

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

	Quarters Ended Dec. 31,		Years Ended Dec. 31,	
	2021	2020	2021	2020
Net sales	\$ 17,729	\$ 17,032	\$ 67,044	\$ 65,398
Cost of sales ¹	<u>(15,307)</u>	<u>(14,818)</u>	<u>(57,983)</u>	<u>(56,744)</u>
Gross profit	2,422	2,214	9,061	8,654
Other income (expense), net ²	<u>33</u>	<u>75</u>	<u>62</u>	<u>(10)</u>
Operating profit	2,455	2,289	9,123	8,644
Interest expense	(146)	(149)	(569)	(591)
Non-service FAS pension (expense) income ³	93	55	(1292)	219
Other non-operating income (expense), net ⁴	<u>88</u>	<u>(8)</u>	<u>288</u>	<u>(37)</u>
Earnings from continuing operations before income taxes	2,490	2,187	7,550	8,235
Income tax expense	<u>(441)</u>	<u>(395)</u>	<u>(1,235)</u>	<u>(1,347)</u>
Net earnings from continuing operations	2,049	1,792	6,315	6,888
Net loss from discontinued operations	-	-	-	(55)
Net earnings	2,049	1,792	6,315	6,833
Effective tax rate	<u>17.7 %</u>	<u>18.1 %</u>	<u>16.4 %</u>	<u>16.4 %</u>
Earnings (loss) per common share				
Basic				
Continuing operations	\$ 7.50	\$ 6.41	\$ 22.85	\$ 24.60
Discontinued operations ⁵	-	-	-	(0.20)
Basic earnings per common share	<u>\$ 7.50</u>	<u>\$ 6.41</u>	<u>\$ 22.85</u>	<u>\$ 24.40</u>
Diluted				
Continuing operations	\$ 7.47	\$ 6.38	\$ 22.76	\$ 24.50
Discontinued operations ⁵	-	-	-	(0.20)
Diluted earnings per common share	<u>\$ 7.47</u>	<u>\$ 6.38</u>	<u>\$ 22.76</u>	<u>\$ 24.30</u>
Weighted average shares outstanding				
Basic	273.3	279.7	276.4	280.0
Diluted	274.3	281.0	277.4	281.2
Common shares reported in stockholders' equity at end of period			271	279

¹ During the quarter ended March 28, 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 Rotary and Mission Systems business segment. In the fourth quarter of 2020, the company recognized severance charges of \$27 million (\$21 million, or \$0.08 per share, after-tax) for previously announced actions related to corporate functions.

² During the quarter ended June 28, 2020, the company recognized a noncash impairment charge of \$128 million (\$96 million, or \$0.34 per share, after-tax) for the investment in the international equity method investee, Advanced Military Maintenance, Repair and Overhaul Center (AMMROC).

³ During the quarter ended Sept. 26, 2021, the company recognized a \$1.7 billion (\$1.3 billion, or \$4.72 per share, after-tax) noncash, non-operating pension settlement charge related to the purchase of group annuity contracts.

⁴ Other non-operating income (expense), net for the quarter and year ended Dec. 31, 2021 include net gains of \$85 million (\$64 million, or \$0.23 per share, after-tax) and \$265 million (\$199 million, or \$0.72 per share, after-tax) due to increases in the fair value of investments held in the Lockheed Martin Ventures Fund.

⁵ Net earnings from discontinued operations for the year ended Dec. 31, 2020, include a noncash charge in third quarter of 2020 for \$55 million (\$0.20 per share) resulting from the resolution of certain tax matters related to the former Information Systems & Global Solutions business divested in 2016.

