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4th Quarter 2022 Conference Call
January 24, 2023

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Forward-Looking Statements



This presentation contains statements that, to the extent they are not recitations of historical fact, constitute forward-looking statements within the meaning of the federal securities laws, and are based on Lockheed Martin's current expectations and assumptions. The words "believe," "estimate," "anticipate," "project," "intend," "expect," "plan," "outlook," "scheduled," "forecast" and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to risks and uncertainties. Actual results may differ materially due to factors such as: budget uncertainty, the risk of future budget cuts, the impact of continuing resolution funding mechanisms and the debt ceiling and the potential for government shutdowns and changing funding and acquisition priorities; the company's reliance on contracts with the U.S. Government, which are dependent on U.S. Government funding and can be terminated for convenience, and the company's ability to negotiate favorable contract terms; risks related to the development, production, sustainment, performance, schedule, cost and requirements of complex and technologically advanced programs, including the F-35 program; planned production rates and orders for significant programs, compliance with stringent performance and reliability standards, and materials availability; the timing of contract awards or delays in contract definitization as well as the timing and customer acceptance of product deliveries and performance milestones, including the timely resolution of the pause in F-35 aircraft deliveries due to the Government-directed suspension of acceptance test flights; the company's ability to recover costs under U.S. Government contracts and the mix of fixed-price and cost-reimbursable contracts; customer procurement policies that shift risk to contractors, including competitively bid programs with fixed-price development work or follow-on production options or other financial risks; and the impact of investments, cost overruns or other cost pressures and performance issues on fixed price contracts; changes in procurement and other regulations and policies affecting the company's industry, export of its products, cost allowability or recovery, preferred contract type, and performance and progress payments policy; performance and financial viability of key suppliers, teammates, joint venture partners, subcontractors and customers; economic, industry, business and political conditions including their effects on governmental policy; the impact of inflation and other cost pressures; the impact of COVID-19 or future epidemics on the company's business and financial results, including supply chain disruptions and delays, labor challenges associated with employee absences, quarantine restrictions, travel restrictions, site access, program delays, and changes in customer payment policies; government actions that disrupt the company's supply chain or prevent the sale or delivery of its products (such as delays in approvals for exports requiring Congressional notification); trade policies or sanctions (including potential Chinese sanctions on the company or its suppliers, teammates or partners, U.S. Government sanctions on Republic of Türkiye and its removal from the F-35 program, and potential indirect effects of sanctions on Russia to the company's supply chain); the company's success expanding into and doing business in adjacent markets and internationally and the risks posed by international sales; changes in foreign national priorities and foreign government budgets and planned orders, including the impact of a strengthening U.S. dollar; the competitive environment for the company's products and services, including competition from startups and non-traditional defense contractors; the company's ability to develop and commercialize new technologies and products, including emerging digital and network technologies and capabilities; the company's ability to benefit fully from or adequately protect its intellectual property rights; the company's ability to attract and retain a highly skilled workforce, the impact of work stoppages or other labor disruptions; cyber or other security threats or other disruptions faced by the company or its suppliers; the company's ability to implement and continue, and the timing and impact of, capitalization changes such as share repurchases, dividend payments and financing transactions; the accuracy of the company's estimates and projections; the impact of pension risk transfers, including potential noncash settlement charges, timing and estimates regarding pension funding and movements in interest rates and other changes that may affect pension plan assumptions, stockholders' equity, the level of the FAS/CAS adjustment, and actual returns on pension plan assets; realizing the anticipated benefits of acquisitions or divestitures, investments, joint ventures, teaming arrangements or internal reorganizations, and market volatility affecting the fair value of investments that are marked to market; the company's efforts to increase the efficiency of its operations and improve the affordability of its products and services, including through digital transformation and cost reduction initiatives; the risk of an impairment of the company's assets, including the potential impairment of goodwill recorded at the Sikorsky line of business; the availability and adequacy of the company's insurance and indemnities; impacts of climate change and compliance with laws, regulations, policies, and customer requirements in response to climate change concerns; changes in accounting, U.S. or foreign tax, export or other laws, regulations, and policies and their interpretation or application; and the outcome of legal proceedings, bid protests, environmental remediation efforts, audits, government investigations or government allegations that the company has failed to comply with law, other contingencies and U.S. Government identification of deficiencies in its business systems. These are only some of the factors that may affect the forward-looking statements contained in this presentation. For a discussion identifying additional important factors that could cause actual results to differ materially from those anticipated in the forward-looking statements, see the company's filings with the U.S. Securities and Exchange Commission including, but not limited to, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors" in the company's Annual Report on Form 10-K for the year ended Dec. 31, 2021 and subsequent quarterly reports on Form 10-Q. The company's filings may be accessed through the Investor Relations page of its website, www.lockheedmartin.com/investor, or through the website maintained by the SEC at www.sec.gov. The company's actual financial results likely will be different from those projected due to the inherent nature of projections. Given these uncertainties, forward-looking statements should not be relied on in making investment decisions. The forward-looking statements contained in this presentation speak only as of the date of its filing. Except where required by applicable law, the company expressly disclaims a duty to provide updates to forward-looking statements after the date of this presentation to reflect subsequent events, changed circumstances, changes in expectations, or the estimates and assumptions associated with them. The forward-looking statements in this presentation are intended to be subject to the safe harbor protection provided by the federal securities laws.

