

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

	Quarters Ended Dec. 31,		Years Ended Dec. 31,	
	2023	2022	2023	2022
Net sales	\$ 18,874	\$ 18,991	\$ 67,571	\$ 65,984
Cost of sales ^{1,2}	(16,579)	(16,689)	(59,092)	(57,697)
Gross profit	2,295	2,302	8,479	8,287
Other (expense) income, net	(2)	(9)	28	61
Operating profit	2,293	2,293	8,507	8,348
Interest expense	(254)	(202)	(916)	(623)
Non-service FAS pension income (expense) ³	111	109	443	(971)
Other non-operating (expense) income, net ^{4,5}	(5)	(10)	64	(74)
Earnings before income taxes	2,145	2,190	8,098	6,680
Income tax expense	(279)	(278)	(1,178)	(948)
Net earnings	\$ 1,866	\$ 1,912	\$ 6,920	\$ 5,732
Effective tax rate	13.0%	12.7%	14.5%	14.2%
Earnings per common share				
Basic	\$ 7.61	\$ 7.44	\$ 27.65	\$ 21.74
Diluted	\$ 7.58	\$ 7.40	\$ 27.55	\$ 21.66
Weighted average shares outstanding				
Basic	245.2	257.1	250.3	263.7
Diluted	246.1	258.3	251.2	264.6
Common shares reported in stockholders' equity at end of period			240	254

¹ In the quarter and year ended Dec. 31, 2023, the company recognized severance and other charges of \$92 million (\$73 million, or \$0.30 per share, after-tax) associated with the planned elimination of certain positions through involuntary actions across the company and asset impairment charges. In the quarter and year ended Dec. 31, 2022, the company recognized severance and other charges of \$100 million (\$79 million, or \$0.31 per share, after-tax) related to certain actions at the company's RMS business segment, which included severance costs for the planned reduction of certain positions and asset impairment charges.

² In the quarter and year ended Dec. 31, 2023, the company recognized net gains of \$34 million (\$26 million, or \$0.10 per share, after-tax) and \$74 million (\$56 million, or \$0.22 per share, after-tax), compared to net gains of \$19 million (\$14 million, or \$0.06 per share, after-tax) and net losses of \$176 million (\$132 million, or \$0.50 per share, after-tax) in the quarter and year ended Dec. 31, 2022 due to changes in the fair value of net assets and liabilities for deferred compensation plans.

³ In the year ended Dec. 31, 2022, the company recognized a \$1.5 billion (\$1.2 billion, or \$4.33 per share, after-tax) pension settlement charge.

⁴ In the quarter and year ended Dec. 31, 2023, the company recognized net losses of \$40 million (\$30 million, or \$0.12 per share, after-tax) and \$64 million (\$48 million, or \$0.19 per share, after-tax), compared to net losses of \$48 million (\$36 million, or 0.14 per share, after-tax) and \$114 million (\$86 million, or \$0.33 per share, after-tax) in the quarter and year ended Dec. 31, 2022 due to changes in the fair value of early-stage company investments.

⁵ In the year ended Dec. 31, 2022, the company recognized a charge of \$34 million (\$26 million, or \$0.10 per share, after-tax) due to a debt refinancing transaction in the second quarter of 2022.

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

	Quarters Ended Dec. 31,			Years Ended Dec. 31,		
	2023	2022	% Change	2023	2022	% Change
Net sales						
Aeronautics	\$ 7,613	\$ 7,635	—%	\$ 27,474	\$ 26,987	2%
Missiles and Fire Control	3,171	3,287	(4%)	11,253	11,317	(1%)
Rotary and Mission Systems	4,711	4,803	(2%)	16,239	16,148	1%
Space	3,379	3,266	3%	12,605	11,532	9%
Total net sales	\$ 18,874	\$ 18,991	(1%)	\$ 67,571	\$ 65,984	2%
Operating profit						
Aeronautics	\$ 761	\$ 816	(7%)	\$ 2,825	\$ 2,867	(1%)
Missiles and Fire Control	395	451	(12%)	1,541	1,637	(6%)
Rotary and Mission Systems	579	567	2%	1,865	1,906	(2%)
Space	307	234	31%	1,158	1,057	10%
Total business segment operating profit¹	2,042	2,068	(1%)	7,389	7,467	(1%)
Unallocated items						
FAS/CAS operating adjustment	415	428		1,660	1,709	
Severance and other charges	(92)	(100)		(92)	(100)	
Intangible asset amortization expense	(62)	(62)		(247)	(248)	
Other, net ^{1,2}	(10)	(41)		(203)	(480)	
Total unallocated items	251	225	12%	1,118	881	27%
Total consolidated operating profit	\$ 2,293	\$ 2,293	—%	\$ 8,507	\$ 8,348	2%
Operating margin						
Aeronautics	10.0%	10.7%		10.3%	10.6%	
Missiles and Fire Control	12.5%	13.7%		13.7%	14.5%	
Rotary and Mission Systems	12.3%	11.8%		11.5%	11.8%	
Space	9.1%	7.2%		9.2%	9.2%	
Total business segment operating margin	10.8%	10.9%		10.9%	11.3%	
Total consolidated operating margin	12.1%	12.1%		12.6%	12.7%	

¹ Effective Jan. 1, 2023, the company reclassified intangible asset amortization expense out of the business segment operating profit and into the unallocated items line item to better align with how management views and manages the business.

