

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

_____, Individually and on Behalf of All
Others Similarly Situated,

Plaintiff,

v.

LOCKHEED MARTIN CORPORATION,
JAMES D. TAICLET, EVAN T. SCOTT, and
JESUS MALAVE

Defendants.

Case No.

**CLASS ACTION COMPLAINT FOR
VIOLATIONS OF THE FEDERAL
SECURITIES LAWS**

DEMAND FOR JURY TRIAL

LAW OFFICES OF HOWARD G. SMITH

Plaintiff _____ (“Plaintiff”), individually and on behalf of all others similarly situated, by and through his attorneys, alleges the following upon information and belief, except as to those allegations concerning Plaintiff, which are alleged upon personal knowledge. Plaintiff’s information and belief is based upon, among other things, his counsel’s investigation, which includes without limitation: (a) review and analysis of regulatory filings made by Lockheed Martin Corporation (“Lockheed Martin” or the “Company”) with the United States (“U.S.”) Securities and Exchange Commission (“SEC”); (b) review and analysis of press releases and media reports issued by and disseminated by Lockheed Martin; and (c) review of other publicly available information concerning Lockheed Martin.

NATURE OF THE ACTION AND OVERVIEW

1. This is a class action on behalf of persons and entities that purchased or otherwise acquired Lockheed Martin securities between January 23, 2024 and July 21, 2025, inclusive (the “Class Period”). Plaintiff pursues claims against the Defendants under the Securities Exchange Act of 1934 (the “Exchange Act”).

2. Lockheed Martin is a aerospace and defense company principally engaged in the research, design, development, manufacture, integration and sustainment of advanced technology systems, products and services.

3. On October 22, 2024, before the market opened, Lockheed Martin announced it was forced to recognize losses of \$80 million on a classified program at the Company's Aeronautics business segment “due to higher than anticipated costs to achieve program objectives.” The Company also recognized a reach-forward loss in its Rotary and Mission Systems segment “as a result of additional quantity ordering risk identified on fixed-price options.”

4. On this news, the Company’s share price fell \$37.63 or 6.12% to close at \$576.98 on October 22, 2024, on unusually heavy trading volume.

5. Then, on January 28, 2025, before the market opened, Lockheed Martin announced it was forced to record ***pre-tax losses of \$1.7 billion*** associated with classified programs at its Aeronautics and Missiles and Fire Control business.¹ The Company explained “as a result of performance trends” and “in contemplation of near-term program milestones,” it had “performed a comprehensive review of the program requirements, technical complexities, schedule, and risks” based on which it recognized \$555 million of losses in its Aeronautics program. The Company further reported additional losses of approximately \$1.3 billion in its Missiles and Fire Control business, due to, among other things the “future requirements of the program, discussions with the customer and suppliers.” As a result, the Company’s net earnings in 2024 were \$5.3 billion, or \$22.31 per share, including \$2.0 billion (\$1.5 billion, or \$6.16 per share, after-tax) of losses for classified programs, compared to \$6.9 billion, or \$27.55 per share, in 2023. On that date, the Company’s Chief Executive Officer, James Taiclet, stated “[r]ecording charges in Q4 on these two programs enabled us to de-risk the financial profile of both these critical national security programs going forward as we move into their next phases.” He further assured investors the dynamics resulting in these losses were a result of how the Company’s contracts were previously bid, but there are “no longer any must win competitions. Under today’s Lockheed Martin wide bid process, every proposal adheres to a stringent risk adjusted ROI regime.”

6. On this news, the Company’s share price fell \$46.24 or 9.2% to close at \$457.45 on January 28, 2025 on unusually heavy trading volume.

7. Finally, on July 22, 2025, before the market opened, Lockheed Martin disclosed it was forced to record an ***additional \$1.6 billion in pre-tax losses*** on classified programs, including

¹ Unless otherwise stated, all emphasis in bold and italics hereinafter is added, and all footnotes are omitted.

\$950 million in losses related to its Aeronautics Classified program due to “*design, integration, and test challenges, as well as other performance issues*” as well as “significant changes to its processes and testing approach.” The Company also reported \$570 million in losses on its Canadian Maritime Helicopter Program due in part to providing “additional mission capabilities, enhanced logistical support, fleet life extension, and revised expectations regarding flight hours.” The Company further reported a \$95 million charge related to its Turkish Utility Helicopter Program due to the “current status of the program.” The Company stated it is in “ongoing discussion” with its customers regarding a potential “restructure” of certain contractual terms and conditions. As a result, the Company reported sharply lower net earnings of \$342 million, or \$1.46 per share, including \$1.6 billion of program losses and \$169 million of other charges.

8. On this news, the Company’s share price fell \$49.79 or 10.8%, to close at \$410.74 on July 22, 2025, on unusually heavy trading volume.