2022 Results

Solid Financial Results



\$66.0B

In Sales

\$7.2B

Segment Operating Profit*

10.9%

Segment Operating Margin*

\$21.66

Earnings Per Share

1.2x

Book-to-Bill Ratio*

\$6.1B

Delivered in Free Cash Flow*

\$7.9B

Of Share Repurchases

\$3.0B

In Dividends

Strategic Capital Deployment

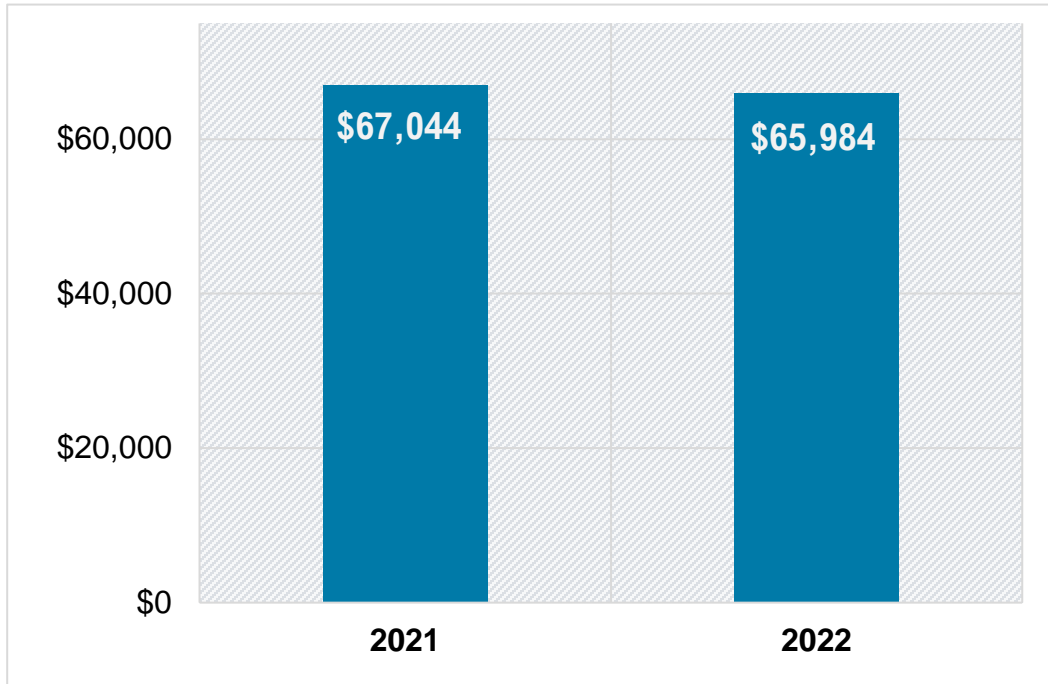
\$3.4B

Of Independent Research & Development and Capital Expenditures

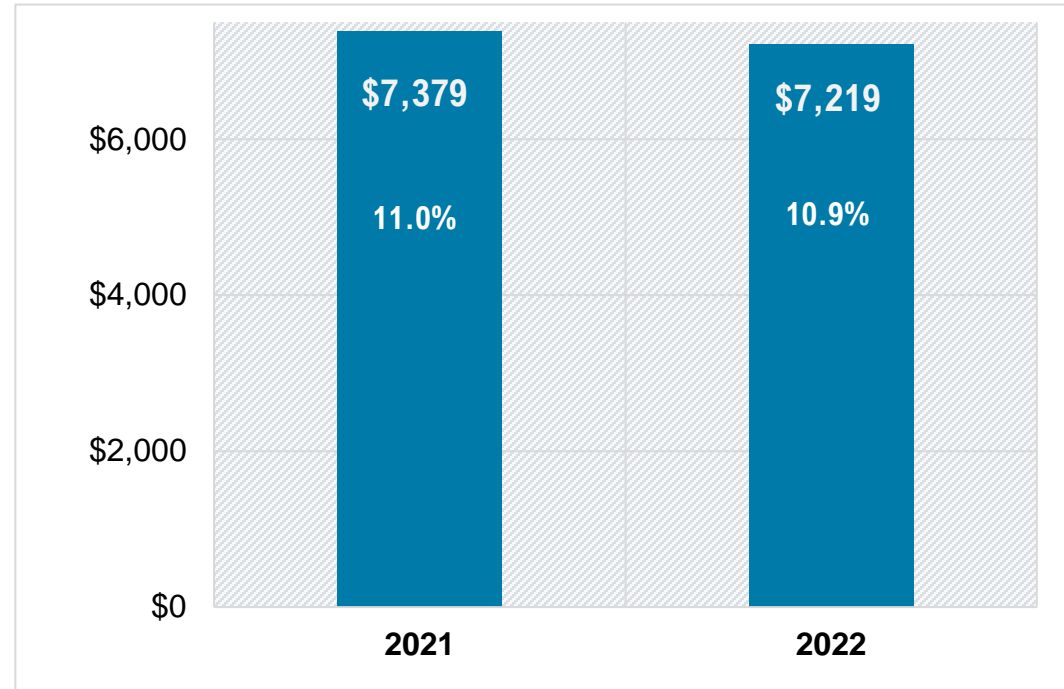
2022 Results



Sales (\$M)



