

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

| | Quarters Ended | |
|---|-------------------|-------------------|
| | March 27, 2022 | March 28, 2021 |
| Net sales | \$ 14,964 | \$ 16,258 |
| Cost of sales ^{2,3} | (13,055) | (14,072) |
| Gross profit | 1,909 | 2,186 |
| Other income (expense), net | 24 | (4) |
| Operating profit | 1,933 | 2,182 |
| Interest expense | (135) | (140) |
| Non-service FAS pension income | 140 | 93 |
| Other non-operating income, net ⁴ | 123 | 76 |
| Earnings before income taxes | 2,061 | 2,211 |
| Income tax expense | (328) | (374) |
| Net earnings | \$ 1,733 | \$ 1,837 |
| Effective tax rate | 15.9 % | 16.9 % |
| Earnings per common share | | |
| Basic | \$ 6.46 | \$ 6.58 |
| Diluted | \$ 6.44 | \$ 6.56 |
| Weighted average shares outstanding | | |
| Basic | 268.3 | 279.0 |
| Diluted | 269.2 | 280.0 |
| Common shares reported in stockholders' equity at end of period | 265 | 278 |

¹ 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 March 27 for the first quarter of 2022 and March 28 for the first quarter of 2021. 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.

² In the first quarter of 2022 and 2021, the company recognized losses of \$101 million (\$76 million, or \$0.28 per share, after-tax) and \$10 million (\$8 million, or \$0.03 per share, after-tax) due to declines in the fair value of investments held in a trust for deferred compensation plans.

³ In the first quarter of 2021, the company recognized severance and restructuring charges of \$36 million (\$28 million, or \$0.10 per share, after-tax) for previously announced actions at the company's RMS business segment.

⁴ Other non-operating income, net for the first quarter of 2022 and 2021 include net gains of \$103 million (\$77 million, or \$0.29 per share, after-tax) and \$68 million (\$51 million, or \$0.18 per share, after-tax) due to increases in the fair value of investments held in the Lockheed Martin Ventures Fund.

Lockheed Martin Corporation
Business Segment Summary Operating Results
(unaudited; in millions)

| | Quarters Ended | | % Change |
|--|-------------------|-------------------|--------------|
| | March 27, 2022 | March 28, 2021 | |
| Net sales | | | |
| Aeronautics | \$ 6,401 | \$ 6,387 | -% |
| Missiles and Fire Control | 2,452 | 2,749 | (11%) |
| Rotary and Mission Systems | 3,552 | 4,107 | (14%) |
| Space | 2,559 | 3,015 | (15%) |
| Total net sales | \$ 14,964 | \$ 16,258 | (8%) |
| Operating profit | | | |
| Aeronautics | \$ 679 | \$ 693 | (2%) |
| Missiles and Fire Control | 384 | 396 | (3%) |
| Rotary and Mission Systems | 348 | 433 | (20%) |
| Space | 245 | 227 | 8% |
| Total business segment operating profit | 1,656 | 1,749 | (5%) |
| Unallocated items | | | |
| FAS/CAS operating adjustment | 426 | 489 | |
| Severance and restructuring charges ¹ | - | (36) | |
| Other, net ² | (149) | (20) | |
| Total unallocated items | 277 | 433 | (36%) |
| Total consolidated operating profit | \$ 1,933 | \$ 2,182 | (11%) |
| Operating margin | | | |
| Aeronautics | 10.6% | 10.9% | |
| Missiles and Fire Control | 15.7% | 14.4% | |
| Rotary and Mission Systems | 9.8% | 10.5% | |
| Space | 9.6% | 7.5% | |
| Total business segment operating margin | 11.1% | 10.8% | |
| Total consolidated operating margin | 12.9% | 13.4% | |

¹ In the first quarter of 2021, the company recognized severance and restructuring charges of \$36 million (\$28 million, or \$0.10 per share, after-tax) for previously announced actions at the company's RMS business segment.

² In the first quarter of 2022 and 2021, the company recognized losses of \$101 million (\$76 million, or \$0.28 per share, after-tax) and \$10 million (\$8 million, or \$0.03 per share, after-tax) due to declines in the fair value of investments held in a trust for deferred compensation plans.

Lockheed Martin Corporation
Selected Financial Data
(unaudited; in millions)

| | Quarters Ended | |
|--|-------------------|-------------------|
| | March 27, 2022 | March 28, 2021 |
| Amortization of purchased intangibles | | |
| Aeronautics | \$ - | \$ - |
| Missiles and Fire Control | 1 | 1 |
| Rotary and Mission Systems | 58 | 58 |
| Space | 3 | 22 |
| Total amortization of purchased intangibles | \$ 62 | \$ 81 |
| | | |
| | 2022 Outlook | 2021 Actual |
| Total FAS income (expense) and CAS cost | | |
| Total FAS pension income (expense) | \$ 460 | \$ (1,398) |
| Less: CAS pension cost | 1,800 | 2,066 |
| Total FAS/CAS pension adjustment | 2,260 | 668 |
| Less: pension settlement charge | - | 1,665 |
| Total FAS/CAS pension adjustment - adjusted ^{1,2} | \$ 2,260 | \$ 2,333 |
| | | |
| Service and non-service cost reconciliation | | |
| FAS pension service cost | \$ (95) | \$ (106) |
| Less: CAS pension cost | 1,800 | 2,066 |
| FAS/CAS operating adjustment | 1,705 | 1,960 |
| FAS pension non-service income (expense) | 555 | (1,292) |
| Total FAS/CAS pension adjustment | 2,260 | 668 |
| Less: pension settlement charge | - | 1,665 |
| Total FAS/CAS pension adjustment - adjusted ^{1,2} | \$ 2,260 | \$ 2,333 |

¹ Total FAS/CAS pension adjustment – adjusted is a non-GAAP measure. See the "Use of Non-GAAP Financial Measures" section of this news release for more information.