9. Throughout the Class Period, Defendants made materially false and/or misleading statements, as well as failed to disclose material adverse facts about the Company’s business, operations, and prospects. Specifically, Defendants failed to disclose to investors: (1) that Lockheed Martin lacked effective internal controls regarding its purportedly risk adjusted contracts including the reporting of its risk adjusted profit booking rate; (2) that Lockheed Martin lacked effective procedures to perform reasonably accurate comprehensive reviews of program requirements, technical complexities, schedule, and risks; (3) that Lockheed Martin overstated its ability to deliver on its contract commitments in terms of cost, quality and schedule; (4) that, as a result, the Company was reasonably likely to report significant losses; and (5) that, as a result of the foregoing, Defendants’ positive statements about the Company’s business, operations, and prospects were materially misleading and/or lacked a reasonable basis.

10. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, Plaintiff and other Class members have suffered significant losses and damages.

JURISDICTION AND VENUE

11. The claims asserted herein arise under Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-5).

12. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331 and Section 27 of the Exchange Act (15 U.S.C. § 78aa).

13. Venue is proper in this Judicial District pursuant to 28 U.S.C. § 1391(b) and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)). Substantial acts in furtherance of the alleged fraud or the effects of the fraud have occurred in this Judicial District. Many of the acts charged herein, including the dissemination of materially false and/or misleading information, occurred in substantial part in this Judicial District.

14. In connection with the acts, transactions, and conduct alleged herein, Defendants directly and indirectly used the means and instrumentalities of interstate commerce, including the United States mail, interstate telephone communications, and the facilities of a national securities exchange.

PARTIES

15. Plaintiff ____, as set forth in the accompanying certification, incorporated by reference herein, purchased Lockheed Martin securities during the Class Period, and suffered damages as a result of the federal securities law violations and false and/or misleading statements and/or material omissions alleged herein.

16. Defendant Lockheed Martin is incorporated under the laws of Maryland with its principal executive offices located in Bethesda, Maryland. Lockheed Martin's common shares trade on the New York Stock Exchange ("NYSE") exchange under the symbol "LMT."

17. Defendant James D. Taiclet ("Taiclet") was the Company's Chief Executive Officer ("CEO") at all relevant times.

18. Defendant Evan Scott ("Scott") has been the Company's Chief Financial Officer ("CFO") since April 17, 2025.

19. Defendant Jesus Malave ("Malave") was the Company's CFO from January 31, 2022 until April 16, 2025.

20. Defendants Taiclet, Scott and Malave (together, the "Individual Defendants"), because of their positions with the Company, possessed the power and authority to control the contents of the Company's reports to the SEC, press releases and presentations to securities analysts, money and portfolio managers and institutional investors, i.e., the market. The Individual Defendants were provided with copies of the Company's reports and press releases alleged herein to be misleading prior to, or shortly after, their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions and access to material non-public information available to them, the Individual Defendants knew that the adverse facts specified herein had not been disclosed to, and were being concealed from, the public, and that the positive representations which were being made were then materially false and/or misleading. The Individual Defendants are liable for the false statements pleaded herein.

SUBSTANTIVE ALLEGATIONS

Background

21. Lockheed Martin is a aerospace and defense company principally engaged in the research, design, development, manufacture, integration and sustainment of advanced technology systems, products and services.

Materially False and Misleading

Statements Issued During the Class Period

22. The Class Period begins on January 23, 2024. On that day, Lockheed Martin issued a press release reporting its financial results for the quarter and year ended December 31, 2023. The press release touted the Company's financial results, including its alleged net sales and net earnings, as follows in relevant part:

- Net sales of \$18.9 billion in the fourth quarter and \$67.6 billion in 2023**
- Net earnings of \$1.9 billion, or \$7.58 per share in the fourth quarter; \$6.9 billion, or \$27.55 per share in 2023**
- Cash from operations of \$2.4 billion and free cash flow of \$1.7 billion in the fourth quarter; cash from operations of \$7.9 billion and free cash flow of \$6.2 billion in 2023**
- \$3.8 billion of cash returned to shareholders through dividends and share repurchases in the fourth quarter, and \$9.1 billion in 2023**
- Record backlog of \$160.6 billion**
- 2024 financial outlook provided**

BETHESDA, Md., Jan. 23, 2024 – Lockheed Martin Corporation [NYSE: LMT] today reported fourth quarter 2023 net sales of \$18.9 billion, compared to \$19.0 billion in the fourth quarter of 2022. Net earnings in the fourth quarter of 2023 and 2022 were \$1.9 billion, or \$7.58 and \$7.40 per share, respectively. Cash from operations was \$2.4 billion in the fourth quarter of 2023, compared to \$1.9 billion in the fourth quarter of 2022. Free cash flow was \$1.7 billion in the fourth quarter of 2023, compared to \$1.2 billion in the fourth quarter of 2022.

