

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

| | Quarters Ended | | Six Months Ended | |
|---|------------------|------------------|------------------|------------------|
| | June 27, 2021 | June 28, 2020 | June 27, 2021 | June 28, 2020 |
| Net sales | \$ 17,029 | \$ 16,220 | \$ 33,287 | \$ 31,871 |
| Cost of sales | (14,878) | (14,007) | (28,950) | (27,567) |
| Gross profit | 2,151 | 2,213 | 4,337 | 4,304 |
| Other income (expense), net ² | 41 | (127) | 37 | (96) |
| Operating profit³ | 2,192 | 2,086 | 4,374 | 4,208 |
| Interest expense | (142) | (149) | (282) | (297) |
| Other non-operating income, net | 120 | 25 | 289 | 81 |
| Earnings before income taxes | 2,170 | 1,962 | 4,381 | 3,992 |
| Income tax expense | (355) | (336) | (729) | (649) |
| Net earnings | 1,815 | 1,626 | 3,652 | 3,343 |
| Effective tax rate | 16.4 % | 17.1 % | 16.6 % | 16.3 % |
| Earnings per common share | | | | |
| Basic | \$ 6.54 | 5.81 | \$ 13.13 | \$ 11.92 |
| Diluted | \$ 6.52 | 5.79 | \$ 13.08 | \$ 11.87 |
| Weighted average shares outstanding | | | | |
| Basic | 277.4 | 279.8 | 278.1 | 280.5 |
| Diluted | 278.4 | 280.8 | 279.1 | 281.7 |
| Common shares reported in stockholders' equity at end of period | | | 276 | 278 |

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 June 27 for the second quarter of 2021 and June 28 for the second quarter of 2020. 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 second quarter of 2020, the company recognized a noncash impairment charge of \$128 million (\$96 million, or \$0.34 per share, after tax) for its investment in the international equity method investee, AMMROC which the company has sold.

³ The company has experienced performance issues on a classified program at its Aeronautics business segment. During the second quarter of 2021, the company completed a comprehensive review of the program determined that estimated total costs to complete the program are expected to exceed the contract price. As a result, the company recorded a loss of \$225 million (\$169 million, or \$0.61 per share, after tax) at its Aeronautics business segment.

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

| | Quarters Ended | | | Six Months Ended | | |
|--|------------------|------------------|-------------|------------------|------------------|------------|
| | June 27, 2021 | June 28, 2020 | % Change | June 27, 2021 | June 28, 2020 | % Change |
| Net sales | | | | | | |
| Aeronautics | \$ 6,666 | \$ 6,503 | 3% | \$ 13,053 | \$ 12,872 | 1% |
| Missiles and Fire Control | 2,944 | 2,801 | 5% | 5,693 | 5,420 | 5% |
| Rotary and Mission Systems | 4,242 | 4,039 | 5% | 8,349 | 7,785 | 7% |
| Space | 3,177 | 2,877 | 10% | 6,192 | 5,794 | 7% |
| Total net sales | \$ 17,029 | \$ 16,220 | 5% | \$ 33,287 | \$ 31,871 | 4% |
| Operating profit | | | | | | |
| Aeronautics ¹ | \$ 572 | \$ 739 | (23%) | \$ 1,265 | \$ 1,411 | (10%) |
| Missiles and Fire Control | 401 | 370 | 8% | 797 | 766 | 4% |
| Rotary and Mission Systems | 458 | 429 | 7% | 891 | 805 | 11% |
| Space | 335 | 252 | 33% | 562 | 533 | 5% |
| Total business segment operating profit | 1,766 | 1,790 | (1%) | 3,515 | 3,515 | -% |
| Unallocated items | | | | | | |
| FAS/CAS operating adjustment | 489 | 469 | | 978 | 938 | |
| Severance and restructuring charges | - | - | | (36) | - | |
| Other, net ² | (63) | (173) | | (83) | (245) | |
| Total unallocated items | 426 | 296 | 44% | 859 | 693 | 24% |
| Total consolidated operating profit | \$ 2,192 | \$ 2,086 | 5% | \$ 4,374 | \$ 4,208 | 4% |
| Operating margin | | | | | | |
| Aeronautics | 8.6% | 11.4% | | 9.7% | 11.0% | |
| Missiles and Fire Control | 13.6% | 13.2% | | 14.0% | 14.1% | |
| Rotary and Mission Systems | 10.8% | 10.6% | | 10.7% | 10.3% | |
| Space | 10.5% | 8.8% | | 9.1% | 9.2% | |
| Total business segment operating margin | 10.4% | 11.0% | | 10.6% | 11.0% | |
| Total consolidated operating margin | 12.9% | 12.9% | | 13.1% | 13.2% | |