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

	Quarters Ended Dec. 31,			Years Ended Dec. 31,		
	2021	2020	% Change	2021	2020	% Change
Net sales						
Aeronautics	\$ 7,127	\$ 6,714	6%	\$ 26,748	\$ 26,266	2%
Missiles and Fire Control	3,219	2,866	12%	11,693	11,257	4%
Rotary and Mission Systems	4,460	4,212	6%	16,789	15,995	5%
Space	2,923	3,240	(10%)	11,814	11,880	(1%)
Total net sales	\$ 17,729	\$ 17,032	4%	\$ 67,044	\$ 65,398	3%
Operating profit						
Aeronautics	\$ 820	\$ 727	13%	\$ 2,799	\$ 2,843	(2%)
Missiles and Fire Control	438	374	17%	1,648	1,545	7%
Rotary and Mission Systems	448	406	10%	1,798	1,615	11%
Space	308	368	(16%)	1,134	1,149	(1%)
Total business segment operating profit	2,014	1,875	7%	7,379	7,152	3%
Unallocated items						
FAS/CAS operating adjustment	491	469		1,960	1,876	
Severance and restructuring charges ¹	-	(27)		(36)	(27)	
Other, net ²	(50)	(28)		(180)	(357)	
Total unallocated items	441	414	7%	1,744	1,492	17%
Total consolidated operating profit	\$ 2,455	\$ 2,289	7%	\$ 9,123	\$ 8,644	6%
Operating margin						
Aeronautics	11.5%	10.8%		10.5%	10.8%	
Missiles and Fire Control	13.6%	13.0%		14.1%	13.7%	
Rotary and Mission Systems	10.0%	9.6%		10.7%	10.1%	
Space	10.5%	11.4%		9.6%	9.7%	
Total business segment operating margin	11.4%	11.0%		11.0%	10.9%	
Total consolidated operating margin	13.8%	13.4%		13.6%	13.2%	

¹ Severance and restructuring charges for the year ended Dec. 31, 2021 include charges of \$36 million (\$28 million, or \$0.10 per share, after-tax) for previously announced actions at the company's Rotary and Mission Systems business segment recognized in the first quarter of 2021. Severance and restructuring charges for the quarter and year ended Dec. 31, 2020 include charges of \$27 million (\$21 million, or \$0.08 per share, after-tax) for previously announced actions related to corporate functions recognized in the fourth quarter of 2020.

² Other, net for the year ended Dec. 31, 2020 includes a noncash impairment charge of \$128 million (\$96 million, or \$0.34 per share, after-tax) for the investment in the international equity method investee, Advanced Military Maintenance, Repair and Overhaul Center (AMMROC) recognized in the second quarter of 2020.

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

	Quarters Ended Dec. 31,		Years Ended Dec. 31,	
	2021	2020	2021	2020
Amortization of purchased intangibles				
Aeronautics	\$ -	\$ -	\$ 1	\$ -
Missiles and Fire Control	-	-	2	2
Rotary and Mission Systems	58	58	232	232
Space	4	16	50	37
Total amortization of purchased intangibles	\$ 62	\$ 74	\$ 285	\$ 271

	2022 Outlook	2021 Actual
Total FAS income (expense) and CAS costs		
FAS pension income (expense)	\$ 460	\$ (1,398)
Less: CAS pension cost	1,800	2,066
Net FAS/CAS pension adjustment	2,260	668
Less: pension settlement charge	\$ -	1,665
Net 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)
Net FAS/CAS pension adjustment	2,260	668
Less: pension settlement charge	0	1,665
Net FAS/CAS pension adjustment - adjusted ^{1,2}	\$ 2,260	\$ 2,333

¹ Net 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 non-service 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)

	<u>Dec. 31,</u> <u>2021</u>	<u>Dec. 31</u> <u>2020</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 3,604	\$ 3,160
Receivables, net	1,963	1,978
Contract assets	10,579	9,545
Inventories	2,981	3,545
Other current assets	688	1,150
Total current assets	<u>19,815</u>	<u>19,378</u>
Property, plant and equipment, net	7,597	7,213
Goodwill	10,813	10,806
Intangible assets, net	2,706	3,012
Deferred income taxes	2,290	3,475
Other noncurrent assets	7,652	6,826
Total assets	<u>\$ 50,873</u>	<u>\$ 50,710</u>
Liabilities and equity		
Current liabilities		
Accounts payable	\$ 780	\$ 880
Salaries, benefits and payroll taxes	3,108	3,163
Contract liabilities	8,107	7,545
Current maturities of long-term debt	6	500
Other current liabilities	1,996	1,845
Total current liabilities	<u>13,997</u>	<u>13,933</u>
Long-term debt, net	11,670	11,669
Accrued pension liabilities	8,319	12,874
Other noncurrent liabilities	5,928	6,196
Total liabilities	<u>39,914</u>	<u>44,672</u>
Stockholders' equity		
Common stock, \$1 par value per share	271	279
Additional paid-in capital	94	221
Retained earnings	21,600	21,636
Accumulated other comprehensive loss	(11,006)	(16,121)
Total stockholders' equity	<u>10,959</u>	<u>6,015</u>
Noncontrolling interests in subsidiary	-	23
Total equity	<u>10,959</u>	<u>6,038</u>
Total liabilities and equity	<u>\$ 50,873</u>	<u>\$ 50,710</u>