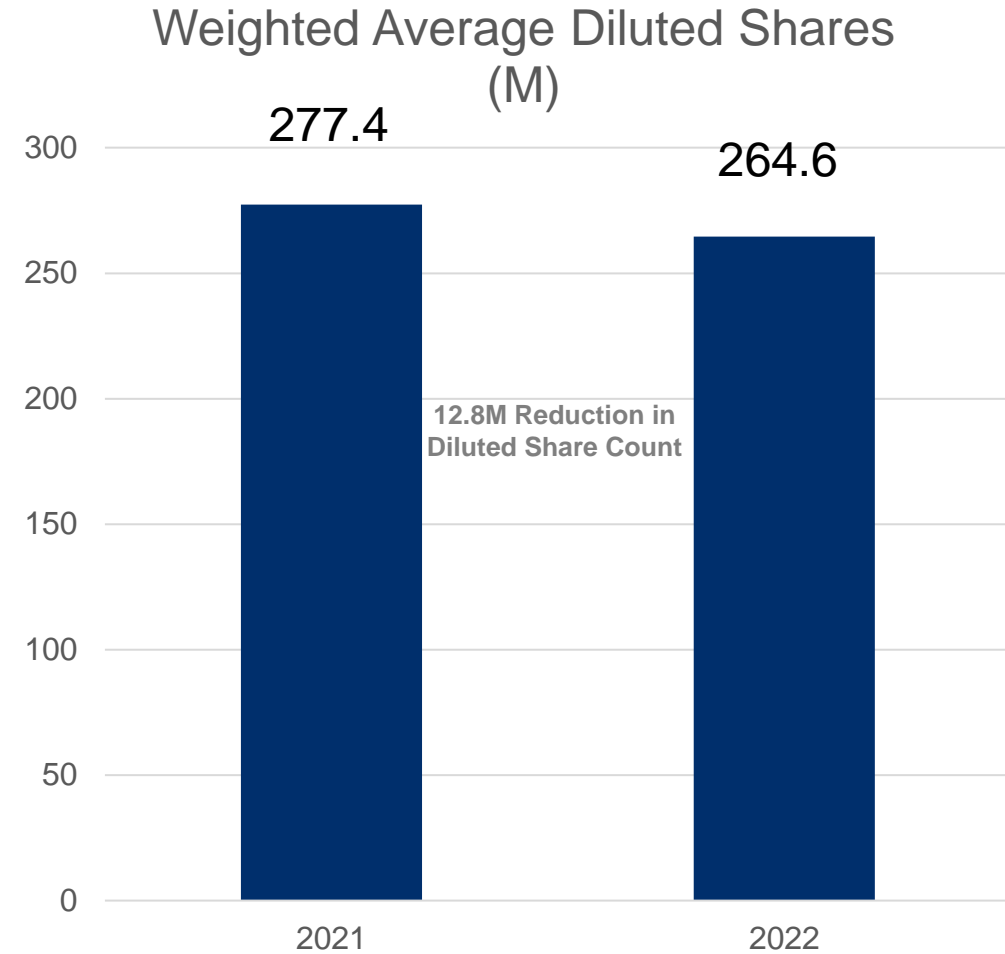
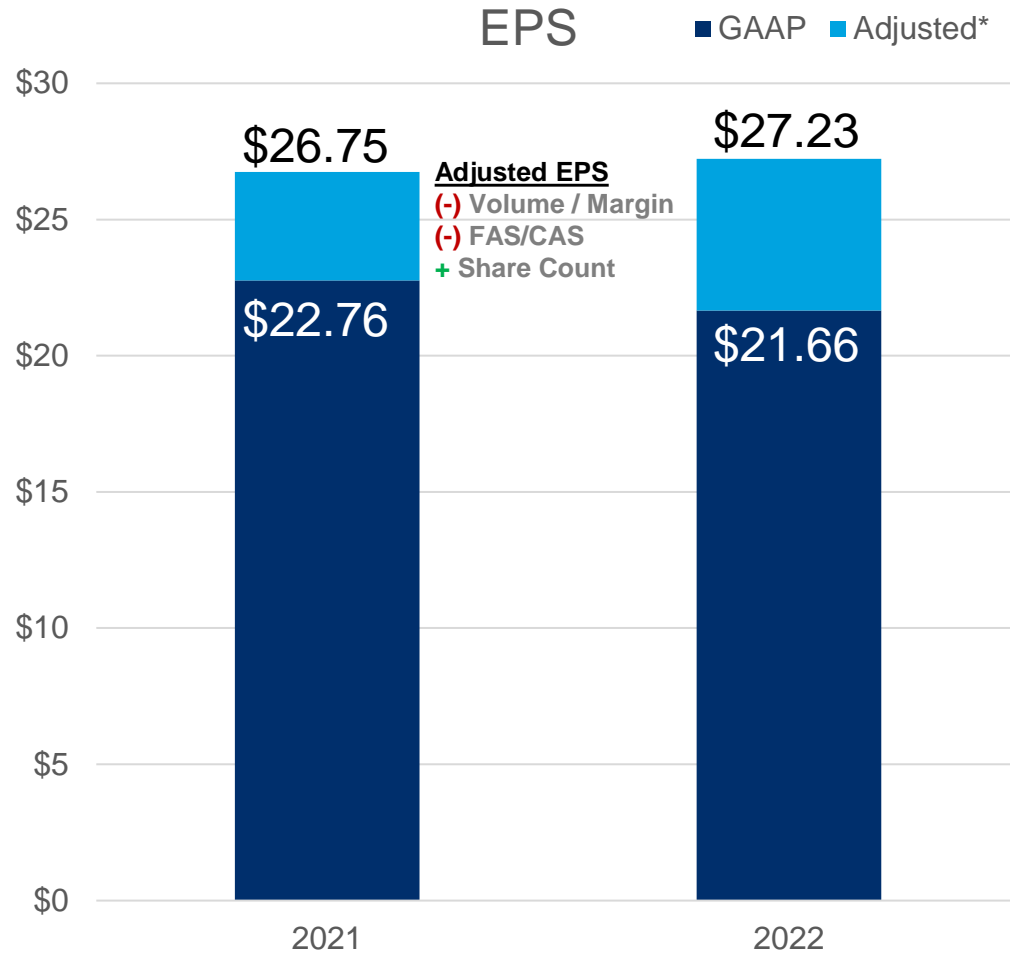
Segment Operating Profit* (\$M)



