

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

	Quarters Ended		Nine Months Ended	
	Sept. 25, 2022	Sept. 26, 2021	Sept. 25, 2022	Sept. 26, 2021
Net sales	\$ 16,583	\$ 16,028	\$ 46,993	\$ 49,315
Cost of sales ²	(14,463)	(13,726)	(41,008)	(42,676)
Gross profit	2,120	2,302	5,985	6,639
Other income (expense), net	39	(8)	70	29
Operating profit	2,159	2,294	6,055	6,668
Interest expense	(145)	(141)	(421)	(423)
Non-service FAS pension income (expense) ³	111	(1,572)	(1,080)	(1,385)
Other non-operating (expense) income, net ⁴	(26)	98	(64)	200
Earnings before income taxes	2,099	679	4,490	5,060
Income tax expense	(321)	(65)	(670)	(794)
Net earnings	\$ 1,778	\$ 614	\$ 3,820	\$ 4,266
Effective tax rate	15.3 %	9.6 %	14.9 %	15.7 %
Earnings per common share				
Basic	\$ 6.73	\$ 2.22	\$ 14.36	\$ 15.37
Diluted	\$ 6.71	\$ 2.21	\$ 14.31	\$ 15.32
Weighted average shares outstanding				
Basic	264.1	276.2	266.0	277.5
Diluted	265.1	277.3	266.9	278.5
Common shares reported in stockholders' equity at end of period			261	274

¹ The company 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 Sept. 25, for the third quarter of 2022 and Sept. 26, for the third 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 company's fiscal year ends on Dec. 31.

² In the quarters ended Sept. 25, 2022 and Sept. 26, 2021, the company recognized net losses of \$33 million (\$25 million, or \$0.09 per share, after-tax) and net gains of \$21 million (\$16 million, or \$0.06 per share, after-tax) due to changes in the fair value of investments held in a trust for deferred compensation plans.

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

⁴ Other non-operating (expense) income, net for the quarters ended Sept. 25, 2022 and Sept. 26, 2021 include net losses of \$26 million (\$20 million, or \$0.07 per share, after-tax) and net gains of \$98 million (\$74 million, or 0.27 per share, after-tax) due to changes 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			Nine Months Ended		
	Sept. 25, 2022	Sept. 26, 2021	% Change	Sept. 25, 2022	Sept. 26, 2021	% Change
Net sales						
Aeronautics	\$ 7,089	\$ 6,568	8%	\$ 19,352	\$ 19,621	(1%)
Missiles and Fire Control	2,831	2,781	2%	8,030	8,474	(5%)
Rotary and Mission Systems	3,781	3,980	(5%)	11,345	12,329	(8%)
Space	2,882	2,699	7%	8,266	8,891	(7%)
Total net sales	\$ 16,583	\$ 16,028	3%	\$ 46,993	\$ 49,315	(5%)
Operating profit						
Aeronautics	\$ 759	\$ 714	6%	\$ 2,050	\$ 1,979	4%
Missiles and Fire Control	382	413	(8%)	1,184	1,210	(2%)
Rotary and Mission Systems	414	459	(10%)	1,165	1,350	(14%)
Space	301	264	14%	814	826	(1%)
Total business segment operating profit	1,856	1,850	—%	5,213	5,365	(3%)
Unallocated items						
FAS/CAS operating adjustment	430	491		1,281	1,469	
Severance and restructuring charges	—	—		—	(36)	
Other, net ¹	(127)	(47)		(439)	(130)	
Total unallocated items	303	444	(32%)	842	1,303	(35%)
Total consolidated operating profit	\$ 2,159	\$ 2,294	(6%)	\$ 6,055	\$ 6,668	(9%)
Operating margin						
Aeronautics	10.7%	10.9%		10.6%	10.1%	
Missiles and Fire Control	13.5%	14.9%		14.7%	14.3%	
Rotary and Mission Systems	10.9%	11.5%		10.3%	10.9%	
Space	10.4%	9.8%		9.8%	9.3%	
Total business segment operating margin	11.2%	11.5%		11.1%	10.9%	
Total consolidated operating margin	13.0%	14.3%		12.9%	13.5%	

¹ Other, net for the quarters ended Sept. 25, 2022 and Sept. 26, 2021 include net losses of \$33 million (\$25 million, or \$0.09 per share, after-tax) and net gains of \$21 million (\$16 million, or \$0.06 per share, after-tax) due to changes in the fair value of investments held in a trust for deferred compensation plans.

