## *FINANCIAL HIGHLIGHTS*

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In 2020, Lockheed Martin demonstrated our agility, resilience, and resolve in the face of the year's many and varied geopolitical, business, and public health challenges. Through it all, we maintained the highest level of focus on our customers' missions. We also developed a new strategic vision to accelerate the adoption of leading-edge network-centric technologies to help our nation and allies meet the heightened and evolving threats of the 21st century.

With an elevated focus on interoperability and resilient connectivity, we made an impact in every domain – from land and sea to air, space, and cyber. Our team produced integrated solutions in the areas of long-range precision fires, air and missile defense, satellites, electronic warfare, and rotary- and fixed-wing aircraft. To stay ahead of evolving threats, Lockheed Martin is partnering with our customers to unleash the full potential of joint all-domain operations by leveraging advanced capabilities such as hypersonics and directed energy, and emerging technologies such as artificial intelligence and 5G compatible edge compute nodes.

The dedication, innovation, and agility of the Lockheed Martin team led to strong strategic, operational, and financial results – despite the impact of COVID-19.

From the beginning of the pandemic, we set clear priorities that guided us through the many challenges that followed. We protected and prioritized the health and safety of our employees. We sustained our factory, research, and engineering operations on a continuous basis and continued hiring in communities across the U.S., welcoming more than 11,000 employees in 2020. As part of this effort, we accelerated approximately $2.1 billion in payments to our suppliers and business partners in the fourth quarter that were due in 2021 to ensure that our customers' critical readiness and modernization programs continued to move forward. These accelerated payments were critical in maintaining the viability of thousands of small and medium businesses – especially those that were also adversely impacted by the slowdown in the commercial aviation sector.

## FINANCIAL RESULTS

We are proud of the strong financial results we delivered in 2020, including:

- Orders of $68.1 billion and a year-end backlog of $147.1 billion, an increase of $3.2 billion versus year-end 2019

We paid cash dividends of $2.8 billion and increased the quarterly dividend by 8% in the third quarter to $2.60 per share or $10.40 per share annually. We also continued our share repurchase program, purchasing 3.0 million shares for a total of $1.1 billion.

## INNOVATION ACROSS THE BUSINESS

### Transforming Airpower for the 21st Century

Our Aeronautics business continues to be the gold standard for airpower innovation.

Throughout 2020, the F-35 program reinforced its maturity, global readiness, and cost efficiency. Despite COVID-19 industry challenges that impacted aircraft deliveries, the fifth-generation program worked with our customers and partners to mitigate risks brought on by this pandemic and continued to achieve unmatched combat capability.

We finalized the Lot 14 production contract, adding 102 jets to the program and bringing the current number of jets in our backlog to 356 aircraft. The team added approximately $1 billion in sustainment and development awards in the second quarter alone.

In 2020, we delivered 120 F-35s. Though COVID-19 will have short-term impacts on production, the F-35 program continues to work diligently and is

modification kits, and associated equipment to support the United States and international customers. Earlier in the year, we received a contract award to provide THAAD interceptors and equipment to the U.S. Army and the Kingdom of Saudi Arabia valued at nearly $933 million.

Alongside our U.S. Air Force customers, we completed successful captive-carry flight tests of the hypersonic AGM-183A Air-Launched Rapid Response Weapon (ARRW), which will serve as a precursor for additional testing in the next two years.

Missiles and Fire Control marked other significant milestones in 2020. The U.S. Department of Defense awarded us a $485 million IDIQ contract to rapidly deploy fixed wing sensor capabilities to the U.S. and its allies. In June, the team delivered the 500th APG-78 LONGBOW Fire Control Radar (FCR) for the AH-64 Apache helicopter, which further demonstrates our commitment to maturing our capabilities in support of customer needs.

And the U.S. Army awarded us approximately $200 million in contracts to produce 28 High Mobility Artillery Rocket System (HIMARS) launchers and associated hardware. The team also celebrated the delivery of the 500th HIMARS in September.

