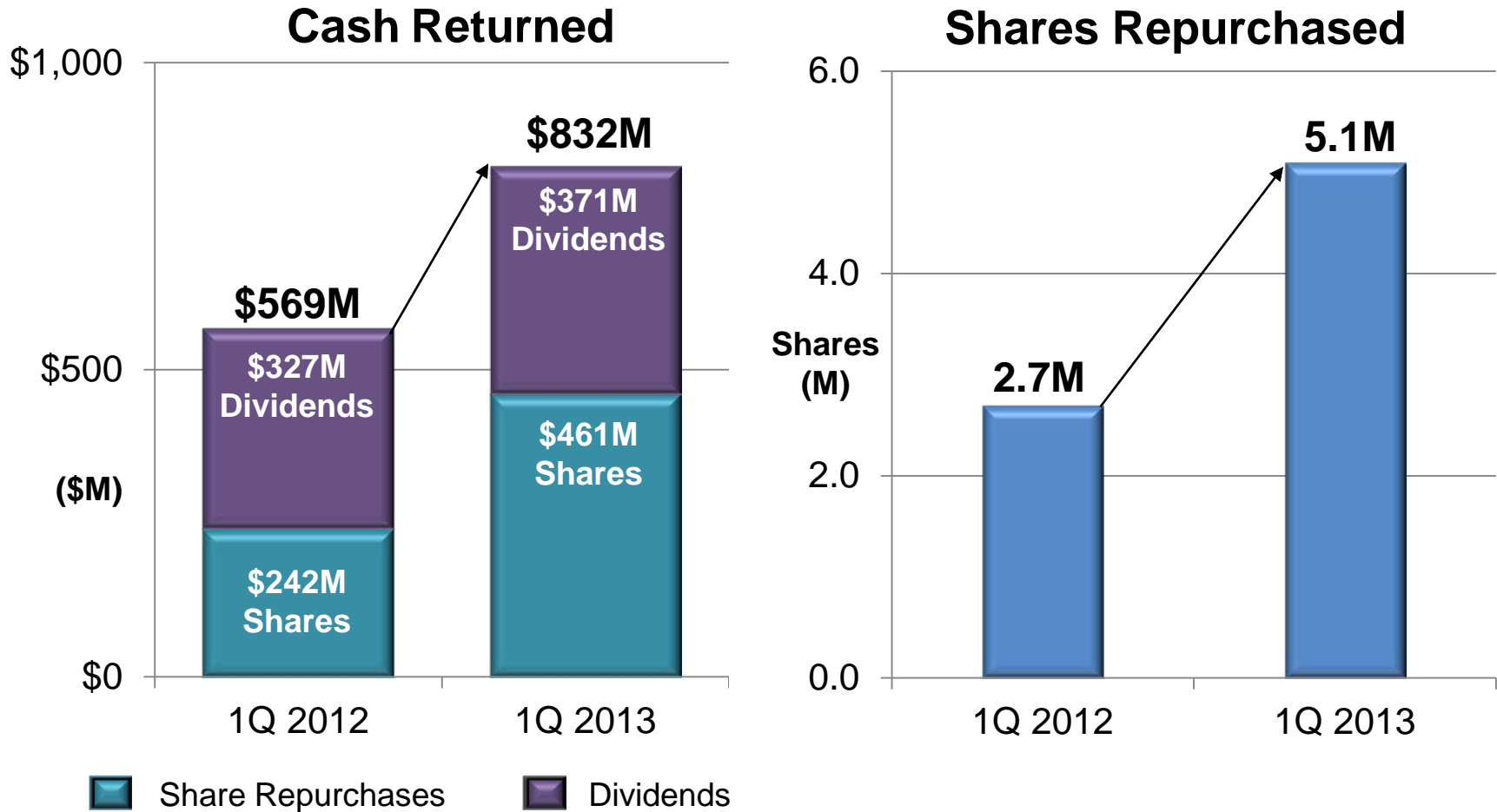
Pre-Pension Cash Flow*



Strong Cash Generation

* See Charts 14-15 for Definitions of Non-GAAP Measures

Cash Returned to Shareholders



Strong Cash Generation Enabling Cash Deployment



Guidance Update



- **Prior Guidance Ranges Assumed No Sequestration**
- **Sequestration Now in Effect**
 - **Minimal Sequestration Actions Implemented to Date**
- **Modeled Potential Sequestration Impact**
 - **Legislation Requires Across-the-Board Reductions**
 - **Model Indicates Potential ~ (\$825M) Sales Impact**
- **Strong First Quarter Performance**
 - **All 5 Business Areas Ahead of Plan**

Consolidated Outlook Remains Within Current Ranges

Sequestration Impact Estimate: 2013 Sales



Pre-Sequestration 2013 Sales Range **\$44,500 - 46,000M**

Mid-Point of Sales Range **\$45,250M**

Projected Sales From Year-End 2012 Backlog ~ \$35,000M

Projected Sales From 2013 Non-USG Orders ~ \$2,000M

Projected Sales From 2013 USG Orders ~ \$8,250M

Estimated Sequestration Impact **~ (\$825M)**

Impact By Business Area: 1/3 IS&GS, 1/3 MST, 1/3 Other BAs

2013 Outlook

(\$M, Except EPS)



	<u>January Outlook (Pre-Sequestration)</u>	<u>Current Outlook</u>
Sales	\$44,500 - 46,000	Low-End of Range
Segment Operating Profit*	\$5,175 - 5,325	No Change
<u>Unallocated Expenses, net</u>		
FAS/CAS Adjustment	~ (485)	No Change
Other Unallocated Items	~ (340)	No Change
Operating Profit	\$4,350 - 4,500	No Change
EPS - Continuing Operations	\$8.80 - 9.10	No Change
Outlook Assumes No Sequestration-Related Restructuring Charges		
Cash From Operations	≥ \$4,000	No Change

Expect Sequestration Impacts Will Vary By Business Area

* See Charts 14-15 for Definitions of Non-GAAP Measures
Chart 11

Summary



- **Solid Quarter Operationally and Financially**
- **Results Reflect Program Execution, Proactive Measures, and Broad Business Portfolio**
- **Continuing to Implement Value Creation Actions**

**Strong Start to 2013...
Reaffirmed Outlook For Full Year**

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.

	<u>2013 Outlook (January)</u>	<u>2013 Current Outlook (April)</u>
Sales	\$44,500 – 46,000	Low-End of Range
Segment Operating Profit	\$5,175 - 5,325	No Change
Mid-Point Segment Margin	11.6%	No Change
Consolidated Operating Profit	\$4,350 – 4,500	No Change

	<u>1Q 2013</u>			<u>1Q 2012</u>		
	<u>Sales</u>	<u>Profit</u>	<u>Margin</u>	<u>Sales</u>	<u>Profit</u>	<u>Margin</u>
Operating Profit	\$ 11,070	\$ 1,119	10.1%	\$ 11,293	\$ 1,044	9.2%
Unallocated Expenses, net	-	224		-	296	
Segment Operating Profit	\$ 11,070	\$ 1,343	12.1%	\$ 11,293	\$ 1,340	11.9%

Definitions of Non-GAAP Measures



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.



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