Net sales in 2023 were \$67.6 billion, compared to \$66.0 billion in 2022. Net earnings in 2023 were \$6.9 billion, or \$27.55 per share, compared to \$5.7 billion,

or \$21.66 per share, in 2022. Cash from operations in 2023 was \$7.9 billion, compared to \$7.8 billion in 2022. Free cash flow in 2023 was \$6.2 billion, compared to \$6.1 billion in 2022.

*	*	*
(in millions, except per share data)		<u>2024 Outlook¹</u>
Net sales		\$68,500 - \$70,000
Business segment operating profit ²		\$7,175- \$7,375
Total FAS/CAS pension adjustment ³		~\$1,685
Diluted earnings per share ⁴		\$25.65 - \$26.35
Cash from operations		\$7,750 - \$8,050
Capital expenditures		~\$1,750
Free cash flow ²		<u>\$6,000 - \$6,300</u>

23. On January 23, 2024, the Company submitted its annual report for the fiscal year ended December 31, 2024 on a Form 10-K filed with the SEC (the “FY23 10-K”). The FY23 10-K affirmed the previously reported financial results. The FY23 10-K further reported purported details of the Company’s business segment results of operations, including that the Company’s sales and profits, and that its ***“contracts generally allow for the recovery of costs in the pricing of our products and services.”*** The FY23 10-K further stated that the Company ***“identify and monitor risks to the achievement of the technical, schedule and cost aspects of the contract and assess the effects of those risks on our estimates of total costs to complete the contract”*** and that ***“[i]ncreases or decreases in profit booking rates are recognized in the current period they are determined and reflect the inception-to-date effect of such changes.”*** Specifically the FY23 10-K stated as follows, in relevant part:

	2023	2022	2021
Net sales			
Aeronautics	\$ 27,474	\$ 26,987	\$ 26,748
Missiles and Fire Control	11,253	11,317	11,693
Rotary and Mission Systems	16,239	16,148	16,789
Space	12,605	11,532	11,814
Total net sales	\$ 67,571	\$ 65,984	\$ 67,044
Operating profit			
Aeronautics	\$ 2,825	\$ 2,867	\$ 2,800
Missiles and Fire Control	1,541	1,637	1,650
Rotary and Mission Systems	1,865	1,906	2,030
Space	1,158	1,057	1,184
Total business segment operating profit	7,389	7,467	7,664
Unallocated items			
FAS/CAS pension operating adjustment	1,660	1,709	1,960
Intangible asset amortization expense	(247)	(248)	(285)
Severance and other charges ^(a)	(92)	(100)	(36)
Other, net	(203)	(480)	(180)
Total unallocated, net	1,118	881	1,459
Total consolidated operating profit	\$ 8,507	\$ 8,348	\$ 9,123

* * *

Management evaluates performance on our contracts by focusing on net sales and operating profit and not by type or amount of operating expense. Consequently, our discussion of business segment performance focuses on net sales and operating profit, consistent with our approach for managing the business. This approach is consistent throughout the life cycle of our contracts, as management assesses the bidding of each contract by focusing on net sales and operating profit and *monitors performance on our contracts in a similar manner through their completion.*

Our contracts generally allow for the recovery of costs in the pricing of our products and services. Most of our contracts are bid and negotiated with our customers under circumstances in which we are required to disclose our estimated total costs to provide the product or service. This approach for negotiating contracts with our U.S. Government customers generally allows for recovery of our actual costs plus a reasonable profit margin. We also may enter into long-term supply contracts for certain materials or components to coincide with the production schedule of certain products and to ensure their availability at known unit prices.

Many of our contracts span several years and include highly complex technical requirements. *At the outset of a contract, we identify and monitor risks to the achievement of the technical, schedule and cost aspects of the contract and assess the effects of those risks on our estimates of total costs to complete the contract. The estimates consider the technical requirements (e.g., a newly-developed product versus a mature product), the schedule and associated tasks (e.g., the number and type of milestone events) and costs (e.g., material, labor, subcontractor, overhead and the estimated costs to fulfill our industrial cooperation agreements, sometimes referred to as offset agreements, required under certain contracts with international customers). The initial profit booking rate of each contract considers risks surrounding the ability to achieve the technical requirements, schedule and costs in the initial estimated total costs to complete the contract and variable considerations.* Profit booking rates may increase during the performance of the contract if we successfully retire risks related to the technical, schedule and cost aspects of the contract, which decreases the estimated total costs to complete the contract. *Conversely, our profit booking rates may decrease if the estimated total costs to complete the contract increase.* All of the estimates are subject to change during the performance of the contract and may affect the profit booking rate. For further discussion on fixed-price contracts, see “Note 1 – Organization and Significant Accounting Policies” included in our Notes to Consolidated Financial Statements.