Strong Finish to 2022

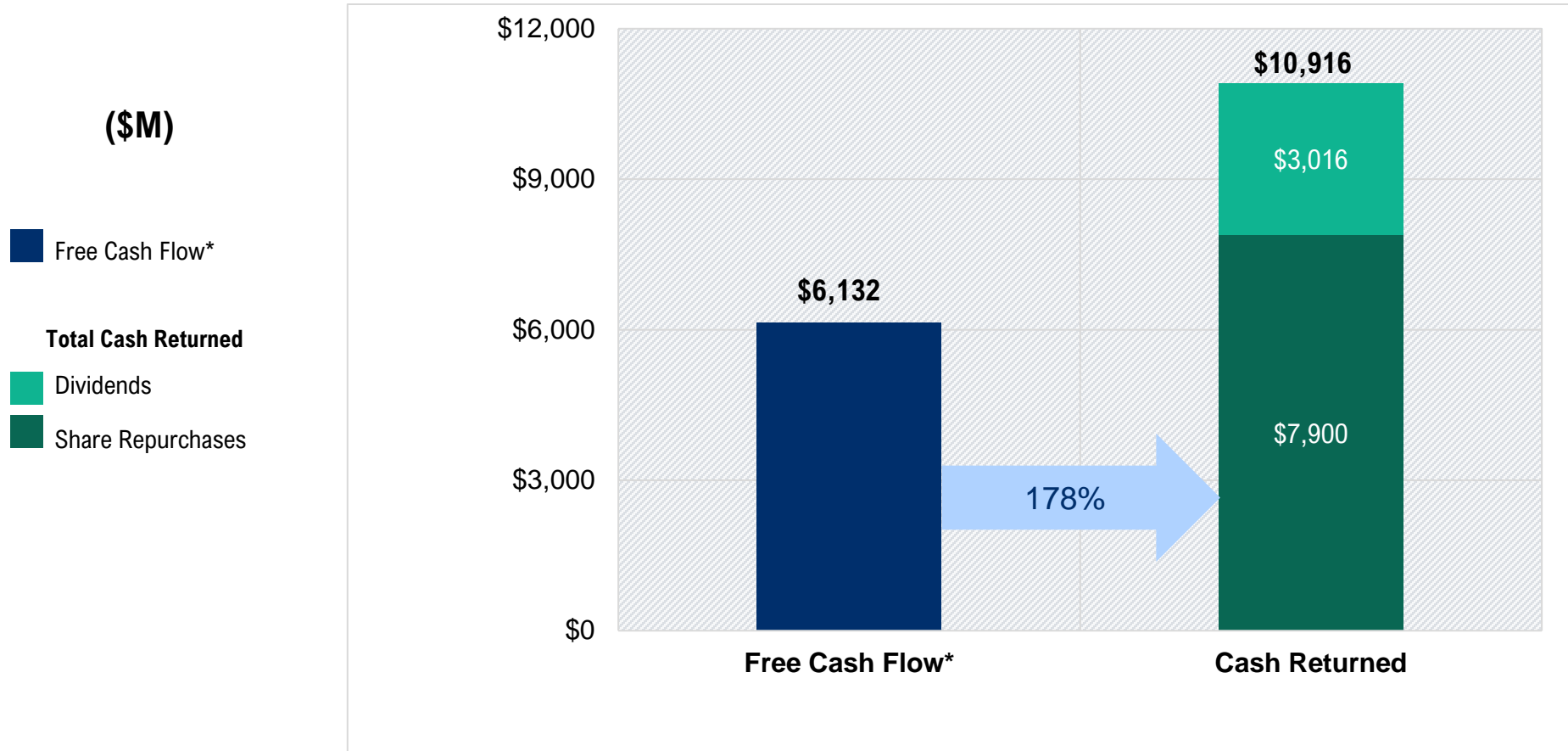
*See Charts 14 and 15 for Definitions of Non-GAAP Measures

2022 Earnings Per Share (EPS) Comparison



*See Charts 14 and 15 for Definitions of Non-GAAP Measures

2022 Cash Returned to Shareholders



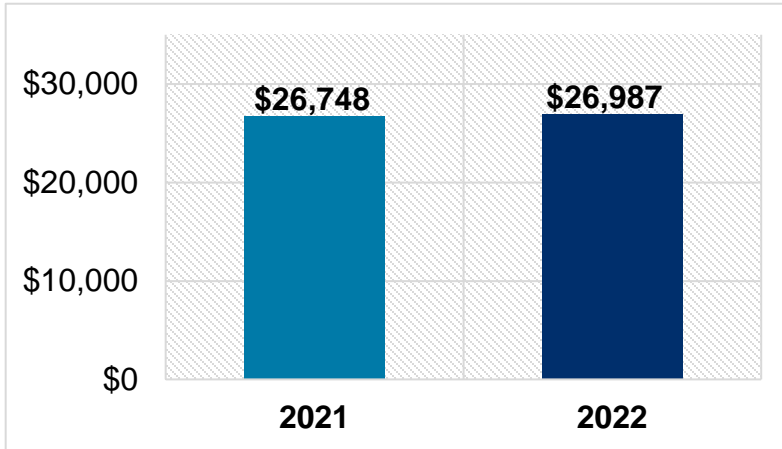
178% of Free Cash Flow Returned in 2022

*See Charts 14 and 15 for Definitions of Non-GAAP Measures

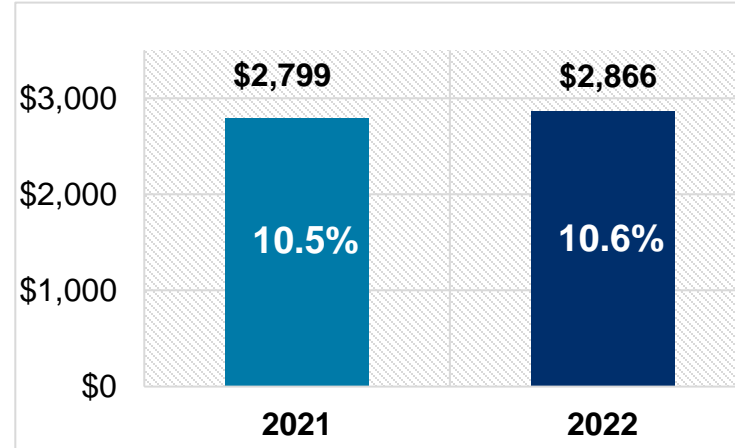
Aeronautics

(\$M)