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

	Sept. 25, 2022	Dec. 31, 2021
Assets		
Current assets		
Cash and cash equivalents	\$ 2,430	\$ 3,604
Receivables, net	2,484	1,963
Contract assets	12,333	10,579
Inventories	3,113	2,981
Other current assets	600	688
Total current assets	<u>20,960</u>	<u>19,815</u>
Property, plant and equipment, net	7,629	7,597
Goodwill	10,764	10,813
Intangible assets, net	2,521	2,706
Deferred income taxes	3,116	2,290
Other noncurrent assets	7,040	7,652
Total assets	<u>\$ 52,030</u>	<u>\$ 50,873</u>
Liabilities and equity		
Current liabilities		
Accounts payable	\$ 2,622	\$ 780
Salaries, benefits and payroll taxes	3,151	3,108
Contract liabilities	8,059	8,107
Other current liabilities	2,515	2,002
Total current liabilities	<u>16,347</u>	<u>13,997</u>
Long-term debt, net	11,480	11,670
Accrued pension liabilities	5,745	8,319
Other noncurrent liabilities	6,492	5,928
Total liabilities	<u>40,064</u>	<u>39,914</u>
Stockholders' equity		
Common stock, \$1 par value per share	261	271
Additional paid-in capital	—	94
Retained earnings	19,839	21,600
Accumulated other comprehensive loss	(8,134)	(11,006)
Total stockholders' equity	<u>11,966</u>	<u>10,959</u>
Total liabilities and equity	<u>\$ 52,030</u>	<u>\$ 50,873</u>

Table 3

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

	Nine Months Ended	
	Sept. 25, 2022	Sept. 26, 2021
Operating activities		
Net earnings	\$ 3,820	\$ 4,266
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation and amortization	965	999
Stock-based compensation	195	189
Deferred income taxes	(540)	(235)
Pension settlement charge	1,470	1,665
Severance and restructuring charges	—	36
Changes in assets and liabilities		
Receivables, net	(521)	(289)
Contract assets	(1,754)	(3,152)
Inventories	(132)	642
Accounts payable	1,834	653
Contract liabilities	(48)	(30)
Income taxes	113	55
Qualified defined benefit pension plans	(322)	(200)
Other, net	794	354
Net cash provided by operating activities	5,874	4,953
Investing activities		
Capital expenditures	(977)	(915)
Other, net	(4)	296
Net cash used for investing activities	(981)	(619)
Financing activities		
Issuance of long-term debt, net of related costs	2,267	—
Repayments of long-term debt	(2,250)	(500)
Repurchases of common stock	(3,694)	(2,000)
Dividends paid	(2,250)	(2,178)
Other, net	(140)	(89)
Net cash used for financing activities	(6,067)	(4,767)
Net change in cash and cash equivalents	(1,174)	(433)
Cash and cash equivalents at beginning of period	3,604	3,160
Cash and cash equivalents at end of period	\$ 2,430	\$ 2,727

Table 4

Lockheed Martin Corporation
Other Supplemental Information
(unaudited; in millions)

Our pretax FAS (expense) income related to our qualified defined benefit pension plans consisted of the following:

	Quarters Ended		Nine Months Ended	
	Sept. 25, 2022	Sept. 26, 2021	Sept. 25, 2022	Sept. 26, 2021
Qualified defined benefit pension plans				
Operating:				
Service cost	\$ (20)	\$ (26)	\$ (68)	\$ (80)
Non-operating:				
Interest cost	(342)	(302)	(947)	(923)
Expected return on plan assets	425	517	1,430	1,655
Recognized net actuarial losses	(62)	(210)	(363)	(714)
Amortization of prior service credits	90	88	270	262
Pension settlement charge	—	(1,665)	(1,470)	(1,665)
Non-service FAS pension income (expense)	111	(1,572)	(1,080)	(1,385)
Total FAS pension income (expense)	91	(1,598)	(1,148)	(1,465)
Less: pension settlement charge	—	1,665	1,470	1,665
Total FAS pension income - adjusted¹	\$ 91	\$ 67	\$ 322	\$ 200