We have a number of programs that are designated as classified by the U.S. Government which cannot be specifically described. The operating results of these classified programs are included in our consolidated and business segment results and are subjected to the same oversight and internal controls as our other programs.

* * *

Comparability of our segment sales, operating profit and operating margin may be impacted favorably or unfavorably by changes in profit booking rates on our contracts. Increases in the profit booking rates, typically referred to as favorable profit adjustments, usually relate to revisions in the estimated total costs to fulfill the performance obligations that reflect improved conditions on a particular contract. Conversely, conditions on a particular contract may deteriorate, resulting in an increase in the estimated total costs to fulfill the performance obligations and a reduction in the profit booking rate and are typically referred to as unfavorable profit adjustments. *Increases or decreases in profit booking rates are recognized in the current period they are determined and reflect the inception-to-date effect of such changes.*

24. The FY23 10-K report further alleged the following regarding the Company’s evaluation of disclosure controls and procedures, in relevant part:

Evaluation of Disclosure Controls and Procedures

We performed an evaluation of the effectiveness of our disclosure controls and procedures as of December 31, 2023. The evaluation was performed with the participation of senior management of each business segment and key corporate functions, under the supervision of the Chief Executive Officer (CEO) and Chief Financial Officer (CFO). Based on this evaluation, the CEO and CFO concluded that our disclosure controls and procedures were effective as of December 31, 2023.

Management’s Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control system is designed to provide reasonable assurance to our management and Board of Directors regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes.

Our management conducted an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2023. This assessment was based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework (2013 framework). ***Based on this assessment, management concluded that our internal control over financial reporting was effective as of December 31, 2023.***

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Classified Contracts

A portion of our business is classified by the U.S. Government and cannot be specifically described. The operating results of classified contracts are included in our consolidated financial statements. The business risks and capital requirements associated with classified contracts historically have not differed materially from those of our other U.S. Government contracts. However, under certain classified fixed price development and production contracts, we are unable to insure risk of loss to government property because of the classified nature of the contracts and the inability to disclose classified information necessary for underwriting and claims to commercial insurers. ***Our internal controls addressing the financial reporting of classified contracts are consistent with our internal controls for our non-classified contracts.***

25. The FY23 10-K also purported to warn of risks which “*could*” or “*may*” harm the Company including that its “profitability and cash flow *may* vary based on the mix of our contracts and programs, our performance, and our ability to control costs.” Specifically the FY23 10-K stated as follows, in relevant part:

Our profitability and cash flow may vary based on the mix of our contracts and programs, our performance, and our ability to control costs.

Our profitability and cash flow may vary materially depending on the types of government contracts undertaken, the nature of products produced or services performed under those contracts, the costs incurred in performing the work, the achievement of other performance objectives and the stage of performance at which the right to receive fees is determined, particularly under award and incentive-fee contracts. Failure to perform to customer expectations and contract requirements may result in reduced fees or losses and may adversely affect our financial performance.

Contract types primarily include fixed-price and cost-reimbursable contracts. Cost-reimbursable contracts provide for the payment of allowable costs incurred during performance of the contract plus a fee up to a ceiling based on the amount that has been funded. Cost, schedule or technical performance issues with respect to cost-reimbursable contracts could result in reduced fees, lower profit rates, or program cancellation. Fixed-price contracts are predominantly either firm fixed-price (FFP) contracts or fixed-price incentive (FPI) contracts. Under FFP contracts, we receive a fixed price irrespective of the actual costs we incur and therefore we carry the burden of any cost overruns. Under FPI contracts the U.S. Government is responsible for our costs up to a negotiated ceiling price and we generally share, based on a negotiated sharing formula, savings from cost underruns and expenses, up to the negotiated ceiling price, from cost overruns. We bear the risk for all cost overruns that exceed the negotiated ceiling price. Due to the fixed-price nature of the contracts, if our actual costs exceed our estimates, our margins and profits are reduced and we could incur a reach-forward loss. A reach-forward loss is when estimates of total costs to be incurred on a contract exceed total estimates of the transaction price. When this occurs, a provision for the entire loss is determined at the contract level and is recorded in the period in which the loss is evident.

Under both fixed-price and cost-reimbursable contracts, if we are unable to control costs, our operating results could be adversely affected. Costs to complete a contract may increase for many reasons, including technical and manufacturing challenges, schedule delays, workforce-related issues, inaccurate initial contract cost estimates, the timeliness and availability of materials from suppliers, internal and subcontractor performance or product quality issues, inability to meet cost reduction initiatives or achieve efficiencies from digital transformation, changing laws or regulations, inflation and natural disasters. Certain contracts may impose other risks, such as forfeiting fees, paying penalties, or providing replacement systems in the event of performance failure.