Sales



Segment Operating Profit*



*See Charts 14 and 15 for Definitions of Non-GAAP Measures

2022 Drivers

Sales: Increased 1% YoY
Increased Classified Volume
Offset by F-35 Production

Operating Profit: Increased 2% YoY
Higher Net Favorable Profit Adjustments

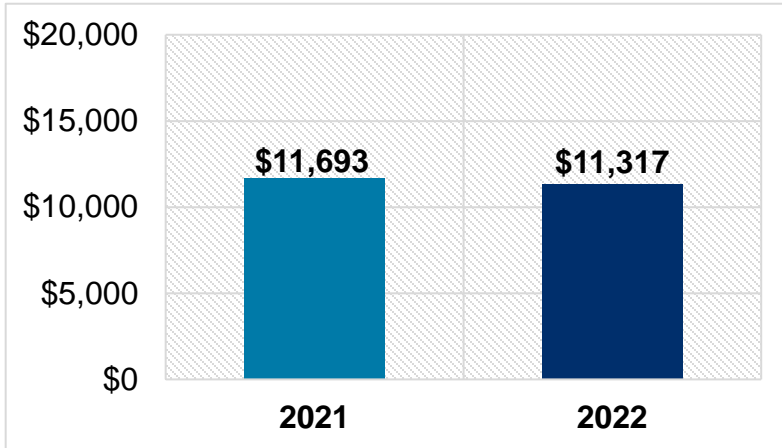
F-35 Lots 15-17 Definitized



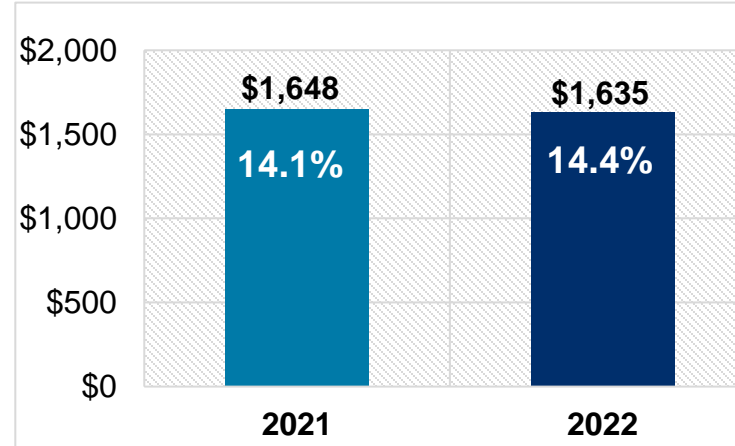
Missiles and Fire Control

(\$M)

Sales



Segment Operating Profit*



*See Charts 14 and 15 for Definitions of Non-GAAP Measures

2022 Drivers

Sales: Decreased 3% YoY

Lower volume on Sensors
& SOF Sustainment Program

Operating Profit: Decreased 1% YoY

Lower Favorable Profit Adjustments (PAC-3)

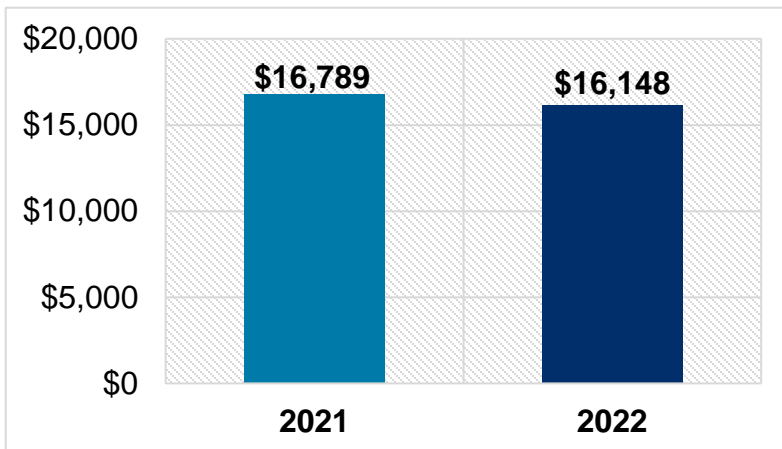


Successful ARRW Test Flight

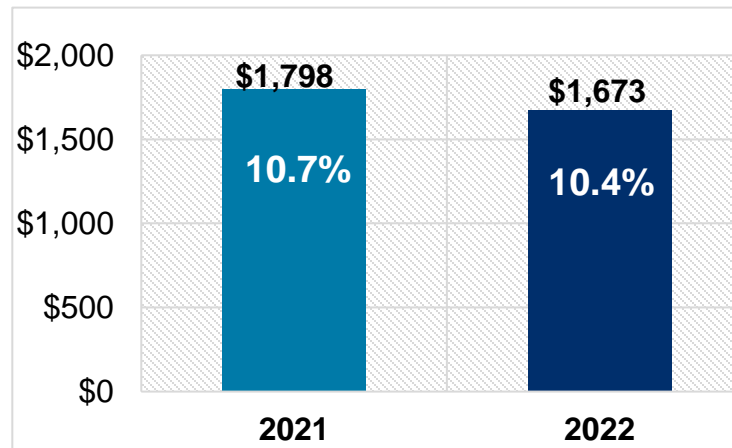
Rotary and Mission Systems

(\$M)

