

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

	Quarters Ended		Six Months Ended	
	June 30, 2013	June 24, 2012	June 30, 2013	June 24, 2012
<b>Net sales</b>	\$ 11,408	\$ 11,921	\$ 22,478	\$ 23,214
<b>Cost of sales</b>	(10,184)	(10,749)	(20,213)	(21,033)
Gross profit	1,224	1,172	2,265	2,181
Other income, net	74	20	152	55
<b>Operating profit</b>	1,298	1,192	2,417	2,236
Interest expense	(88)	(96)	(180)	(192)
Other non-operating income (expense), net	1	21	(1)	24
Earnings before income taxes	1,211	1,117	2,236	2,068
Income tax expense	(352)	(336)	(616)	(619)
<b>Net earnings</b>	\$ 859	\$ 781	\$ 1,620	\$ 1,449
<b>Effective tax rate</b>	29.1 %	30.1 %	27.5 %	29.9 %
<b>Earnings per common share</b>				
Basic	\$ 2.68	\$ 2.41	\$ 5.04	\$ 4.47
Diluted	\$ 2.64	\$ 2.38	\$ 4.97	\$ 4.41
<b>Weighted average shares outstanding</b>				
Basic	320.8	324.5	321.2	324.3
Diluted	325.9	328.8	326.1	328.7
Common shares reported in stockholders' equity at end of period			319	322

<sup>1</sup> The Corporation closes its books and records on the last Sunday of the calendar quarter to align its financial closing with its business processes, which was on June 30 for the second quarter of 2013 and June 24 for the second quarter of 2012. 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)

	Quarters Ended			Six Months Ended		
	June 30, 2013	June 24, 2012	% Change	June 30, 2013	June 24, 2012	% Change
<b>Net sales</b>						
Aeronautics	\$ 3,407	\$ 3,408	- %	\$ 6,593	\$ 7,114	(7) %
Information Systems & Global Solutions	2,101	2,263	(7) %	4,207	4,353	(3) %
Missiles and Fire Control	2,043	1,843	11 %	4,031	3,609	12 %
Mission Systems and Training	1,770	2,019	(12) %	3,600	3,857	(7) %
Space Systems	2,087	2,388	(13) %	4,047	4,281	(5) %
<b>Total net sales</b>	<b>\$ 11,408</b>	<b>\$ 11,921</b>	<b>(4) %</b>	<b>\$ 22,478</b>	<b>\$ 23,214</b>	<b>(3) %</b>
<b>Operating profit</b>						
Aeronautics	\$ 407	\$ 454	(10) %	\$ 786	\$ 839	(6) %
Information Systems & Global Solutions	194	208	(7) %	383	396	(3) %
Missiles and Fire Control	381	313	22 %	725	684	6 %
Mission Systems and Training	275	195	41 %	476	352	35 %
Space Systems	276	300	(8) %	506	539	(6) %
<b>Total business segment operating profit</b>	<b>1,533</b>	<b>1,470</b>	<b>4 %</b>	<b>2,876</b>	<b>2,810</b>	<b>2 %</b>
<b>Unallocated expenses, net</b>						
Non-cash FAS/CAS pension adjustment						
FAS pension expense	(487)	(486)		(974)	(971)	
Less: CAS expense	367	278		733	556	
Non-cash FAS/CAS pension adjustment	(120)	(208)		(241)	(415)	
Special item - severance charges <sup>1</sup>	-	-		(30)	-	
Stock-based compensation	(59)	(45)		(112)	(87)	
Other, net	(56)	(25)		(76)	(72)	
<b>Total unallocated expenses, net</b>	<b>(235)</b>	<b>(278)</b>	<b>(15) %</b>	<b>(459)</b>	<b>(574)</b>	<b>(20) %</b>
<b>Total consolidated operating profit</b>	<b>\$ 1,298</b>	<b>\$ 1,192</b>	<b>9 %</b>	<b>\$ 2,417</b>	<b>\$ 2,236</b>	<b>8 %</b>
<b>Operating margins</b>						
Aeronautics	11.9%	13.3%		11.9%	11.8%	
Information Systems & Global Solutions	9.2%	9.2%		9.1%	9.1%	
Missiles and Fire Control	18.6%	17.0%		18.0%	19.0%	
Mission Systems and Training	15.5%	9.7%		13.2%	9.1%	
Space Systems	13.2%	12.6%		12.5%	12.6%	
<b>Total business segment operating margins</b>	<b>13.4%</b>	<b>12.3%</b>		<b>12.8%</b>	<b>12.1%</b>	
<b>Total consolidated operating margins</b>	<b>11.4%</b>	<b>10.0%</b>		<b>10.8%</b>	<b>9.6%</b>	

<sup>1</sup> Severance charges for the first six months of 2013 consisted of amounts, net of state tax benefits, associated with the elimination of certain positions at the Corporation's Information Systems & Global Solutions business segment during the first quarter of 2013. 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)