26. On April 23, 2024, Lockheed Martin Corporation issued a press release reporting its financial results for the quarter ended March 31, 2024. The press release touted the Company's financial results, including its alleged net sales and net earnings, as follows in relevant part:

- Net sales of \$17.2 billion
- Net earnings of \$1.5 billion, or \$6.39 per share
- Cash from operations of \$1.6 billion and free cash flow of \$1.3 billion
- \$1.8 billion of cash returned to shareholders through dividends and share repurchases
- Reaffirms 2024 financial outlook

BETHESDA, Md., April 23, 2024 – Lockheed Martin Corporation [NYSE: LMT] today reported first quarter 2024 net sales of \$17.2 billion, compared to \$15.1 billion in the first quarter of 2023. Net earnings in the first quarter of 2024 were \$1.5 billion, or \$6.39 per share, compared to \$1.7 billion or \$6.61 per share, in the first quarter of 2023. Cash from operations was \$1.6 billion in both the first quarters of 2024 and 2023. Free cash flow was \$1.3 billion in both the first quarters of 2024 and 2023. First quarter 2024 results included 13 weeks compared to 12 weeks for first quarter 2023.

27. On April 23, 2024, the Company submitted its quarterly report for the period ended March 31, 2024 on a Form 10-Q filed with the SEC, affirming the previously reported financial results. The report contained purported details of the Company’s net sales and profit. The report further stated that, at the outset of a contract, the Company will “*identify and monitor risks to the achievement of the technical, schedule and cost aspects of the contract and assess the effects of those risks on our estimates of sales and total costs to complete the contract*” and any “[i]ncreases or decreases in profit booking rates are recognized in the current period they are determined and reflect the inception-to-date effect of such changes.” The report further stated the alleged effectiveness of the Company’s disclosure controls and procedures. Specifically, the report stated as follows, in relevant part:

	Quarters Ended	
	March 31, 2024	March 26, 2023
Net sales		
Aeronautics	\$ 6,845	\$ 6,269
Missiles and Fire Control	2,993	2,388
Rotary and Mission Systems	4,088	3,510
Space	3,269	2,959
Total net sales	\$ 17,195	\$ 15,126
Operating profit		
Aeronautics	\$ 679	\$ 675
Missiles and Fire Control	311	377
Rotary and Mission Systems	430	350
Space	325	280
Total business segment operating profit	1,745	1,682
Unallocated items		
FAS/CAS pension operating adjustment	406	415
Intangible asset amortization expense	(61)	(62)
Other, net	(61)	2
Total unallocated items	284	355
Total consolidated operating profit	\$ 2,029	\$ 2,037

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Our contracts generally allow for the recovery of costs in the pricing of our products and services. Most of our contracts are bid and negotiated with our customers under circumstances in which we are required to disclose our estimated total costs to provide the product or service. This approach for negotiating contracts with our U.S. Government customers generally allows for recovery of our actual costs plus a reasonable profit margin. We also may enter into long-term supply contracts for certain materials or components to coincide with the production schedule of certain products and to ensure their availability at known unit prices.

We have a number of programs that are designated as classified by the U.S. Government which cannot be specifically described. *The operating results of these classified programs are included in our consolidated and business segment results and are subjected to the same oversight and internal controls as our other programs.*

* * *

Many of our contracts span several years and include highly complex technical requirements. *At the outset of a contract accounted for under the percentage-of-*

completion cost-to-cost method, we identify and monitor risks to the achievement of the technical, schedule and cost aspects of the contract and assess the effects of those risks on our estimates of sales and total costs to complete the contract, as well as our ability to earn variable consideration. The estimates consider the technical requirements (e.g., a newly-developed product versus a mature product), the schedule and associated tasks (e.g., the number and type of milestone events) and costs (e.g., material, labor, subcontractor, overhead and the estimated costs to fulfill our industrial cooperation agreements, sometimes referred to as offset or localization agreements, required under certain contracts with international customers). The initial profit booking rate of each contract considers risks surrounding the ability to achieve the technical requirements, schedule and costs in the initial estimated total costs to complete the contract and variable considerations. Profit booking rates may increase during the performance of the contract if we successfully retire risks related to the technical, schedule and cost aspects of the contract, which decreases the estimated total costs to complete the contract or may increase the variable consideration we expect to receive on the contract. Conversely, our profit booking rates may decrease if the estimated total costs to complete the contract increase or our estimates of variable consideration we expect to receive decrease. The profit booking rate may also be adjusted if the total estimated value of the contract changes or there is a contract modification. All of the estimates are subject to change during the performance of the contract and may affect the profit booking rate. For further discussion on fixed-price contracts, see “Note 10 - Other” included in our Notes to Consolidated Financial Statements.