Table 4

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

	Years Ended Dec. 31,	
	2021	2020
Operating activities		
Net earnings	\$ 6,315	\$ 6,833
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation and amortization	1,364	1,290
Stock-based compensation	227	221
Equity method investment impairment	-	128
Tax resolution related to former IS&GS business	-	55
Deferred income taxes	(183)	5
Pension settlement charge	1,665	-
Severance and restructuring charges	36	27
Changes in assets and liabilities		
Receivables, net	15	359
Contract assets	(1,034)	(451)
Inventories	564	74
Accounts payable	(98)	(372)
Contract liabilities	562	491
Income taxes	45	(19)
Postretirement benefit plans	(267)	(1,197)
Other, net	10	739
Net cash provided by operating activities	9,221	8,183
Investing activities		
Capital expenditures	(1,522)	(1,766)
Acquisitions of businesses	-	(282)
Other, net	361	38
Net cash used for investing activities	(1,161)	(2,010)
Financing activities		
Issuance of long-term debt, net of related costs	-	1,131
Repayments of long-term debt	(500)	(1,650)
Repurchases of common stock	(4,087)	(1,100)
Dividends paid	(2,940)	(2,764)
Other, net	(89)	(144)
Net cash used for financing activities	(7,616)	(4,527)
Net change in cash and cash equivalents	444	1,646
Cash and cash equivalents at beginning of year	3,160	1,514
Cash and cash equivalents at end of year	\$ 3,604	\$ 3,160

Table 5

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

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Noncontrolling Interests in Subsidiary	Total Equity
Balance at Dec. 31, 2020	\$ 279	\$ 221	\$ 21,636	\$ (16,121)	\$ 6,015	\$ 23	\$ 6,038
Net earnings	-	-	6,315	-	6,315	-	6,315
Other comprehensive income, net of tax ¹	-	-	-	5,115	5,115	-	5,115
Dividends declared ²	-	-	(2,944)	-	(2,944)	-	(2,944)
Repurchases of common stock	(9)	(671)	(3,407)	-	(4,087)	-	(4,087)
Stock-based awards, ESOP activity and other	1	544	-	-	545	-	545
Net decrease in noncontrolling interests in subsidiary	-	-	-	-	-	(23)	(23)
Balance at Dec. 31, 2021	\$ 271	\$ 94	\$ 21,600	\$ (11,006)	\$ 10,959	\$ -	\$ 10,959

¹ The change in other comprehensive loss, net of tax primarily relates to amounts recognized for the company's post-retirement benefit plans.

² Represents dividends of \$2.60 per share declared for each of the first, second and third quarters of 2021 and dividends of \$2.80 per share declared for the fourth quarter of 2021.

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

	Dec. 31, 2021	Dec. 31 2020
Backlog		
Aeronautics	\$ 49,118	\$ 56,551
Missiles and Fire Control	27,021	29,183
Rotary and Mission Systems	33,700	36,249
Space	25,516	25,148
Total backlog	\$ 135,355	\$ 147,131

Aircraft Deliveries	Quarters Ended Dec. 31,		Years Ended Dec. 31,	
	2021	2020	2021	2020
F-35	52	42	142	120
C-130J	7	10	22	22
Government helicopter programs	37	32	90	80
Commercial helicopter programs	1	1	3	1
International military helicopter programs	8	8	17	15

Number of Weeks in Reporting Period¹	2022	2021	2020
First quarter	12	12	13
Second quarter	13	13	13
Third quarter	13	13	13
Fourth quarter	14	14	13

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.