Sales



Segment Operating Profit*

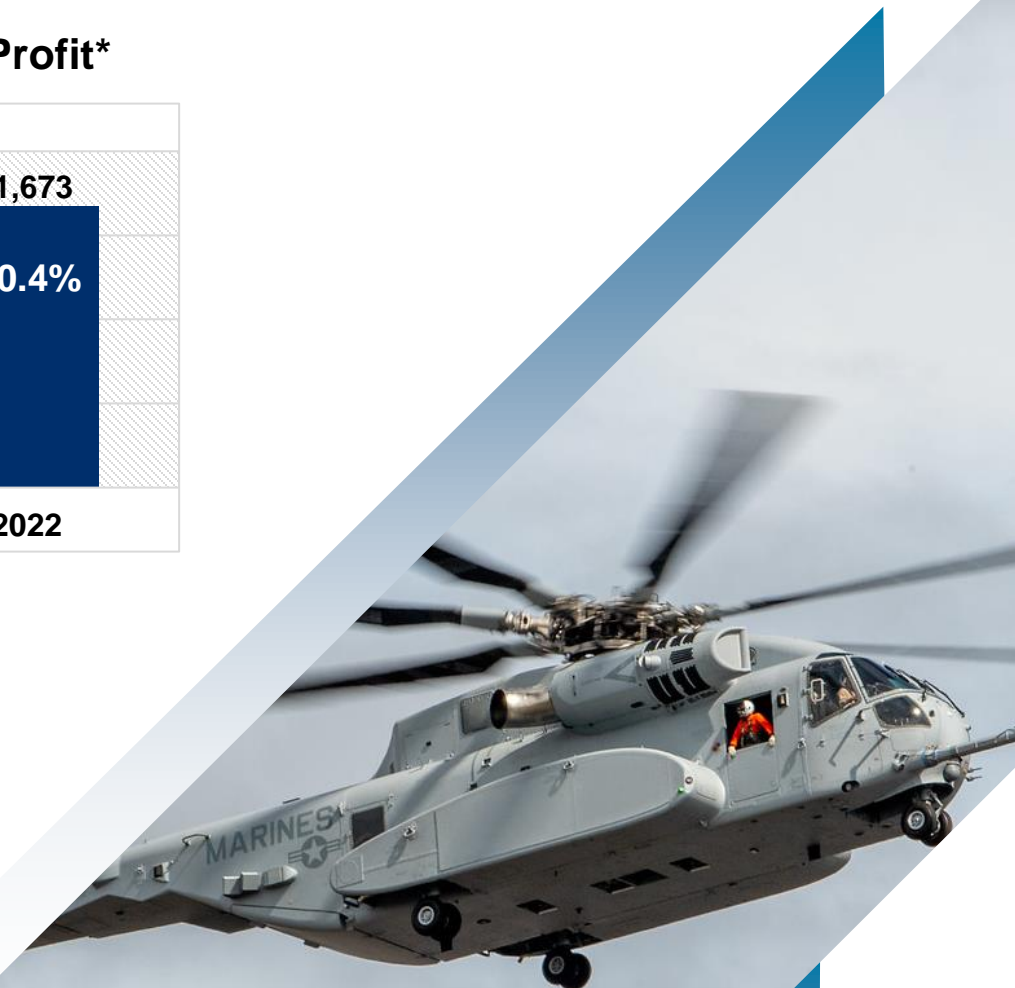


*See Charts 14 and 15 for Definitions of Non-GAAP Measures

2022 Drivers

Sales: Decreased 4% YoY
Training Program Timing,
C6ISR and Sikorsky Volume

Operating Profit: Decreased 7% YoY
Lower Volume and Favorable Profit Adjustments
on Black Hawk, C6ISR Volume

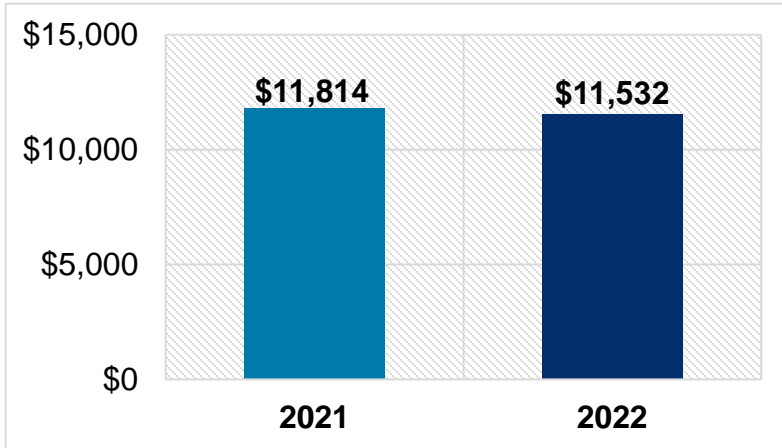


CH-53K Full Rate Production

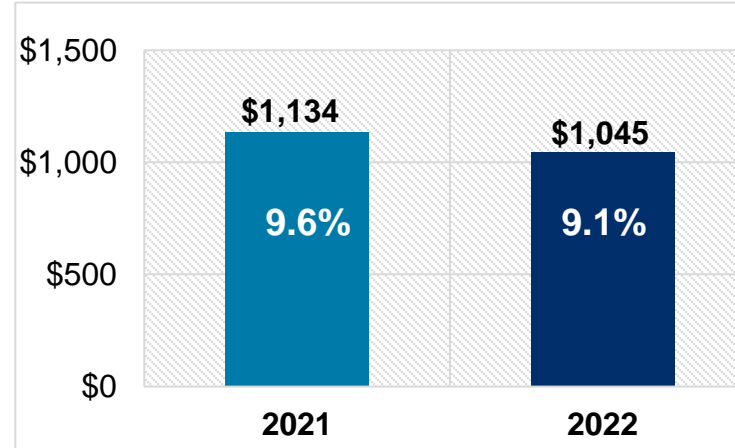
Space

(\$M)