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Comparability of our segment sales, operating profit and operating margin may be impacted favorably or unfavorably by changes in profit booking rates on our contracts. Increases in the profit booking rates, typically referred to as favorable profit booking rate adjustments, usually relate to revisions in the estimated total costs to fulfill the performance obligations that reflect improved conditions on a particular contract. Conversely, conditions on a particular contract may deteriorate, resulting in an increase in the estimated total costs to fulfill the performance obligations and a reduction in the profit booking rate and are typically referred to as unfavorable profit booking rate adjustments. ***Increases or decreases in profit booking rates are recognized in the current period they are determined and reflect the inception-to-date effect of such changes.***

* * *

ITEM 4. Controls and Procedures

We performed an evaluation of the effectiveness of our disclosure controls and procedures as of March 31, 2024. The evaluation was performed with the participation of senior management of each business segment and key corporate functions, under the supervision of the Chief Executive Officer (CEO) and Chief Financial Officer (CFO). ***Based on this evaluation, the CEO and CFO concluded***

that our disclosure controls and procedures were operating and effective as of March 31, 2024.

There were no changes in our internal control over financial reporting during the quarter ended March 31, 2024 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

28. On July 23, 2024, Lockheed Martin Corporation issued a press release reporting its financial results for the quarter ended June 30, 2024. The press release touted the Company's financial results, including its alleged net sales and net earnings, as well as the Company's updated 2024 financial outlook, as follows in relevant part:

- Net sales of \$18.1 billion, an increase of 9% year over year**
- Net earnings of \$1.6 billion, or \$6.85 per share, inclusive of net non-operational charges of \$79 million (\$63 million, or \$0.26 per share, after-tax)**
- Cash from operations of \$1.9 billion and free cash flow of \$1.5 billion**
- \$1.6 billion of cash returned to shareholders through dividends and share repurchases**
- 2024 outlook increased for sales, segment operating profit and earnings per share**

BETHESDA, Md., July 23, 2024 – Lockheed Martin Corporation [NYSE: LMT] today reported second quarter 2024 net sales of \$18.1 billion, compared to \$16.7 billion in the second quarter of 2023. Net earnings in the second quarter of 2024 were \$1.6 billion, or \$6.85 per share, compared to \$1.7 billion, or \$6.63 per share, in the second quarter of 2023. Cash from operations was \$1.9 billion in the second quarter of 2024, compared to \$1.1 billion in the second quarter of 2023. Free cash flow was \$1.5 billion in the second quarter of 2024, compared to \$771 million in the second quarter of 2023.

29. On July 23, 2024, the Company submitted its quarterly report for the period ended June 30, 2024 on a Form 10-Q filed with the SEC, affirming the previously reported financial results. The report contained purported details of the Company's net sales and profit. The report further stated that, at the outset of a contract, the Company will “*identify and monitor risks to the achievement of the technical, schedule and cost aspects of the contract and assess the effects of those risks on our estimates of sales and total costs to complete the contract*” and any “[i]ncreases

or decreases in profit booking rates are recognized in the current period they are determined and reflect the inception-to-date effect of such changes.” The report further stated the alleged effectiveness of the Company’s disclosure controls and procedures. Specifically, the report stated as follows, in relevant part:

	Quarters Ended		Six Months Ended	
	June 30, 2024	June 25, 2023	June 30, 2024	June 25, 2023
Net sales				
Aeronautics	\$ 7,277	\$ 6,875	\$ 14,122	\$ 13,144
Missiles and Fire Control	3,102	2,755	6,095	5,143
Rotary and Mission Systems	4,548	3,897	8,636	7,407
Space	3,195	3,166	6,464	6,125
Total net sales	\$ 18,122	\$ 16,693	\$ 35,317	\$ 31,819
Operating profit				
Aeronautics	\$ 751	\$ 718	\$ 1,430	\$ 1,393
Missiles and Fire Control	450	371	761	748
Rotary and Mission Systems	495	454	925	804
Space	346	312	671	592
Total business segment operating profit	2,042	1,855	3,787	3,537
Unallocated items				
FAS/CAS pension operating adjustment	406	416	812	831
Impairment and severance charges ^(a)	(87)	—	(87)	—
Intangible asset amortization expense	(61)	(62)	(122)	(124)
Other, net	(152)	(74)	(213)	(72)
Total unallocated items	106	280	390	635
Total consolidated operating profit	\$ 2,148	\$ 2,135	\$ 4,177	\$ 4,172

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Our contracts generally allow for the recovery of costs in the pricing of our products and services. Most of our contracts are bid and negotiated with our customers under circumstances in which we are required to disclose our estimated total costs to provide the product or service. This approach for negotiating contracts with our U.S. Government customers generally allows for recovery of our actual costs plus a reasonable profit margin. We also may enter into long-term supply contracts for certain materials or components to coincide with the production schedule of certain products and to ensure their availability at known unit prices.

