

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

	Quarters Ended Dec. 31,		Years Ended Dec. 31,	
	2020	2019	2020	2019
Net sales	\$ 17,032	\$ 15,878	\$ 65,398	\$ 59,812
Cost of sales ¹	(14,818)	(13,755)	(56,744)	(51,445)
Gross profit	2,214	2,123	8,654	8,367
Other (expense) income, net ^{2,3,4}	75	26	(10)	178
Operating profit	2,289	2,149	8,644	8,545
Interest expense	(149)	(157)	(591)	(653)
Other non-operating income (expense), net	47	(160)	182	(651)
Earnings from continuing operations before income taxes	2,187	1,832	8,235	7,241
Income tax expense ⁵	(395)	(334)	(1,347)	(1,011)
Net earnings from continuing operations	1,792	1,498	6,888	6,230
Net loss from discontinued operations ⁵	-	-	(55)	-
Net earnings	1,792	1,498	6,833	6,230
Effective tax rate	18.1 %	18.2 %	16.4 %	14.0 %
Earnings (loss) per common share				
Basic				
Continuing operations	\$ 6.41	\$ 5.32	\$ 24.60	\$ 22.09
Discontinued operations ⁶	-	-	(0.20)	-
Basic earnings per common share	\$ 6.41	\$ 5.32	\$ 24.40	\$ 22.09
Diluted				
Continuing operations	\$ 6.38	\$ 5.29	\$ 24.50	\$ 21.95
Discontinued operations ⁶	-	-	(0.20)	-
Diluted earnings per common share	\$ 6.38	\$ 5.29	\$ 24.30	\$ 21.95
Weighted average shares outstanding				
Basic	279.7	281.4	280.0	282.0
Diluted	281.0	283.3	281.2	283.8
Common shares reported in stockholders' equity at end of period			279	280

- ¹ In the quarter and year ended Dec. 31, 2020, the corporation recognized severance charges of \$27 million (\$21 million, or \$0.08 per share, after-tax) primarily related to corporate functions.
- ² In the year ended Dec. 31, 2020, the corporation recognized a non-cash impairment charge of \$128 million (\$96 million, or \$0.34 per share, after tax) for its investment in the international equity method investee, Advanced Military Maintenance, Repair and Overhaul Center (AMMROC).
- ³ In the year ended Dec. 31, 2019, the corporation recognized a previously deferred non-cash gain of \$51 million (\$38 million, or \$0.13 per share, after tax) related to properties sold in 2015 as a result of completing its remaining obligations.
- ⁴ In the quarter and year ended Dec. 31, 2019, the corporation recognized a gain of \$34 million (approximately \$0 after-tax) for the sale of its Distributed Energy Solutions business, a commercial energy service provider that was part of its Missiles and Fire Control business segment.
- ⁵ Net earnings for the year ended Dec. 31, 2019 included benefits of \$127 million (\$0.45 per share), from the discrete recording of additional tax deductions related to 2018, primarily attributable to foreign derived intangible income treatment based on proposed tax regulations released on March 4, 2019 and a change in tax accounting method.
- ⁶ Net loss from discontinued operations for the year ended Dec. 31, 2020 includes a \$55 million (\$0.20 per share) non-cash charge resulting from the resolution of certain tax matters related to the former IS&GS business divested in 2016.