Sales



Segment Operating Profit*



*See Charts 14 and 15 for Definitions of Non-GAAP Measures

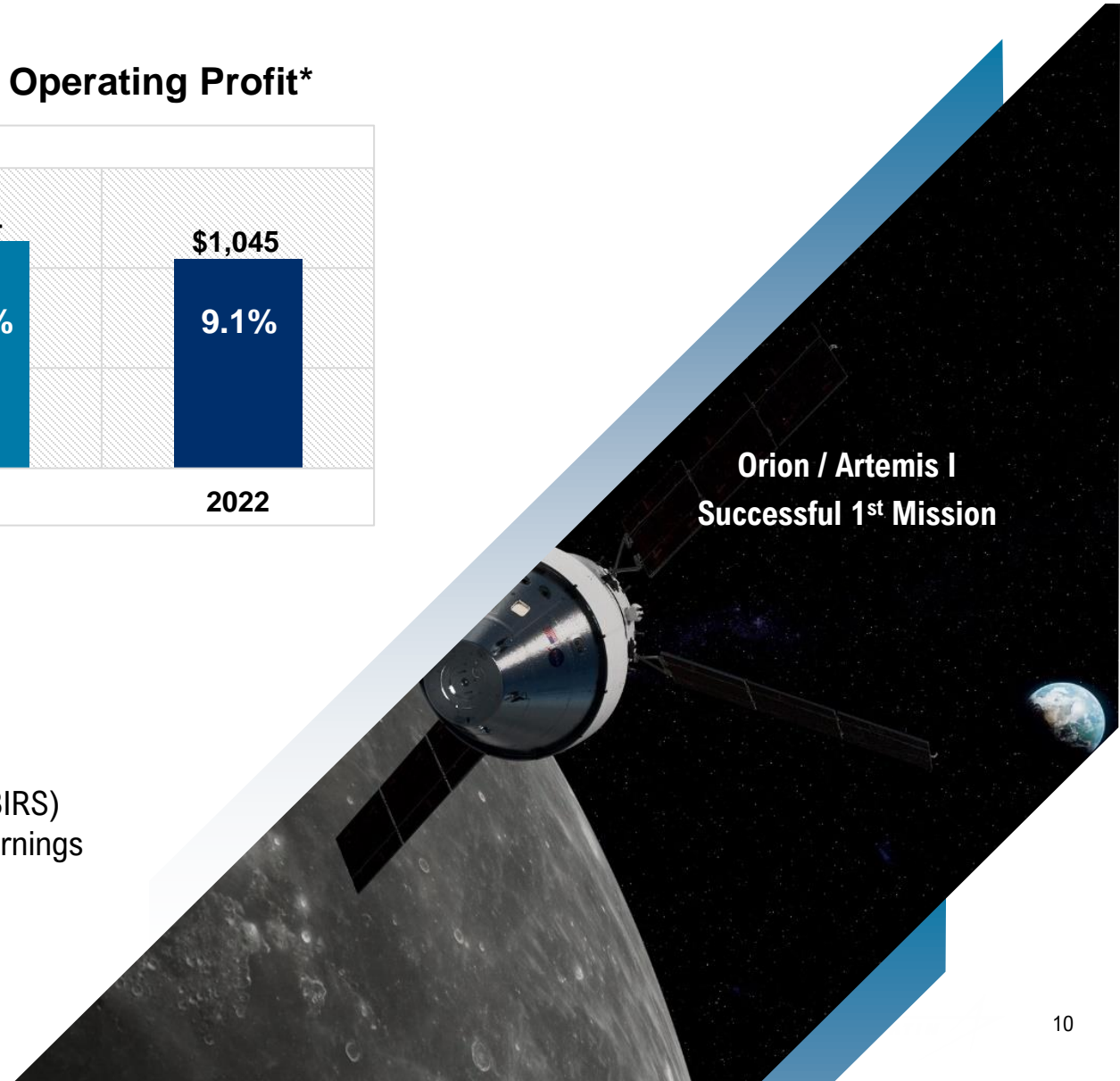
2022 Drivers

Sales: Decreased 2% YoY

AWE Renationalization
Offset by NGI & Classified Growth

Operating Profit: Decreased 8% YoY

Lower Favorable Profit Adjustments (SBIRS)
Partially Offset by Higher ULA Equity Earnings



Orion / Artemis I
Successful 1st Mission

2023 Outlook

(\$M), Except for EPS

January Outlook

| | |
|--|-------------------|
| Sales | \$65,000 - 66,000 |
| Segment Operating Profit (<i>Conforming to 2022 Presentation</i>)* | \$7,010 – 7,110 |
| <i>Reclassification of Intangible Amortization Expense</i> * | ~\$245 |
| Segment Operating Profit (<i>New Presentation</i>)* | \$7,255 – 7,355 |
| Total FAS / CAS Pension Adjustment | ~\$2,100 |
| Diluted EPS | ~\$26.60 – 26.90 |
| Cash From Operations | ≥ \$8,150 |
| <i>Capital Expenditures</i> | ~(\$1,950) |
| Free Cash Flow* | ≥ \$6,200 |
| Share Repurchases | ~\$4,000 |

*Effective Jan. 1, 2023, purchased intangible asset amortization expense, which was previously included in segment operating profit, will be reported in unallocated corporate expense within operating income. See Charts 14 and 15 for Definitions of Non-GAAP Measures.

See the company's fourth quarter earnings release for a description of the assumptions on which the 2023 Outlook is based.

Summary

- Four Growth Pillars Remain Intact
- Record Orders and Solid Backlog Provide Foundation for Long-Term Growth
- Continue to Invest in Innovation to Improve Our Competitiveness & Efficiency
- Commitment to Cash Deployment Activities to Drive Value

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Definitions of Non-GAAP Measures



Non-GAAP Financial Measures Disclosure

This presentation, and today's conference call remarks, contain non-Generally Accepted Accounting Principles (GAAP) financial measures (as defined by SEC Regulation G). While management believes that these non-GAAP financial measures may be useful in evaluating the financial performance of Lockheed Martin, this information should be considered supplemental and is not a substitute for financial information prepared in accordance with GAAP. In addition, the company's definitions for non-GAAP financial measures may differ from similarly titled measures used by other companies or analysts.