## Redefining the Future of Vertical Lift and Providing Unparalleled Mission Support

Last year, our Rotary and Mission Systems business made significant progress toward fulfilling our customers' visions across multiple domains.

The U.S. Army selected our transformative X2 Technology to continue in the competition for the Future Long-Range Assault Aircraft (FLRAA) and the Future Attack Reconnaissance Aircraft (FARA) programs.

Rotary and Mission Systems started the year strong, booking several significant contracts. Sikorsky led the way with contracts such as a $2 billion Performance-Based Logistics co

## Innovating Capabilities from Low-Earth Orbit to the Outer Reaches of Space

Our Space business made tremendous progress this year to support our customers' global missions – both here on Earth and beyond – as well as to advance our ability to integrate our space assets and capabilities into the network-centric model of the future.

Early in the year, the sixth and final Lockheed Martin-built Advanced Extremely High Frequency (AEHF) satellite launched. Notably, the satellite was the first in orbit for the newly formed U.S. Space Force. The AEHF protected communications constellation provides global connectivity across ground, sea, and air platforms for the U.S. and international partners including Australia, Canada, the Netherlands, and the United Kingdom.

We successfully launched the first Mobile Satellite Service (MSS) communications satellite, the JCSAT-17, which was built on the new LM 2100™ platform. The JCSAT-17 includes more than 25 innovations that increase power, flexibility, and versatility in orbit. The Space team also launched the Pony Express 1 mission, the first smart satellite that enables space mesh networking, artificial intelligence, and data analytics.

Space was selected as one of three teams that will continue development of NASA's commercial lunar Human Landing System. As part of the Blue Origin National Team, we are designing the crewed ascent model that NASA will evaluate after a 10-month development period. The landers will be used in the Artemis program, which will return astronauts to the moon.

The Space Development Agency awarded our team one of two contracts for approximately $200 million to develop initial data transport capabilities for the first generation of the National Defense Space Architecture. This contract represents an exciting opportunity to bring high-tech platforms together into one cohesive network spanning domains, which will provide unmatched situational awareness when powered with 5G technology.

More than 200 million miles from Earth, the Lockheed Martin-built OSIRIS-REx spacecraft contacted the surface of the asteroid Bennu and successfully collected a sample with its Touch-and-Go Sample Acquisition Mechanism. This maneuver was the first time NASA has attempted to collect material from an asteroid. OSIRIS-REx will start its more than two-year return journey to Earth in the spring of 2021, landing in 2023.

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In December, we announced we have entered into a definitive agreement to acquire Aerojet Rocketdyne Holdings, Inc., a world-recognized aerospace and defense rocket engine manufacturer. If approved by the government, the acquisition will join our complementary capabilities and enable substantial growth in areas including hypersonics, tactical missiles, integrated air and missile defense, strategic systems, and space exploration by owning a key component of our supply chain.

In the coming years, we will continue to seek to reduce costs for our customers by harnessing the power of digital transformation and fundamentally changing the ways we develop, build, and sustain the innovative technologies needed in the 21st century.

## THE VALUES BEHIND OUR SUCCESS

Our successes in 2020 are a tribute to the dedication of the 114,000 men and women of Lockheed Martin and the values that unite us – to do what's right, to respect others, and to perform with excellence.

In the face of extraordinary challenges, our employees responded with energy, ingenuity, and integrity to remain focused on the mission, deliver on our commitments, and make a positive difference in the world. Our company's financial strength and stability enabled us to make nearly $45 million in charitable contributions to cultivate the future STEM workforce, support military families and veterans, and stand with communities trying to alleviate the educational, food and health challenges of COVID-19.

As a company, we will remember 2020 for our success in adapting to and overcoming the challenges brought by the global pandemic. And this year, we are resolved to continue providing innovative, affordable, and practical solutions in every domain, while also protecting the health and safety of our workforce. Lockheed Martin is well-positioned to build a brighter future by protecting lives, advancing scientific discovery, and promoting progress around the world.

