

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%	

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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.