¹ The company has experienced performance issues on a classified program at its Aeronautics business segment. During the second quarter of 2021, the company completed a comprehensive review of the program determined that estimated total costs to complete the program are expected to exceed the contract price. As a result, the company recorded a loss of \$225 million (\$169 million, or \$0.61 per share, after tax) at its Aeronautics business segment.

² In the second quarter of 2020, the company recognized a noncash impairment charge of \$128 million (\$96 million, or \$0.34 per share, after tax) for its investment in the international equity method investee, AMMROC which the company has sold.

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

| | Quarters Ended | | Six Months Ended | |
|--|------------------|------------------|------------------|------------------|
| | June 27, 2021 | June 28, 2020 | June 27, 2021 | June 28, 2020 |
| Amortization of purchased intangibles | | | | |
| Aeronautics | \$ 1 | \$ - | \$ 1 | \$ - |
| Missiles and Fire Control | - | - | 1 | 1 |
| Rotary and Mission Systems | 58 | 58 | 116 | 116 |
| Space | 22 | 7 | 44 | 14 |
| Total amortization of purchased intangibles | \$ 81 | \$ 65 | \$ 162 | \$ 131 |

| | 2021 Outlook | 2020 Actual |
|---------------------------------------|-----------------|-----------------|
| Total FAS income and CAS costs | | |
| FAS pension income | \$ 265 | \$ 118 |
| Less: CAS pension cost | 2,065 | 1,977 |
| Net FAS/CAS pension adjustment | \$ 2,330 | \$ 2,095 |

| | 2021 Outlook | 2020 Actual |
|--|-----------------|-----------------|
| Service and non-service cost reconciliation | | |
| FAS pension service cost | \$ (110) | \$ (101) |
| Less: CAS pension cost | 2,065 | 1,977 |
| FAS/CAS operating adjustment | 1,955 | 1,876 |
| Non-operating FAS pension income ¹ | 375 | 219 |
| Net FAS/CAS pension adjustment | \$ 2,330 | \$ 2,095 |

¹ The company records the non-service cost components of net periodic benefit cost as part of other non-operating income in the consolidated statement of earnings. The non-service cost components in the table above relate only to the company's qualified defined benefit pension plans. The company expects non-service income for its qualified defined benefit pension plans in the table above, along with non-service income for its other postretirement benefit plans of \$5 million, to total non-service income of \$380 million for 2021. The company recorded non-service cost for its other postretirement benefit plans of \$33 million in 2020, in addition to its non-service income for its qualified defined benefit pension plans in the table above, to total non-service income of \$186 million in 2020.

Table 3

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

| | June 27, 2021 | Dec. 31, 2020 |
|--|------------------|------------------|
| | (unaudited) | |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 2,745 | \$ 3,160 |
| Receivables, net | 2,611 | 1,978 |
| Contract assets | 11,425 | 9,545 |
| Inventories | 3,119 | 3,545 |
| Other current assets | 774 | 1,150 |
| Total current assets | <u>20,674</u> | <u>19,378</u> |
| Property, plant and equipment, net | 7,290 | 7,213 |
| Goodwill | 10,810 | 10,806 |
| Intangible assets, net | 2,849 | 3,012 |
| Deferred income taxes | 3,377 | 3,475 |
| Other noncurrent assets | 7,099 | 6,826 |
| Total assets | <u>\$ 52,099</u> | <u>\$ 50,710</u> |
| Liabilities and equity | | |
| Current liabilities | | |
| Accounts payable | \$ 1,608 | \$ 880 |
| Contract liabilities | 7,379 | 7,545 |
| Salaries, benefits and payroll taxes | 3,029 | 3,163 |
| Current maturities of long-term debt | 506 | 500 |
| Other current liabilities | 2,720 | 1,845 |
| Total current liabilities | <u>15,242</u> | <u>13,933</u> |
| Long-term debt, net | 11,665 | 11,669 |
| Accrued pension liabilities | 12,412 | 12,874 |
| Other noncurrent liabilities | 6,250 | 6,196 |
| Total liabilities | <u>45,569</u> | <u>44,672</u> |
| Stockholders' equity | | |
| Common stock, \$1 par value per share | 276 | 279 |
| Additional paid-in capital | 122 | 221 |
| Retained earnings | 21,961 | 21,636 |
| Accumulated other comprehensive loss | (15,837) | (16,121) |
| Total stockholders' equity | <u>6,522</u> | <u>6,015</u> |
| Noncontrolling interests in subsidiary | 8 | 23 |
| Total equity | <u>6,530</u> | <u>6,038</u> |
| Total liabilities and equity | <u>\$ 52,099</u> | <u>\$ 50,710</u> |

