

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

	Years Ended December 31,		
	2019	2018	2017
Net sales			
Products	\$ 50,053	\$ 45,005	\$ 42,502
Services	9,759	8,757	7,458
Total net sales	59,812	53,762	49,960
Cost of sales			
Products	(44,589)	(40,293)	(38,417)
Services	(8,731)	(7,738)	(6,673)
Severance and restructuring charges	—	(96)	—
Other unallocated, net	1,875	1,639	1,501
Total cost of sales	(51,445)	(46,488)	(43,589)
Gross profit	8,367	7,274	6,371
Other income, net	178	60	373
Operating profit	8,545	7,334	6,744
Interest expense	(653)	(668)	(651)
Other non-operating expense, net	(651)	(828)	(847)
Earnings from continuing operations before income taxes	7,241	5,838	5,246
Income tax expense	(1,011)	(792)	(3,356)
Net earnings from continuing operations	6,230	5,046	1,890
Net earnings from discontinued operations	—	—	73
Net earnings	\$ 6,230	\$ 5,046	\$ 1,963
Earnings per common share			
Basic			
Continuing operations	\$ 22.09	\$ 17.74	\$ 6.56
Discontinued operations	—	—	0.26
Basic earnings per common share	\$ 22.09	\$ 17.74	\$ 6.82
Diluted			
Continuing operations	\$ 21.95	\$ 17.59	\$ 6.50
Discontinued operations	—	—	0.25
Diluted earnings per common share	\$ 21.95	\$ 17.59	\$ 6.75

The accompanying notes are an integral part of these consolidated financial statements.

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

	December 31,	
	2019	2018
Assets		
Current assets		
Cash and cash equivalents	\$ 1,514	\$ 772
Receivables, net	2,337	2,444
Contract assets	9,094	9,472
Inventories	3,619	2,997
Other current assets	531	418
Total current assets	17,095	16,103
Property, plant and equipment, net	6,591	6,124
Goodwill	10,604	10,769
Intangible assets, net	3,213	3,494
Deferred income taxes	3,319	3,208
Other noncurrent assets	6,706	5,178
Total assets	\$ 47,528	\$ 44,876
Liabilities and equity		
Current liabilities		
Accounts payable	\$ 1,281	\$ 2,402
Contract liabilities	7,054	6,491
Salaries, benefits and payroll taxes	2,466	2,122
Current maturities of long-term debt and commercial paper	1,250	1,500
Other current liabilities	1,921	1,883
Total current liabilities	13,972	14,398
Long-term debt, net	11,404	12,604
Accrued pension liabilities	13,234	11,410
Other postretirement benefit liabilities	337	704
Other noncurrent liabilities	5,410	4,311
Total liabilities	44,357	43,427
Stockholders' equity		
Common stock, \$1 par value per share	280	281
Additional paid-in capital	—	—
Retained earnings	18,401	15,434
Accumulated other comprehensive loss	(15,554)	(14,321)
Total stockholders' equity	3,127	1,394
Noncontrolling interests in subsidiary	44	55
Total equity	3,171	1,449
Total liabilities and equity	\$ 47,528	\$ 44,876

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

	Years Ended December 31,		
	2019	2018	2017
Operating activities			
Net earnings	\$ 6,230	\$ 5,046	\$ 1,963
Adjustments to reconcile net earnings to net cash provided by operating activities			
Depreciation and amortization	1,189	1,161	1,195
Stock-based compensation	189	173	158
Deferred income taxes	222	(244)	3,448
Severance and restructuring charges	—	96	—
Gain on property sale	(51)	—	(198)
Gain on divestiture of IS&GS business	—	—	(73)
Changes in assets and liabilities			
Receivables, net	107	(179)	(902)
Contract assets	378	(1,480)	390
Inventories	(622)	(119)	(79)
Accounts payable	(1,098)	914	(189)
Contract liabilities	563	(537)	353
Postretirement benefit plans	81	(3,574)	1,316
Income taxes	(151)	1,077	(1,210)
Other, net	274	804	304
Net cash provided by operating activities	7,311	3,138	6,476
Investing activities			
Capital expenditures	(1,484)	(1,278)	(1,177)
Other, net	243	203	30
Net cash used for investing activities	(1,241)	(1,075)	(1,147)
Financing activities			
Repurchases of common stock	(1,200)	(1,492)	(2,001)
Dividends paid	(2,556)	(2,347)	(2,163)
Proceeds from issuance of commercial paper, net	(600)	600	—
Repayments of long-term debt	(900)	(750)	—
Other, net	(72)	(163)	(141)
Net cash used for financing activities	(5,328)	(4,152)	(4,305)
Net change in cash and cash equivalents	742	(2,089)	1,024
Cash and cash equivalents at beginning of year	772	2,861	1,837
Cash and cash equivalents at end of year	\$ 1,514	\$ 772	\$ 2,861

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