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

	Quarters Ended Dec. 31,			Years Ended Dec. 31,		
	2020	2019	% Change	2020	2019	% Change
Net sales						
Aeronautics	\$ 6,714	\$ 6,381	5%	\$ 26,266	\$ 23,693	11%
Missiles and Fire Control	2,866	2,769	4%	11,257	10,131	11%
Rotary and Mission Systems	4,212	3,889	8%	15,995	15,128	6%
Space	3,240	2,839	14%	11,880	10,860	9%
Total net sales	\$ 17,032	\$ 15,878	7%	\$ 65,398	\$ 59,812	9%
Operating profit						
Aeronautics	\$ 727	\$ 679	7%	\$ 2,843	\$ 2,521	13%
Missiles and Fire Control	374	348	7%	1,545	1,441	7%
Rotary and Mission Systems	406	353	15%	1,615	1,421	14%
Space	368	260	42%	1,149	1,191	(4%)
Total business segment operating profit	1,875	1,640	14%	7,152	6,574	9%
Unallocated items						
FAS/CAS operating adjustment	469	512		1,876	2,049	
Severance charges	(27)	-		(27)	-	
Other, net ^{1,2,3}	(28)	(3)		(357)	(78)	
Total unallocated items	414	509	(19%)	1,492	1,971	(24%)
Total consolidated operating profit	\$ 2,289	\$ 2,149	7%	\$ 8,644	\$ 8,545	1%
Operating margin						
Aeronautics	10.8%	10.6%		10.8%	10.6%	
Missiles and Fire Control	13.0%	12.6%		13.7%	14.2%	
Rotary and Mission Systems	9.6%	9.1%		10.1%	9.4%	
Space	11.4%	9.2%		9.7%	11.0%	
Total business segment operating margin	11.0%	10.3%		10.9%	11.0%	
Total consolidated operating margin	13.4%	13.5%		13.2%	14.3%	

¹ In the year ended Dec. 31, 2019, the corporation recognized a previously deferred non-cash gain of \$51 million (\$38 million, or \$0.13 per share, after tax) related to properties sold in 2015 as a result of completing its remaining obligations.

² In the year ended Dec. 31, 2020, the corporation recognized a non-cash impairment charge of \$128 million (\$96 million, or \$0.34 per share, after tax) for its investment in the international equity method investee, AMMROC.

³ In the quarter and year ended Dec. 31, 2019, the corporation recognized a gain of \$34 million (approximately \$0 after-tax) for the sale of its Distributed Energy Solutions business, a commercial energy service provider that was part of its Missiles and Fire Control business segment.

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

	Dec. 31 2020	Dec. 31 2019
	(unaudited)	
Assets		
Current assets		
Cash and cash equivalents	\$ 3,160	\$ 1,514
Receivables, net	1,978	2,337
Contract assets	9,545	9,094
Inventories	3,545	3,619
Other current assets	1,150	531
Total current assets	<u>19,378</u>	<u>17,095</u>
Property, plant and equipment, net	7,213	6,591
Goodwill	10,806	10,604
Intangible assets, net	3,012	3,213
Deferred income taxes	3,475	3,319
Other noncurrent assets	6,826	6,706
Total assets	<u>\$ 50,710</u>	<u>\$ 47,528</u>
Liabilities and equity		
Current liabilities		
Accounts payable	\$ 880	\$ 1,281
Contract liabilities	7,545	7,054
Salaries, benefits and payroll taxes	3,163	2,466
Current maturities of long-term debt	500	1,250
Other current liabilities	1,845	1,921
Total current liabilities	<u>13,933</u>	<u>13,972</u>
Long-term debt, net	11,669	11,404
Accrued pension liabilities	12,874	13,234
Other noncurrent liabilities	6,196	5,747
Total liabilities	<u>44,672</u>	<u>44,357</u>
Stockholders' equity		
Common stock, \$1 par value per share	279	280
Additional paid-in capital	221	-
Retained earnings	21,636	18,401
Accumulated other comprehensive loss	(16,121)	(15,554)
Total stockholders' equity	<u>6,015</u>	<u>3,127</u>
Noncontrolling interests in subsidiary	23	44
Total equity	<u>6,038</u>	<u>3,171</u>
Total liabilities and equity	<u>\$ 50,710</u>	<u>\$ 47,528</u>