² The cost components in the table above relate only to the company's qualified defined benefit pension plans. The company recognized a noncash, non-operating settlement charge of \$1,665 million in the third quarter of 2021 related to the accelerated recognition of actuarial losses previously included in accumulated other comprehensive loss for certain pension plans as a result of the purchase of group annuity contracts from an insurance company.

Lockheed Martin Corporation
Consolidated Balance Sheets
(unaudited, in millions, except par value)

| | March 27, 2022 | Dec. 31, 2021 |
|---------------------------------------|---------------------------|--------------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 1,883 | \$ 3,604 |
| Receivables, net | 2,527 | 1,963 |
| Contract assets | 12,130 | 10,579 |
| Inventories | 3,144 | 2,981 |
| Other current assets | 706 | 688 |
| Total current assets | <u>20,390</u> | <u>19,815</u> |
| Property, plant and equipment, net | 7,561 | 7,597 |
| Goodwill | 10,811 | 10,813 |
| Intangible assets, net | 2,644 | 2,706 |
| Deferred income taxes | 2,688 | 2,290 |
| Other noncurrent assets | 7,416 | 7,652 |
| Total assets | <u>\$ 51,510</u> | <u>\$ 50,873</u> |
| Liabilities and equity | | |
| Current liabilities | | |
| Accounts payable | \$ 2,599 | \$ 780 |
| Salaries, benefits and payroll taxes | 2,671 | 3,108 |
| Contract liabilities | 7,902 | 8,107 |
| Current maturities of long-term debt | 500 | 6 |
| Other current liabilities | 2,375 | 1,996 |
| Total current liabilities | <u>16,047</u> | <u>13,997</u> |
| Long-term debt, net | 11,145 | 11,670 |
| Accrued pension liabilities | 8,143 | 8,319 |
| Other noncurrent liabilities | 6,173 | 5,928 |
| Total liabilities | <u>41,508</u> | <u>39,914</u> |
| Stockholders' equity | | |
| Common stock, \$1 par value per share | 265 | 271 |
| Additional paid-in capital | - | 94 |
| Retained earnings | 20,716 | 21,600 |
| Accumulated other comprehensive loss | (10,979) | (11,006) |
| Total stockholders' equity | <u>10,002</u> | <u>10,959</u> |
| Total liabilities and equity | <u>\$ 51,510</u> | <u>\$ 50,873</u> |

Table 4

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

| | Quarters Ended | |
|--|-------------------|-------------------|
| | March 27, 2022 | March 28, 2021 |
| Operating activities | | |
| Net earnings | \$ 1,733 | \$ 1,837 |
| Adjustments to reconcile net earnings to net cash provided by operating activities | | |
| Depreciation and amortization | 329 | 336 |
| Stock-based compensation | 54 | 47 |
| Deferred income taxes | (411) | 63 |
| Severance and restructuring charges | - | 36 |
| Changes in assets and liabilities | | |
| Receivables, net | (564) | (236) |
| Contract assets | (1,551) | (1,363) |
| Inventories | (163) | 289 |
| Accounts payable | 1,829 | 1,023 |
| Contract liabilities | (205) | (290) |
| Income taxes | 697 | 301 |
| Qualified defined benefit pension plans | (116) | (66) |
| Other, net | (222) | (229) |
| Net cash provided by operating activities | 1,410 | 1,748 |
| Investing activities | | |
| Capital expenditures | (268) | (281) |
| Other, net | 17 | 112 |
| Net cash used for investing activities | (251) | (169) |
| Financing activities | | |
| Repurchases of common stock | (2,000) | (1,000) |
| Dividends paid | (767) | (739) |
| Other, net | (113) | (67) |
| Net cash used for financing activities | (2,880) | (1,806) |
| Net change in cash and cash equivalents | (1,721) | (227) |
| Cash and cash equivalents at beginning of year | 3,604 | 3,160 |
| Cash and cash equivalents at end of year | \$ 1,883 | \$ 2,933 |

Lockheed Martin Corporation
Other Financial and Operating Information
(unaudited; in millions, except for aircraft deliveries and weeks)

| | March 27, 2022 | Dec. 31, 2021 |
|----------------------------|---------------------------|--------------------------|
| Backlog | | |
| Aeronautics | \$ 46,116 | \$ 49,118 |
| Missiles and Fire Control | 26,262 | 27,021 |
| Rotary and Mission Systems | 34,256 | 33,700 |
| Space | 27,596 | 25,516 |
| Total backlog | \$ 134,230 | \$ 135,355 |

| | Quarters Ended | |
|--|---------------------------|---------------------------|
| | March 27, 2022 | March 28, 2021 |
| Aircraft Deliveries | | |
| F-35 | 26 | 17 |
| C-130J | 5 | 2 |
| Government helicopter programs | 17 | 15 |
| Commercial helicopter programs | - | 1 |
| International military helicopter programs | - | 1 |

| | 2022 | 2021 |
|--|-------------|-------------|
| Number of Weeks in Reporting Period¹ | | |
| First quarter | 12 | 12 |
| Second quarter | 13 | 13 |
| Third quarter | 13 | 13 |
| Fourth quarter | 14 | 14 |

¹ Calendar quarters are typically comprised of 13 weeks. However, the company closes its books and records on the last Sunday of each month, except for the month of Dec., as its fiscal year ends on Dec. 31. As a result, the number of weeks in a reporting quarter may vary slightly during the year and for comparable prior year periods.