

Lockheed Martin Corporation
Consolidated Statements of Earnings¹
(unaudited; in millions, except per share data)

	Quarters Ended		Nine Months Ended	
	Sept. 27, 2015	Sept. 28, 2014	Sept. 27, 2015	Sept. 28, 2014
Net sales	\$ 11,461	\$ 11,114	\$ 33,215	\$ 33,070
Cost of sales	(10,205)	(9,839)	(29,325)	(29,083)
Gross profit	1,256	1,275	3,890	3,987
Other income, net	98	117	265	263
Operating profit	1,354	1,392	4,155	4,250
Interest expense	(104)	(82)	(301)	(253)
Other non-operating income, net	1	1	6	3
Earnings before income taxes	1,251	1,311	3,860	4,000
Income tax expense	(386)	(423)	(1,188)	(1,290)
Net earnings	\$ 865	\$ 888	\$ 2,672	\$ 2,710
Effective tax rate	<u>30.9 %</u>	<u>32.3 %</u>	<u>30.8 %</u>	<u>32.3 %</u>
Earnings per common share				
Basic	<u>\$ 2.80</u>	<u>\$ 2.81</u>	<u>\$ 8.57</u>	<u>\$ 8.54</u>
Diluted	<u>\$ 2.77</u>	<u>\$ 2.76</u>	<u>\$ 8.45</u>	<u>\$ 8.39</u>
Weighted average shares outstanding				
Basic	308.4	316.3	311.9	317.4
Diluted	312.7	321.8	316.3	323.0
Common shares reported in stockholders' equity at end of period			306	314

¹ The Corporation closes its books and records on the last Sunday of the calendar quarter, which was on Sept. 27 for the third quarter of 2015 and Sept. 28 for the third quarter of 2014, to align its financial closing with its business processes. 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			Nine Months Ended		
	Sept. 27, 2015	Sept. 28, 2014	% Change	Sept. 27, 2015	Sept. 28, 2014	% Change
Net sales						
Aeronautics	\$ 3,921	\$ 3,544	11 %	\$ 11,186	\$ 10,785	4 %
Information Systems & Global Solutions	1,870	1,949	(4) %	5,637	5,800	(3) %
Missiles and Fire Control	1,938	1,908	2 %	5,218	5,666	(8) %
Mission Systems and Training	1,802	1,679	7 %	5,261	5,078	4 %
Space Systems	1,930	2,034	(5) %	5,913	5,741	3 %
Total net sales	\$ 11,461	\$ 11,114	3 %	\$ 33,215	\$ 33,070	- %
Operating profit						
Aeronautics	\$ 418	\$ 362	15 %	\$ 1,233	\$ 1,208	2 %
Information Systems & Global Solutions	163	175	(7) %	459	524	(12) %
Missiles and Fire Control	336	335	- %	931	1,038	(10) %
Mission Systems and Training	220	193	14 %	673	628	7 %
Space Systems	232	281	(17) %	779	783	(1) %
Total business segment operating profit	1,369	1,346	2 %	4,075	4,181	(3) %
Unallocated items						
FAS/CAS pension adjustment	119	84		358	255	
Stock-based compensation	(29)	(31)		(118)	(128)	
Special item - severance charges ¹	(35)	-		(35)	-	
Other, net	(70)	(7)		(125)	(58)	
Total unallocated items	(15)	46		80	69	
Total consolidated operating profit	\$ 1,354	\$ 1,392	(3) %	\$ 4,155	\$ 4,250	(2) %
Operating margins						
Aeronautics	10.7 %	10.2 %		11.0 %	11.2 %	
Information Systems & Global Solutions	8.7 %	9.0 %		8.1 %	9.0 %	
Missiles and Fire Control	17.3 %	17.6 %		17.8 %	18.3 %	
Mission Systems and Training	12.2 %	11.5 %		12.8 %	12.4 %	
Space Systems	12.0 %	13.8 %		13.2 %	13.6 %	
Total business segment operating margins	11.9 %	12.1 %		12.3 %	12.6 %	
Total consolidated operating margins	11.8 %	12.5 %		12.5 %	12.9 %	