Free Cash Flow (non-GAAP)

Free cash flow is cash from operations less capital expenditures. The company's capital expenditures are comprised of equipment and facilities infrastructure and information technology (inclusive of costs for the development or purchase of internal-use software that are capitalized). The company uses free cash flow to evaluate its business performance and overall liquidity and it is a performance goal in the company's annual and long-term incentive plans. The company believes free cash flow is a useful measure for investors because it represents the amount of cash generated from operations after reinvesting in the business and that may be available to return to stockholders and creditors (through dividends, stock repurchases and debt repayments) or available to fund acquisitions or other investments. The entire free cash flow amount is not necessarily available for discretionary expenditures, however, because it does not account for certain mandatory expenditures, such as the repayment of maturing debt and pension contributions.

| <u>\$M</u> | <u>2022 Results</u> | <u>2023 Outlook</u> |
|-----------------------------|---------------------|---------------------|
| Cash from Operations (GAAP) | 7,802 | ≥8,150 |
| Capital Expenditures | (1,670) | ~(1,950) |
| Free Cash Flow (non-GAAP) | 6,132 | ≥6,200 |

Segment Operating Profit Margin (non-GAAP)

Segment Operating Profit represents operating profit from the company's business segments before unallocated income and expense. This measure is used by the company's senior management in evaluating the performance of the company's business segments and is a performance goal in the company's annual incentive plan. The table below reconciles Business Segment Operating Profit to Consolidated Operating Profit. Business Segment Operating Margin is calculated by dividing Segment Operating Profit by Sales. For 2023 forward, intangible amortization expense will be reclassified from segment operating profit into unallocated items. Results below for 2022 reflect this amortization expense in segment operating profit.

| | <u>2021</u> | | | <u>2022</u> | | | <u>2023 Outlook</u> | | |
|--|--------------|---------------|---------------|--------------|---------------|---------------|----------------------|--------------------|---------------|
| | <u>Sales</u> | <u>Profit</u> | <u>Margin</u> | <u>Sales</u> | <u>Profit</u> | <u>Margin</u> | <u>Sales</u> | <u>Profit</u> | <u>Margin</u> |
| Business segment operating profit (non-GAAP) | 67,044 | 7,379 | 11.0% | 65,984 | 7,219 | 10.9% | ~\$65,000 - \$66,000 | ~\$7,255 - \$7,355 | ~11.2% |
| FAS/CAS operating adjustment | | 1,960 | | | 1,709 | | | ~1,660 | |
| Severance and other charges | | (36) | | | (100) | | | - | |
| Intangible amortization expense | | - | | | - | | | ~(245) | |
| Other, net | | (180) | | | (480) | | | ~(325) | |
| Total Unallocated Items | | 1,744 | | | 1,129 | | | 1,090 | |
| Consolidated operating profit (GAAP) | 67,044 | 9,123 | 13.6% | 65,984 | 8,348 | 12.7% | ~\$65,000 - \$66,000 | ~\$8,345 - \$8,445 | ~12.8% |

Definitions of Non-GAAP Measures



Adjusted Earnings Per Share (non-GAAP)

Diluted earnings per share (EPS) was impacted by certain non-operational charges for all periods. Management believes the presentation of this measure adjusted for the impacts of these non-operational items is useful to investors in understanding the company's underlying business performance and comparing performance from period to period. The tax effects related to each adjustment that impacted earnings before income taxes are based on a blended tax rate that combines the federal statutory rate of 21% plus an estimated state tax rate.

| | <u>2022</u> | <u>2021</u> |
|--|-----------------|-----------------|
| As Reported (GAAP) | \$ 21.66 | \$ 22.76 |
| Pension Settlement Charge | 4.33 | 4.72 |
| Mark-to-Market Investment Losses (Gains) | 0.83 | (0.83) |
| Severance and other charges | 0.31 | 0.10 |
| Debt refinancing transaction | 0.10 | - |
| Total Adjustments | 5.57 | 3.99 |
| As Adjusted (Non-GAAP) | \$ 27.23 | \$ 26.75 |

Book-to-Bill Ratio

The ratio of orders received to sales recorded for a specified period.

Appendix I



2023 Outlook (\$M)

| | |
|--|---------------------------|
| Sales | ~\$65,000 – 66,000 |
| Segment Operating Profit (2023 Presentation)* | ~\$7,255 – 7,355 |
| Segment Margin* | ~11.2% |
| FAS/CAS Operating Adjustment** | ~\$1,660 |
| Other, net | ~(\$570) |
| Consolidated Operating Profit | ~\$8,345 – 8,445 |
| Non-Operating FAS Pension Income** | ~440 |
| Interest Expense | ~(\$840) |
| Effective Tax Rate | ~15.2% |
| Diluted EPS | ~\$26.60 – 26.90 |
| Pension Contribution | \$0 |
| Share Repurchases | ~\$4,000 |

*Effective Jan. 1, 2023, purchased intangible asset amortization expense, which was previously included in segment operating profit, will be reported in unallocated corporate expense within operating income. See Charts 14 and 15 for Definitions of Non-GAAP Measures.

**See Chart 18 for Pension Detail

4Q Earnings Results Conference Call

Appendix II



2022 Results (\$M)

2023 Outlook (\$M)

| | Sales | Segment Operating Profit * (Adjusted Presentation) | Sales | Segment Operating Profit * |
|-----------------|-----------------|---|--------------------------|----------------------------|
| Aeronautics | \$26,987 | \$2,867 | \$26,500 – 26,800 | \$2,775 – 2,805 |
| MFC | 11,317 | 1,637 | 11,150 – 11,350 | 1,510 – 1,530 |
| RMS | 16,148 | 1,906 | 15,800 – 16,100 | 1,880 – 1,910 |
| SPACE | 11,532 | 1,057 | 11,550 – 11,750 | 1,090 – 1,110 |
| LM Total | \$65,984 | \$7,467 | \$65,000 – 66,000 | \$7,255 – 7,355 |

* Effective Jan. 1, 2023, purchased intangible asset amortization expense, which was previously included in segment operating profit, will be reported in unallocated corporate expense within operating income. 2022 results have been updated in this table for comparison with 2023. Additional detail on this reconciliation can be found in our fourth quarter earnings release. See Charts 14 and 15 for Definitions of Non-GAAP Measures.

Updated Segment Operating Profit to Remove Intangible Amortization Expense

Appendix III

2023 Outlook

Total FAS income (expense) and CAS costs

FAS pension income

~ \$ 375

Less: CAS pension cost

~ 1,725

Total FAS/CAS pension adjustment

~ \$ 2,100

Service and non-service cost reconciliation

FAS pension service cost

~ \$ (65)

Less: CAS pension cost

~ 1,725

FAS/CAS operating adjustment

~ 1,660

Non-operating FAS pension income

~ 440

Total FAS/CAS pension adjustment

~ \$ 2,100