James D. Taiclet
Chairman, President and
Chief Executive Officer

* This letter includes references to segment operating profit and segment margin, which are non-GAAP financial measures. For reconciliations between our non-GAAP measures and the nearest GAAP measures, please refer to the page preceding the back cover of this Annual Report. As non-GAAP financial measures are not intended to be considered in isolation or as a substitute for GAAP financial measures, you should carefully read the Form 10-K included in this Annual Report, which includes our consolidated financial statements prepared in accordance with GAAP. Additionally, this letter includes 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. For a discussion identifying important factors that could cause actual results to differ materially from those anticipated in the forward-looking statements, see the corporation's filings with the Securities and Exchange Commission, including "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors" in the Form 10-K portion of this Annual Report.

# CORPORATE DIRECTORY

(As of March 1, 2021)

## BOARD OF DIRECTORS

Daniel F. Akerson
Retired Chairman and
Chief Executive Officer
General Motors Company

David B. Burritt
President and
Chief Executive Officer
United States Steel Corporation

Bruce A. Carlson
Retired General
United States Air Force

Joseph F. Dunford, Jr.
Retired General
United States Marine Corps

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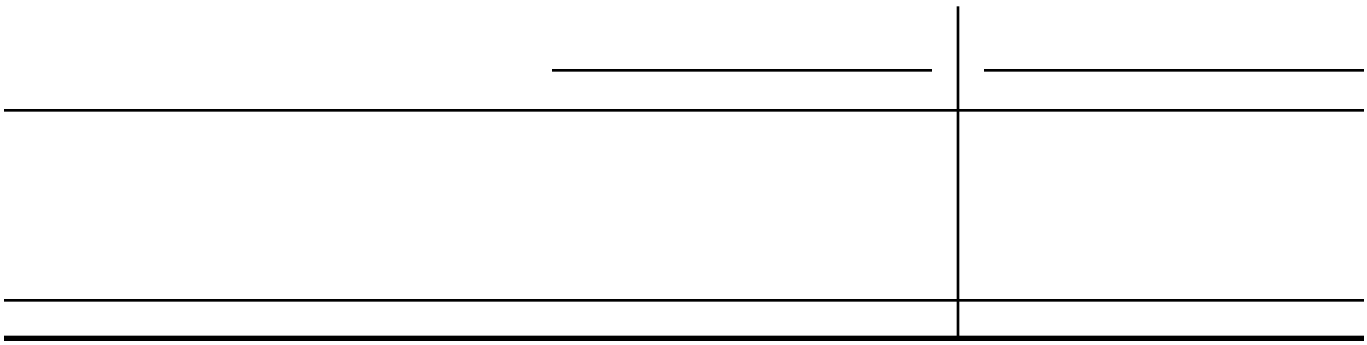

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G 'LVFORVHG LQ WKLV UHSRUW DQ\ FKDQJH LQ WKH UHJLVWUDQW
GXULQJ WKH UHJLVWUDQWµV PRVW UHFHQW ILVFDO TXDUWHU
UHSRUW WKDW KDV PDWHULDOO\ DIIHFWHG RU LV UHDVRQDEO
RYHU ILQDQFLDO UHSRUWLQJ

7KH UHJLVWUDQWµV RWKHU FHUWLI\LQJ RIILFHU DQG , KDYH GLVFO
RYHU ILQDQFLDO UHSRUWLQJ WR WKH UHJLVWUDQWµV DXGLWRUV
SHUVRQV SHUIRUPLQJ WKH HTXLYDOHQW IXQFWLRQV

D $OO VLJQLILFDQW GHILFLHQFLHV DQG PDWHULDO ZHDNQHVVHV
ILQDQFLDO UHSRUWLQJ ZKLFK DUH UHDVRQDEO\ OLNHO\ WR DG
VXPPDUL]H DQG UHSRUW ILQDQFLDO LQIRUPDWLRQ DQG