Table 3

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

	Years Ended Dec. 31,	
	2020	2019
Operating activities		
Net earnings	\$ 6,833	\$ 6,230
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation and amortization	1,290	1,189
Stock-based compensation	221	189
Equity method investment impairment	128	-
Tax resolution related to former IS&GS business	55	-
Deferred income taxes	5	222
Severance charges	27	-
Gain on property sale	-	(51)
Changes in assets and liabilities		
Receivables, net	359	107
Contract assets	(451)	378
Inventories	74	(622)
Accounts payable	(372)	(1,098)
Contract liabilities	491	563
Postretirement benefit plans	(1,197)	81
Income taxes	(19)	(151)
Other, net	739	274
Net cash provided by operating activities	8,183	7,311
Investing activities		
Capital expenditures	(1,766)	(1,484)
Acquisitions of businesses	(282)	-
Other, net	38	243
Net cash used for investing activities	(2,010)	(1,241)
Financing activities		
Repurchases of common stock	(1,100)	(1,200)
Dividends paid	(2,764)	(2,556)
Repayments of commercial paper, net	-	(600)
Repayments of current and long-term debt	(1,650)	(900)
Issuance of long-term debt, net of related costs	1,131	-
Other, net	(144)	(72)
Net cash used for financing activities	(4,527)	(5,328)
Net change in cash and cash equivalents	1,646	742
Cash and cash equivalents at beginning of year	1,514	772
Cash and cash equivalents at end of year	\$ 3,160	\$ 1,514

Table 4

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
Dec. 31, 2019	\$ 280	\$ -	\$ 18,401	\$ (15,554)	\$ 3,127	\$ 44	\$ 3,171
Net earnings	-	-	6,833	-	6,833	-	6,833
Other comprehensive income, net of tax ¹	-	-	-	(567)	(567)	-	(567)
Repurchases of common stock	(3)	(256)	(841)	-	(1,100)	-	(1,100)
Dividends declared ²	-	-	(2,757)	-	(2,757)	-	(2,757)
Stock-based awards, ESOP activity and other	2	477	-	-	479	-	479
Net decrease in noncontrolling interests in subsidiary	-	-	-	-	-	(21)	(21)
Dec. 31, 2020	\$ 279	\$ 221	\$ 21,636	\$ (16,121)	\$ 6,015	\$ 23	\$ 6,038

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 \$2.40 per share declared for each of the first, second and third quarters of 2020 and dividends of \$2.60 per share declared for the fourth quarter of 2020.

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

	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	<u>\$ 2,330</u>	<u>\$ 2,095</u>
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	<u>\$ 2,330</u>	<u>\$ 2,095</u>

¹ The corporation 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 corporation's qualified defined benefit pension plans. The corporation expects total non-service income for its qualified defined benefit pension plans in the table above, along with non-service cost for its other postretirement benefit plans of \$35 million, to total non-service credit of \$340 million for 2021. The corporation recorded non-service cost for its other postretirement benefit plans of \$33 million in 2020, in addition to its total non-service credit for its qualified defined benefit pension plans in the table above, for a total non-service credit of \$186 million in 2020.

	Dec. 31, 2020	Dec. 31, 2019
Backlog		
Aeronautics	\$ 56,551	\$ 55,636
Missiles and Fire Control	29,183	25,796
Rotary and Mission Systems	36,249	34,296
Space ¹	25,148	28,253
Total backlog	<u>\$ 147,131</u>	<u>\$ 143,981</u>

¹ Space backlog at Dec. 31, 2020 was reduced by approximately \$1.0 billion due to the U.K. Ministry of Defense's intent to re-nationalize the AWE program on June 30, 2021.

	Quarters Ended Dec. 31,		Years Ended Dec. 31,	
	2020	2019	2020	2019
Aircraft Deliveries				
F-35	42	51	120	134
C-130J	10	9	22	28
Government helicopter programs	32	24	80	85
International military helicopter programs	8	8	15	13

	2021	2020	2019
Number of Weeks in Reporting Period¹			
First quarter	12	13	13
Second quarter	13	13	13
Third quarter	13	13	13
Fourth quarter	14	13	13

¹ Quarters are typically 13 weeks in length but, due to our fiscal year ending on Dec. 31, the number of weeks in a reporting period may vary slightly during the year and for comparable prior year periods.