¹ Severance charges for the third quarter of 2015 consist of amounts associated with the planned elimination of certain positions at the Corporation's Information Systems & Global Solutions business segment. 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>Sept. 27, 2015</u>	<u>Dec. 31, 2014</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 3,300	\$ 1,446
Receivables, net	6,740	5,884
Inventories, net	3,237	2,882
Deferred income taxes	1,263	1,451
Other current assets	515	666
Total current assets	<u>15,055</u>	<u>12,329</u>
Property, plant and equipment, net	4,677	4,755
Goodwill	10,832	10,862
Deferred income taxes	4,096	4,013
Other noncurrent assets	4,957	5,114
Total assets	<u>\$ 39,617</u>	<u>\$ 37,073</u>
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	\$ 2,215	\$ 1,570
Customer advances and amounts in excess of costs incurred	5,339	5,790
Salaries, benefits and payroll taxes	1,947	1,826
Current portion of long-term debt	952	-
Other current liabilities	2,527	1,926
Total current liabilities	<u>12,980</u>	<u>11,112</u>
Accrued pension liabilities	11,374	11,413
Other postretirement benefit liabilities	1,082	1,102
Long-term debt, net	7,460	6,169
Other noncurrent liabilities	3,908	3,877
Total liabilities	<u>36,804</u>	<u>33,673</u>
Stockholders' equity		
Common stock, \$1 par value per share	306	314
Additional paid-in capital	-	-
Retained earnings	13,828	14,956
Accumulated other comprehensive loss	(11,321)	(11,870)
Total stockholders' equity	<u>2,813</u>	<u>3,400</u>
Total liabilities and stockholders' equity	<u>\$ 39,617</u>	<u>\$ 37,073</u>

Table 3

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

	Nine Months Ended	
	Sept. 27, 2015	Sept. 28, 2014
Operating activities		
Net earnings	\$ 2,672	\$ 2,710
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation and amortization	726	726
Stock-based compensation	118	128
Special item - severance charges	35	-
Changes in assets and liabilities		
Receivables, net	(861)	(231)
Inventories, net	(359)	66
Accounts payable	637	596
Customer advances and amounts in excess of costs incurred	(421)	(458)
Postretirement benefit plans	868	(96)
Income taxes	126	270
Other, net	196	356
Net cash provided by operating activities¹	3,737	4,067
Investing activities		
Capital expenditures	(500)	(456)
Acquisitions of businesses and investments in affiliates	-	(622)
Other, net	89	14
Net cash used for investing activities	(411)	(1,064)
Financing activities		
Issuance of long-term debt, net of related costs	2,213	-
Repurchases of common stock	(2,364)	(1,676)
Proceeds from stock option exercises	126	278
Dividends paid	(1,427)	(1,286)
Other, net	(20)	27
Net cash used for financing activities	(1,472)	(2,657)
Net change in cash and cash equivalents	1,854	346
Cash and cash equivalents at beginning of period	1,446	2,617
Cash and cash equivalents at end of period	\$ 3,300	\$ 2,963

¹The Corporation made no contributions to its defined benefit pension trust during the third quarter of 2015 compared to \$485 million during the third quarter of 2014. Additionally, the Corporation made net tax payments of approximately \$670 million during the third quarter of 2015 compared to \$451 million during the third quarter of 2014.

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

	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Loss</u>	<u>Total Stockholders' Equity</u>
Balance at Dec. 31, 2014	\$ 314	\$ -	\$ 14,956	\$ (11,870)	\$ 3,400
Net earnings	-	-	2,672	-	2,672
Other comprehensive income, net of tax ¹	-	-	-	549	549
Repurchases of common stock	(12)	(478)	(1,874)	-	(2,364)
Dividends declared ²	-	-	(1,926)	-	(1,926)
Stock-based awards and ESOP activity	4	478	-	-	482
Balance at Sept. 27, 2015	<u>\$ 306</u>	<u>\$ -</u>	<u>\$ 13,828</u>	<u>\$ (11,321)</u>	<u>\$ 2,813</u>

¹ Primarily represents the reclassification adjustment for the recognition of prior period amounts related to postretirement benefit plans.

² Represents dividends of \$1.50 per share declared during each of the first, second and third quarters of 2015. Additionally, includes dividends of \$1.65 per share declared in the third quarter of 2015 and payable in the fourth quarter of 2015.

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

	Sept. 27, 2015	Dec. 31, 2014
Backlog		
Aeronautics	\$ 22,500	\$ 27,600
Information Systems & Global Solutions	6,800	8,700
Missiles and Fire Control	14,000	13,600
Mission Systems and Training	11,800	11,700
Space Systems	16,600	18,900
Total backlog	\$ 71,700	\$ 80,500

	Quarters Ended		Nine Months Ended	
	Sept. 27, 2015	Sept. 28, 2014	Sept. 27, 2015	Sept. 28, 2014
Orders	\$ 10,300	\$ 9,500	\$ 24,300	\$ 26,700

	Quarters Ended		Nine Months Ended	
	Sept. 27, 2015	Sept. 28, 2014	Sept. 27, 2015	Sept. 28, 2014
Aircraft Deliveries				
F-16	3	3	9	11
F-35	12	8	31	22
C-130J	4	5	14	16
C-5	2	2	7	6