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

Our total net FAS/CAS pension adjustment for the quarters and nine months ended Sept. 25, 2022 and Sept. 26, 2021, including the service and non-service cost components of FAS pension income (expense) for our qualified defined benefit pension plans, were as follows:

	Quarters Ended		Nine Months Ended	
	Sept. 25, 2022	Sept. 26, 2021	Sept. 25, 2022	Sept. 26, 2021
Total FAS income (expense) and CAS cost				
FAS pension income (expense)	\$ 91	\$ (1,598)	\$ (1,148)	\$ (1,465)
Less: CAS pension cost	450	517	1,349	1,549
Net FAS/CAS pension adjustment	541	(1,081)	201	84
Less: pension settlement charge	—	1,665	1,470	1,665
Net FAS/CAS pension adjustment - adjusted ¹	\$ 541	\$ 584	\$ 1,671	\$ 1,749
Service and non-service cost reconciliation				
FAS pension service cost	\$ (20)	\$ (26)	\$ (68)	\$ (80)
Less: CAS pension cost	450	517	1,349	1,549
FAS/CAS pension operating adjustment	430	491	1,281	1,469
Non-service FAS pension income (expense)	111	(1,572)	(1,080)	(1,385)
Net FAS/CAS pension adjustment	541	(1,081)	201	84
Less: pension settlement charge	—	1,665	1,470	1,665
Net FAS/CAS pension adjustment - adjusted ¹	\$ 541	\$ 584	\$ 1,671	\$ 1,749

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.

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

	2022 Outlook	2021 Actual
Total FAS expense and CAS cost		
Total FAS pension expense	\$ (1,060)	\$ (1,398)
Less: CAS pension cost	<u>1,800</u>	<u>2,066</u>
Total FAS/CAS pension adjustment	740	668
Less: pension settlement charge	<u>1,470</u>	<u>1,665</u>
Net FAS/CAS pension adjustment - adjusted ^{1,2}	<u><u>\$ 2,210</u></u>	<u><u>\$ 2,333</u></u>
Service and non-service cost reconciliation		
FAS pension service cost	\$ (90)	\$ (106)
Less: CAS pension cost	<u>1,800</u>	<u>2,066</u>
FAS/CAS operating adjustment	1,710	1,960
FAS pension non-service expense	<u>(970)</u>	<u>(1,292)</u>
Total FAS/CAS pension adjustment	740	668
Less: pension settlement charge	<u>1,470</u>	<u>1,665</u>
Net FAS/CAS pension adjustment - adjusted ^{1,2}	<u><u>\$ 2,210</u></u>	<u><u>\$ 2,333</u></u>

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 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 \$1,470 million in the second quarter of 2022, and \$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
Other Financial and Operating Information
(unaudited; in millions, except for aircraft deliveries and weeks)

	Quarters Ended		Nine Months Ended	
	Sept. 25, 2022	Sept. 26, 2021	Sept. 25, 2022	Sept. 26, 2021
Amortization of purchased intangibles				
Aeronautics	\$ —	\$ —	\$ 1	\$ 1
Missiles and Fire Control	1	1	2	2
Rotary and Mission Systems	58	58	174	174
Space	3	2	9	46
Total amortization of purchased intangibles	\$ 62	\$ 61	\$ 186	\$ 223

	Sept. 25, 2022	Dec. 31, 2021
Backlog		
Aeronautics	\$ 48,162	\$ 49,118
Missiles and Fire Control	28,077	27,021
Rotary and Mission Systems	35,026	33,700
Space	28,448	25,516
Total backlog	\$ 139,713	\$ 135,355

	Quarters Ended		Nine Months Ended	
	Sept. 25, 2022	Sept. 26, 2021	Sept. 25, 2022	Sept. 26, 2021
Aircraft Deliveries				
F-35	27	36	88	90
C-130J	7	7	18	15
Government helicopter programs	20	18	62	53
Commercial helicopter programs	—	1	—	2
International military helicopter programs	—	1	5	9

	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