Table 4

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

| | Six Months Ended | |
|--|------------------|------------------|
| | June 27, 2021 | June 28, 2020 |
| Operating activities | | |
| Net earnings | \$ 3,652 | \$ 3,343 |
| Adjustments to reconcile net earnings to net cash provided by operating activities | | |
| Depreciation and amortization | 670 | 608 |
| Stock-based compensation | 127 | 115 |
| Equity method investment impairment | - | 128 |
| Severance and restructuring charges | 36 | - |
| Changes in assets and liabilities | | |
| Receivables, net | (633) | (498) |
| Contract assets | (1,880) | (727) |
| Inventories | 426 | 98 |
| Accounts payable | 743 | 191 |
| Contract liabilities | (166) | 427 |
| Postretirement benefit plans | (133) | (77) |
| Income taxes | 33 | 473 |
| Other, net | 141 | 415 |
| Net cash provided by operating activities | 3,016 | 4,496 |
| Investing activities | | |
| Capital expenditures | (599) | (636) |
| Other, net | 210 | 4 |
| Net cash used for investing activities | (389) | (632) |
| Financing activities | | |
| Dividends paid | (1,460) | (1,364) |
| Repurchases of common stock | (1,500) | (1,015) |
| Issuance of long-term debt, net of related costs | - | 1,131 |
| Repayments of current and long-term debt | - | (1,150) |
| Other, net | (82) | (125) |
| Net cash used for financing activities | (3,042) | (2,523) |
| Net change in cash and cash equivalents | (415) | 1,341 |
| Cash and cash equivalents at beginning of year | 3,160 | 1,514 |
| Cash and cash equivalents at end of year | \$ 2,745 | \$ 2,855 |

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 | - | - | 3,652 | - | 3,652 | - | 3,652 |
| Other comprehensive income, net of tax ¹ | - | - | - | 284 | 284 | - | 284 |
| Dividends declared ² | - | - | (2,179) | - | (2,179) | - | (2,179) |
| Repurchases of common stock | (4) | (348) | (1,148) | - | (1,500) | - | (1,500) |
| Stock-based awards, ESOP activity and other | 1 | 249 | - | - | 250 | - | 250 |
| Net decrease in noncontrolling interests in subsidiary | - | - | - | - | - | (15) | (15) |
| Balance at June 27, 2021 | \$ 276 | \$ 122 | \$ 21,961 | \$ (15,837) | \$ 6,522 | \$ 8 | \$ 6,530 |

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

² Represents dividends of \$2.60 per share declared for each of the first, second and third quarters of 2021. In the second quarter, the company declared the second and third quarter dividends. However, the third quarter dividend will be paid in Sept. 2021.

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

| | June 27, 2021 | Dec. 31, 2020 |
|----------------------------|-------------------|-------------------|
| Backlog | | |
| Aeronautics | \$ 50,296 | \$ 56,551 |
| Missiles and Fire Control | 29,285 | 29,183 |
| Rotary and Mission Systems | 35,329 | 36,249 |
| Space | 26,754 | 25,148 |
| Total backlog | \$ 141,664 | \$ 147,131 |

| | Quarters Ended | | Six Months Ended | |
|--|------------------|------------------|------------------|------------------|
| | June 27, 2021 | June 28, 2020 | June 27, 2021 | June 28, 2020 |
| Aircraft Deliveries | | | | |
| F-35 | 37 | 25 | 54 | 47 |
| C-130J | 6 | 5 | 8 | 8 |
| Government helicopter programs | 20 | 16 | 35 | 29 |
| Commercial helicopter programs | - | - | 1 | - |
| International military helicopter programs | 7 | 2 | 8 | 4 |

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

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