E $Q\ IUDXG ZKHWKHU RU QRW PDWHULDO WKDW LQYROYHV PDQ
LQ WKH UHJLVWUDQWµV LQWHUQDO FRQWURO RYHU ILQDQFLDO

V .HQQHWK 5 3RVVHQULHG
.HQQHWK 5 3RVVHQULHGH
&KLHI )LQDQFLDO 2IILFHU

'DWH-HDQXDU\

([KLELW

&(57,),&$7,21 2) -$0(6 ' 7$,&/(7 $1' .(11(7+ 5 3266(15,('( 38568$17 72
6(&7,21 $6 $'237(' 38568$17 72 6(&7,21 2) 7+( 6$5%$1(6 2;/(< $&7

,Q FRQQHFWLRQ ZLWK WKH $QQXDO 5HSRUW RI /RFNKHHG 0DUWLQ &R
HQG'HG6HPEHU DV ILOHG ZLWK WKH 8 6 6HFXULWLHV DQG ([FKDQJH &R
-DPHV ' 7D&LKFLOHHW([HFXWLYH 2IILFHU RI WKH &RUSRUDWLRQ DQG , .HQQ
&RUSRUDWLRQ HDFK FHUWLI\ SXUVXDQW WR 8 6 & 6HFWLRQ DV E
WKDW WR P\ NQRZOHGJH

7KH 5HSRUW IXOO\ FRPSOLHV ZLWK WKH UHTXLUHPHQWV RI 6HFWL
DQG
7KH LQIRUPDWLRQ FRQWDLQHG LQ WKH 5HSRUW IDLUO\ SUHVHQW
RI RSHUDWLRQV RI WKH &RUSRUDWLRQ

V -DPHV ' 7DLFOHW
-DPHV ' 7DLFOHW
&KLHI ([HFXWLYH 2IILFHU

V .HQQHWK 5 3RVVHQULHG
.HQQHWK 5 3RVVHQULHGH
&KLHI )LQDQFLDO 2IILFHU

'DW-HDQXDU\

**)*)%  + "#$&)&.&*)-  )" ,#!*)!&'& .&*) *$ )*)%  + (# -/,#- .* %  + (# -/,#-**

7KLV DQQXDO UHSRUW FRQWDLQV QRQ JHQHUDOO\ DFFHSWHG DFFRXQWLQ
EHOLHYH WKDW WKHVH QRQ *$$3 ILQDQFLDO PHDVXUHV PD\ EH XVHIXO LQ
0DUWLQ WKLV LQIRUPDWLRQ VKRXOG EH FRQVLGHUHG VXSSOHPHQWDO DQ
DFFRUGDQFH ZLWK *$$3 ,Q DGGLWLRQ RXU GHILQLWLRQV IRU QRQ *$$3 PH
E\ RWKHU FRPSDQLHV RU DQDO\VWV

6HJPHQW 2SHUDWLQJ 3URILW  0DUJLQ
6HJPHQW 2SHUDWLQJ 3URILW UHSUHVHQWV RSHUDWLQJ SURILW IURP RXU
H[SHQVH 7KLV PHDVXUH LV XVHG E\ RXU VHQLRU PDQDJHPHQW LQ HYDOXD
LV D SHUIRUPDQFH JRDO LQ RXU DQQXDO LQFHQWLYH SODQ 7KH FDSWLRQ
3URILW WR &RQVROLGDWHG 2SHUDWLQJ 3URILW 6HJPHQW 0DUJLQ LV FDOFX

| ,Q PLOOLRQV |
|---|
| 1HW VDOHV |
| &RQVROLGDWHG RSHUDWLQJ SURILW |
| /HVV 7RWDO XQDOORFDWHG LWHPV |
| %XVLQHVV VHJPHQW RSHUDWLQJ SURILW 1RQ *$$3 |
| &RQVROLGDWHG RSHUDWLQJ PDUJLQ |
| 6HJPHQW RSHUDWLQJ PDUJLQ 1RQ *$$3 |

## *GENERAL INFORMATION*

A?0<@54? 064<A! ?468@A?0? 0<3 38C834<3 38@1B?@8<6 064<A

=WISPMKLU GQSSITRQPHIPGI TLQVNH FI OEMNIH UQ/

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8<34>4<34<A 0B38A=?@

2=;;=< @A=29

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