² In the quarter and year ended Dec. 31, 2023, the company recognized net gains of \$34 million (\$26 million, or \$0.10 per share, after-tax) and \$74 million (\$56 million, or \$0.22 per share, after-tax), compared to net gains of \$19 million (\$14 million, or \$0.06 per share, after-tax) and net losses of \$176 million (\$132 million, or \$0.50 per share, after-tax) in the quarter and year ended Dec. 31, 2022 due to changes in the fair value of net assets and liabilities for deferred compensation plans.

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

	2024	2023
	Outlook	Actual
Total FAS income CAS cost		
FAS pension income	\$ —	\$ 378
Less: CAS pension cost	1,685	1,725
Total FAS/CAS pension adjustment	\$ 1,685	\$ 2,103
 Service and non-service cost reconciliation		
FAS pension service cost	\$ (60)	\$ (65)
Less: CAS pension cost	1,685	1,725
Total FAS/CAS pension operating adjustment	1,625	1,660
Non-service FAS pension income	60	443
Total FAS/CAS pension adjustment	\$ 1,685	\$ 2,103

Table 3

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

	Dec. 31, 2023	Dec. 31, 2022
Assets		
Current assets		
Cash and cash equivalents	\$ 1,442	\$ 2,547
Receivables, net	2,132	2,505
Contract assets	13,183	12,318
Inventories	3,132	3,088
Other current assets	632	533
Total current assets	<u>20,521</u>	<u>20,991</u>
Property, plant and equipment, net	8,370	7,975
Goodwill	10,799	10,780
Intangible assets, net	2,212	2,459
Deferred income taxes	2,953	3,744
Other noncurrent assets	7,601	6,931
Total assets	<u>\$ 52,456</u>	<u>\$ 52,880</u>
Liabilities and equity		
Current liabilities		
Accounts payable	\$ 2,312	\$ 2,117
Salaries, benefits and payroll taxes	3,133	3,075
Contract liabilities	9,190	8,488
Current maturities of long-term debt	168	118
Other current liabilities	2,134	2,089
Total current liabilities	<u>16,937</u>	<u>15,887</u>
Long-term debt, net	17,291	15,429
Accrued pension liabilities	6,162	5,472
Other noncurrent liabilities	5,231	6,826
Total liabilities	<u>45,621</u>	<u>43,614</u>
Stockholders' equity		
Common stock, \$1 par value per share	240	254
Additional paid-in capital	—	92
Retained earnings	15,398	16,943
Accumulated other comprehensive loss	(8,803)	(8,023)
Total stockholders' equity	<u>6,835</u>	<u>9,266</u>
Total liabilities and equity	<u>\$ 52,456</u>	<u>\$ 52,880</u>

Table 4

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

	Years Ended Dec. 31,	
	2023	2022
Operating activities		
Net earnings	\$ 6,920	\$ 5,732
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation and amortization	1,430	1,404
Stock-based compensation	265	238
Deferred income taxes	(498)	(757)
Pension settlement charge	—	1,470
Severance and other charges	92	100
Changes in assets and liabilities		
Receivables, net	373	(542)
Contract assets	(865)	(1,739)
Inventories	(44)	(107)
Accounts payable	151	1,274
Contract liabilities	702	381
Income taxes	(133)	148
Qualified defined benefit pension plans	(378)	(412)
Other, net	(95)	612
Net cash provided by operating activities	7,920	7,802
Investing activities		
Capital expenditures	(1,691)	(1,670)
Other, net	(3)	(119)
Net cash used for investing activities	(1,694)	(1,789)
Financing activities		
Issuance of long-term debt, net of related costs	1,975	6,211
Repayments of long-term debt	(115)	(2,250)
Repurchases of common stock	(6,000)	(7,900)
Dividends paid	(3,056)	(3,016)
Other, net	(135)	(115)
Net cash used for financing activities	(7,331)	(7,070)
Net change in cash and cash equivalents	(1,105)	(1,057)
Cash and cash equivalents at beginning of period	2,547	3,604
Cash and cash equivalents at end of period	\$ 1,442	\$ 2,547

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

	Dec. 31, 2023	Dec. 31, 2022
Backlog		
Aeronautics	\$ 60,156	\$ 56,630
Missiles and Fire Control	32,229	28,735
Rotary and Mission Systems	37,726	34,949
Space	30,456	29,684
Total backlog	\$ 160,567	\$ 149,998

	Quarters Ended Dec. 31,		Years Ended Dec. 31,	
	2023	2022	2023	2022
Aircraft Deliveries				
F-35	18	53	98	141
F-16	3	—	5	—
C-130J	8	6	21	24
Government helicopter programs	28	24	52	86
Commercial helicopter programs	2	—	6	—
International military helicopter programs	10	4	11	9

	2024	2023	2022
Number of Weeks in Reporting Period¹			
First quarter	13	12	12
Second quarter	13	13	13
Third quarter	13	13	13
Fourth quarter	13	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.