We have a number of programs that are designated as classified by the U.S. Government which cannot be specifically described. *The operating results of these classified programs are included in our consolidated and business segment results and are subjected to the same oversight and internal controls as our other programs.*

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Many of our contracts span several years and include highly complex technical requirements. *At the outset of a contract accounted for under the percentage-of-completion cost-to-cost method, we identify and monitor risks to the achievement of the technical, schedule and cost aspects of the contract and assess the effects of those risks on our estimates of sales and total costs to complete the contract, as well as our ability to earn variable consideration. The estimates consider the technical requirements (e.g., a newly-developed product versus a mature product), the schedule and associated tasks (e.g., the number and type of milestone events) and costs (e.g., material, labor, subcontractor, overhead and the estimated costs to fulfill our industrial cooperation agreements, sometimes referred to as offset or localization agreements, required under certain contracts with international customers). The initial profit booking rate of each contract considers risks surrounding the ability to achieve the technical requirements, schedule and costs in the initial estimated total costs to complete the contract and variable considerations.* Profit booking rates may increase during the performance of the contract if we successfully retire risks related to the technical, schedule and cost aspects of the contract, which decreases the estimated total costs to complete the contract or may increase the variable consideration we expect to receive on the contract. *Conversely, our profit booking rates may decrease if the estimated total costs to complete the contract increase or our estimates of variable consideration we expect to receive decrease.* The profit booking rate may also be adjusted if the total estimated value of the contract changes or there is a contract modification. All of the estimates are subject to change during the performance of the contract and may affect the profit booking rate. For further discussion on fixed-price contracts, see “Note 10 - Other” included in our Notes to Consolidated Financial Statements.

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Comparability of our segment sales, operating profit and operating margin may be impacted favorably or unfavorably by changes in profit booking rates on our contracts. Increases in the profit booking rates, typically referred to as favorable profit booking rate adjustments, usually relate to revisions in the estimated total costs to fulfill the performance obligations that reflect improved conditions on a particular contract. Conversely, conditions on a particular contract may deteriorate, resulting in an increase in the estimated total costs to fulfill the performance obligations and a reduction in the profit booking rate and are typically referred to as unfavorable profit booking rate adjustments. *Increases or decreases in profit booking rates are recognized in the current period they are determined and reflect the inception-to-date effect of such changes.*

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ITEM 4. Controls and Procedures

We performed an evaluation of the effectiveness of our disclosure controls and procedures as of June 30, 2024. The evaluation was performed with the participation of senior management of each business segment and key corporate functions, under the supervision of the Chief Executive Officer (CEO) and Chief Financial Officer (CFO). ***Based on this evaluation, the CEO and CFO concluded that our disclosure controls and procedures were operating and effective as of June 30, 2024.***

There were no changes in our internal control over financial reporting during the quarter ended June 30, 2024 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

30. The above statements identified in ¶¶ 22-29 were materially false and/or misleading, and failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, Defendants failed to disclose to investors: (1) that Lockheed Martin lacked effective internal controls regarding its purportedly risk adjusted contracts including the reporting of its risk adjusted profit booking rate; (2) that Lockheed Martin lacked effective procedures to perform reasonably accurate comprehensive reviews of program requirements, technical complexities, schedule, and risks; (3) that Lockheed Martin overstated its ability to deliver on its contract commitments in terms of cost, quality and schedule; (4) that, as a result, the Company was reasonably likely to report significant losses; and (5) that, as a result of the foregoing, Defendants' positive statements about the Company's business, operations, and prospects were materially misleading and/or lacked a reasonable basis.

31. The truth began to emerge on October 22, 2024, before the market opened, when Lockheed Martin issued a press release reporting its financial results for the quarter ended September 29, 2024. The press release announced the Company was forced to record losses of \$80 million on a classified program at the company's Aeronautics business segment "***due to higher than anticipated costs to achieve program objectives.***" The press release also reported the Company recognized a reach-forward loss in its Rotary and Mission Systems segment "as a result

of additional quantity ordering risk identified on fixed-price options.” Specifically, the press release stated as follows, in relevant part:

- Net sales of \$17.1 billion, an increase of 1% year over year**
- Net earnings of \$1.6 billion, or \$6.80 per share**
- Cash from operations of \$2.4 billion and free cash flow of \$2.1 billion**
- \$1.6 billion of cash returned to shareholders through dividends and share repurchases**
- Increased share repurchase authority by \$3.0 billion to a total authorization of \$10.3 billion**
- Increased quarterly dividend 5% to \$3.30 per share**
- 2024 financial outlook increased**

BETHESDA, Md., Oct. 22, 2024 – Lockheed Martin Corporation [NYSE: LMT] today reported third quarter 2024 net sales of \$17.1 billion, compared to \$16.9 billion in the third quarter of 2023. Net earnings in the third quarter of 2024 were \$1.6 billion, or \$6.80 per share, compared to \$1.7 billion, or \$6.73 per share, in the third quarter of 2023. Cash from operations was \$2.4 billion in the third quarter of 2024, compared to \$2.9 billion in the third quarter of 2023. Free cash flow was \$2.1 billion in the third quarter of 2024, compared to \$2.5 billion in the third quarter of 2023.