	<u>June 30,</u> <u>2013</u>	<u>Dec. 31,</u> <u>2012</u>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 2,845	\$ 1,898
Receivables, net	6,826	6,563
Inventories, net	2,895	2,937
Deferred income taxes	1,233	1,269
Other current assets	580	1,188
Total current assets	<u>14,379</u>	<u>13,855</u>
Property, plant, and equipment, net	4,594	4,675
Goodwill	10,352	10,370
Deferred income taxes	4,681	4,809
Other noncurrent assets	4,941	4,948
<b>Total assets</b>	<u><b>\$ 38,947</b></u>	<u><b>\$ 38,657</b></u>
<b>Liabilities and stockholders' equity</b>		
Current liabilities		
Accounts payable	\$ 2,044	\$ 2,038
Customer advances and amounts in excess of costs incurred	6,383	6,503
Salaries, benefits, and payroll taxes	1,688	1,649
Current portion of long-term debt	-	150
Other current liabilities	2,138	1,815
Total current liabilities	<u>12,253</u>	<u>12,155</u>
Accrued pension liabilities	14,766	15,278
Other postretirement benefit liabilities	1,219	1,220
Long-term debt, net	6,140	6,158
Other noncurrent liabilities	3,875	3,807
<b>Total liabilities</b>	<u><b>38,253</b></u>	<u><b>38,618</b></u>
Stockholders' equity		
Common stock, \$1 par value per share	319	321
Additional paid-in capital	-	-
Retained earnings	13,416	13,211
Accumulated other comprehensive loss	(13,041)	(13,493)
Total stockholders' equity	<u>694</u>	<u>39</u>
<b>Total liabilities and stockholders' equity</b>	<u><b>\$ 38,947</b></u>	<u><b>\$ 38,657</b></u>

Table 3

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

	<b>Six Months Ended</b>	
	<b>June 30, 2013</b>	<b>June 24, 2012</b>
<b>Operating activities</b>		
Net earnings	\$ 1,620	\$ 1,449
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	472	464
Stock-based compensation	112	87
Special item - severance charges	30	-
Changes in operating assets and liabilities:		
Receivables, net	(244)	(505)
Inventories, net	43	(38)
Accounts payable	5	91
Customer advances and amounts in excess of costs incurred	(120)	(111)
Postretirement benefit plans	236	(138)
Income taxes	569	(105)
Other, net	(15)	109
<b>Net cash provided by operating activities<sup>1</sup></b>	<b>2,708</b>	<b>1,303</b>
<b>Investing activities</b>		
Capital expenditures	(282)	(306)
Other, net	(65)	8
<b>Net cash used for investing activities</b>	<b>(347)</b>	<b>(298)</b>
<b>Financing activities</b>		
Repurchases of common stock <sup>2</sup>	(926)	(423)
Proceeds from stock option exercises	389	235
Dividends paid	(742)	(653)
Repayments of long-term debt	(150)	-
Other, net	15	56
<b>Net cash used for financing activities</b>	<b>(1,414)</b>	<b>(785)</b>
<b>Net change in cash and cash equivalents</b>	<b>947</b>	<b>220</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,898</b>	<b>3,582</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 2,845</b>	<b>\$ 3,802</b>

<sup>1</sup> The Corporation made contributions to its pension trust of \$750 million during the second quarter and first six months of 2013. During the second quarter and first six months of 2012, the Corporation made contributions to its pension trust of \$607 million and \$1.1 billion, respectively. Additionally, the Corporation made net tax payments of approximately \$680 million during the second quarter of 2013 and \$140 million during the first six months of 2013 (net of refunds received in the first quarter of 2013) compared to about \$540 million during the second quarter of 2012 and approximately \$690 million during the first six months of 2012.

<sup>2</sup> During the first six months of 2013, the Corporation paid \$926 million to repurchase 9.6 million shares of its common stock, which includes a portion committed to in Dec. 2012 that settled in cash during the first quarter of 2013. The Corporation reduced stockholders' equity by \$914 million, which represents the 9.5 million shares of common stock repurchases the Corporation committed to during the first six months of 2013.

**Lockheed Martin Corporation**  
**Consolidated Statement of Stockholders' Equity**  
(unaudited; in millions)

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
<b>Balance at Dec. 31, 2012</b>	\$ 321	\$ -	\$ 13,211	\$ (13,493)	\$ 39
Net earnings	-	-	1,620	-	1,620
Other comprehensive income, net of tax <sup>1</sup>	-	-	-	452	452
Repurchases of common stock <sup>2</sup>	(9)	(615)	(290)	-	(914)
Dividends declared <sup>3</sup>	-	-	(1,125)	-	(1,125)
Stock-based awards and ESOP activity	7	615	-	-	622
<b>Balance at June 30, 2013</b>	<u>\$ 319</u>	<u>\$ -</u>	<u>\$ 13,416</u>	<u>\$ (13,041)</u>	<u>\$ 694</u>

<sup>1</sup> Primarily represents the reclassification adjustment for the recognition of previously deferred amounts related to postretirement benefit plans of \$507 million.

<sup>2</sup> The Corporation reduced stockholders' equity by \$914 million, which represents the 9.5 million shares of common stock repurchases the Corporation committed to during the first six months of 2013. As of June 30, 2013, the Corporation had repurchased a total of 63.8 million shares of its common stock under a share repurchase program approved by the Corporation's Board of Directors for \$5.1 billion, and had remaining authorization of \$1.4 billion for future share repurchases.

<sup>3</sup> Includes dividends of \$1.15 per share declared during each of the first and second quarters of 2013. Additionally, includes a third quarter dividend of \$1.15 per share declared during the second quarter of 2013.

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

	<u>June 30, 2013</u>	<u>Dec. 31, 2012</u>
<b>Backlog</b>		
Aeronautics	\$ 26,500	\$ 30,100
Information Systems & Global Solutions	7,400	8,700
Missiles and Fire Control	12,600	14,700
Mission Systems and Training	10,600	10,700
Space Systems	18,000	18,100
<b>Total backlog</b>	<u>\$ 75,100</u>	<u>\$ 82,300</u>

	<u>Quarters Ended</u>		<u>Six Months Ended</u>	
<b>Aircraft Deliveries</b>	<u>June 30, 2013</u>	<u>June 24, 2012</u>	<u>June 30, 2013</u>	<u>June 24, 2012</u>
F-16	4	10	7	23
F-22	-	4	-	8
F-35	12	3	12	5
C-130J	5	7	11	17
C-5M	1	-	1	1

Table 6