

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

	Quarters Ended	
	March 28, 2021	March 29, 2020
Net sales	\$ 16,258	\$ 15,651
Cost of sales ²	(14,072)	(13,560)
Gross profit	2,186	2,091
Other (expense) income, net	(4)	31
Operating profit	2,182	2,122
Interest expense	(140)	(148)
Other non-operating income, net ³	169	56
Earnings before income taxes	2,211	2,030
Income tax expense	(374)	(313)
Net earnings	1,837	1,717
Effective tax rate	16.9 %	15.4 %
Earnings per common share		
Basic	\$ 6.58	\$ 6.10
Diluted	\$ 6.56	6.08
Weighted average shares outstanding		
Basic	279.0	281.3
Diluted	280.0	282.6
Common shares reported in stockholders' equity at end of period	278	279

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 28 for the first quarter of 2021 and March 29 for the first 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 corporation's fiscal year ends on Dec. 31.

² In the first quarter 2021, the corporation recognized severance and restructuring charges of \$36 million (\$28 million, or \$0.10 per share, after-tax), at its RMS business segment.

³ In the first quarter 2021, the corporation recognized unrealized gains from investments held in the Lockheed Martin Ventures Fund of \$68 million (\$51 million, or \$0.18 per share, after-tax).

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

	Quarters Ended		% Change
	March 28, 2021	March 29, 2020	
Net sales			
Aeronautics	\$ 6,387	\$ 6,369	-%
Missiles and Fire Control	2,749	2,619	5%
Rotary and Mission Systems	4,107	3,746	10%
Space	3,015	2,917	3%
Total net sales	\$ 16,258	\$ 15,651	4%
Operating profit			
Aeronautics	\$ 693	\$ 672	3%
Missiles and Fire Control	396	396	-%
Rotary and Mission Systems	433	376	15%
Space	227	281	(19%)
Total business segment operating profit	1,749	1,725	1%
Unallocated items			
FAS/CAS operating adjustment	489	469	
Severance and restructuring charges ¹	(36)	-	
Other, net	(20)	(72)	
Total unallocated items	433	397	9%
Total consolidated operating profit	\$ 2,182	\$ 2,122	3%
Operating margin			
Aeronautics	10.9%	10.6%	
Missiles and Fire Control	14.4%	15.1%	
Rotary and Mission Systems	10.5%	10.0%	
Space	7.5%	9.6%	
Total business segment operating margin	10.8%	11.0%	
Total consolidated operating margin	13.4%	13.6%	

¹ In the first quarter of 2021, the corporation recognized severance and restructuring charges of \$36 million (\$28 million, or \$0.10 per share, after-tax), at its RMS business segment.

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

	March 28, 2021	Dec. 31, 2020
	(unaudited)	
Assets		
Current assets		
Cash and cash equivalents	\$ 2,933	\$ 3,160
Receivables, net	2,214	1,978
Contract assets	10,908	9,545
Inventories	3,256	3,545
Other current assets	941	1,150
Total current assets	<u>20,252</u>	<u>19,378</u>
Property, plant and equipment, net	7,213	7,213
Goodwill	10,799	10,806
Intangible assets, net	2,930	3,012
Deferred income taxes	3,375	3,475
Other noncurrent assets	6,868	6,826
Total assets	<u>\$ 51,437</u>	<u>\$ 50,710</u>
Liabilities and equity		
Current liabilities		
Accounts payable	\$ 1,889	\$ 880
Contract liabilities	7,255	7,545
Salaries, benefits and payroll taxes	2,794	3,163
Current maturities of long-term debt	506	500
Other current liabilities	2,273	1,845
Total current liabilities	<u>14,717</u>	<u>13,933</u>
Long-term debt, net	11,657	11,669
Accrued pension liabilities	12,643	12,874
Other noncurrent liabilities	6,087	6,196
Total liabilities	<u>45,104</u>	<u>44,672</u>
Stockholders' equity		
Common stock, \$1 par value per share	278	279
Additional paid-in capital	65	221
Retained earnings	21,977	21,636
Accumulated other comprehensive loss	(16,008)	(16,121)
Total stockholders' equity	<u>6,312</u>	<u>6,015</u>
Noncontrolling interests in subsidiary	21	23
Total equity	<u>6,333</u>	<u>6,038</u>
Total liabilities and equity	<u>\$ 51,437</u>	<u>\$ 50,710</u>

Table 3

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

	Quarters Ended	
	March 28, 2021	March 29, 2020
Operating activities		
Net earnings	\$ 1,837	\$ 1,717
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation and amortization	336	301
Stock-based compensation	47	42
Severance and restructuring charges	36	-
Changes in assets and liabilities		
Receivables, net	(236)	(555)
Contract assets	(1,363)	(1,095)
Inventories	289	80
Accounts payable	1,023	1,894
Contract liabilities	(290)	151
Postretirement benefit plans	(66)	(39)
Income taxes	301	167
Other, net	(166)	(349)
Net cash provided by operating activities	1,748	2,314
Investing activities		
Capital expenditures	(281)	(293)
Other, net	112	(2)
Net cash used for investing activities	(169)	(295)
Financing activities		
Dividends paid	(739)	(693)
Repurchases of common stock	(1,000)	(756)
Other, net	(67)	(96)
Net cash used for financing activities	(1,806)	(1,545)
Net change in cash and cash equivalents	(227)	474
Cash and cash equivalents at beginning of year	3,160	1,514
Cash and cash equivalents at end of year	\$ 2,933	\$ 1,988

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
Balance at Dec. 31, 2020	\$ 279	\$ 221	\$ 21,636	\$ (16,121)	\$ 6,015	\$ 23	\$ 6,038
Net earnings	-	-	1,837	-	1,837	-	1,837
Other comprehensive income, net of tax ¹	-	-	-	113	113	-	113
Dividends declared	-	-	(725)	-	(725)	-	(725)
Repurchases of common stock	(2)	(227)	(771)	-	(1,000)	-	(1,000)
Stock-based awards, ESOP activity and other	1	71	-	-	72	-	72
Net decrease in noncontrolling interests in subsidiary	-	-	-	-	-	(2)	(2)
Balance at March 28, 2021	\$ 278	\$ 65	\$ 21,977	\$ (16,008)	\$ 6,312	\$ 21	\$ 6,333

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

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 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 corporation 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.

	March 28, 2021	Dec. 31, 2020
Backlog		
Aeronautics	\$ 53,309	\$ 56,551
Missiles and Fire Control	29,908	29,183
Rotary and Mission Systems	35,362	36,249
Space	28,791	25,148
Total backlog	<u>\$ 147,370</u>	<u>\$ 147,131</u>

	Quarters Ended	
	March 28, 2021	March 29, 2020
Aircraft Deliveries		
F-35	17	22
C-130J	2	3
Government helicopter programs	15	13
Commercial helicopter programs	1	-
International military helicopter programs	1	2

	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 We close our 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.