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The company's consolidated net favorable profit booking rate adjustments represented approximately 20% and 19% of total segment operating profit in the quarters ended Sept. 29, 2024 and Sept. 24, 2023. *During the quarter ended Sept. 29, 2024, the company recognized losses of \$80 million on a classified program at the company's Aeronautics business segment due to higher than anticipated costs to achieve program objectives.*

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RMS' operating profit in the third quarter of 2024 was comparable to the same period in 2023 as a \$25 million increase due to the higher volume described above was offset by \$25 million of lower profit booking rate adjustments. *The decrease in profit booking rate adjustments was primarily due to a reach-forward loss recognized on a radar program as a result of additional quantity ordering risk identified on fixed-price options.*

32. On this news, the Company’s share price fell \$37.63 or 6.12% to close at \$576.98 on October 22, 2024, on unusually heavy trading volume.

33. On October 22, 2024, the Company submitted its quarterly report for the period ended September 29, 2024 on a Form 10-Q filed with the SEC, affirming the previously reported financial results. The report contained purported details of the Company’s net sales and profit. The report further stated that, at the outset of a contract, the Company will “*identify and monitor risks to the achievement of the technical, schedule and cost aspects of the contract and assess the effects of those risks on our estimates of sales and total costs to complete the contract*” and any “*[i]ncreases or decreases in profit booking rates are recognized in the current period they are determined and reflect the inception-to-date effect of such changes.*” The report further stated the alleged effectiveness of the Company’s disclosure controls and procedures. Specifically, the report stated as follows, in relevant part:

	Quarters Ended		Nine Months Ended	
	September 29, 2024	September 24, 2023	September 29, 2024	September 24, 2023
Net sales				
Aeronautics	\$ 6,487	\$ 6,717	\$ 20,609	\$ 19,861
Missiles and Fire Control	3,175	2,939	9,270	8,082
Rotary and Mission Systems	4,367	4,121	13,003	11,528
Space	3,075	3,101	9,539	9,226
Total net sales	\$ 17,104	\$ 16,878	\$ 52,421	\$ 48,697
Operating profit				
Aeronautics	\$ 659	\$ 671	\$ 2,089	\$ 2,064
Missiles and Fire Control	456	398	1,217	1,146
Rotary and Mission Systems	483	482	1,408	1,286
Space	272	259	943	851
Total business segment operating profit	1,870	1,810	5,657	5,347
Unallocated items				
FAS/CAS pension operating adjustment	406	414	1,218	1,245
Impairment and severance charges ^(a)	—	—	(87)	—
Intangible asset amortization expense	(61)	(61)	(183)	(185)
Other, net	(75)	(121)	(288)	(193)
Total unallocated items	270	232	660	867
Total consolidated operating profit	\$ 2,140	\$ 2,042	\$ 6,317	\$ 6,214

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Our contracts generally allow for the recovery of costs in the pricing of our products and services. Most of our contracts are bid and negotiated with our customers under circumstances in which we are required to disclose our estimated total costs to provide the product or service. This approach for negotiating contracts with our U.S. Government customers generally allows for recovery of our actual costs plus a reasonable profit margin. We also may enter into long-term supply contracts for certain materials or components to coincide with the production schedule of certain products and to ensure their availability at known unit prices.

We have a number of programs that are designated as classified by the U.S. Government, which cannot be specifically described. ***The operating results of these classified programs are included in our consolidated and business segment results and are subjected to the same oversight and internal controls as our other programs.***

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Many of our contracts span several years and include highly complex technical requirements. ***At the outset of a contract accounted for under the percentage-of-completion cost-to-cost method, we identify and monitor risks to the achievement of the technical, schedule and cost aspects of the contract and assess the effects of those risks on our estimates of sales and total costs to complete the contract, as well as our ability to earn variable consideration. The estimates consider the technical requirements (e.g., a newly developed product versus a mature product), the schedule and associated tasks (e.g., the number and type of milestone events) and costs (e.g., material, labor, subcontractor, overhead and the estimated costs to fulfill our industrial cooperation agreements, sometimes referred to as offset or localization agreements, required under certain contracts with international customers). The initial profit booking rate of each contract considers risks surrounding the ability to achieve the technical requirements, schedule and costs in the initial estimated total costs to complete the contract and variable considerations.*** Profit booking rates may increase during the performance of the contract if we successfully retire risks related to the technical, schedule and cost aspects of the contract, which decreases the estimated total costs to complete the contract or may increase the variable consideration we expect to receive on the contract. ***Conversely, our profit booking rates may decrease if the estimated total costs to complete the contract increase or our estimates of variable consideration we expect to receive decrease.*** The profit booking rate may also be adjusted if the total estimated value of the contract changes or there is a contract modification. All of the estimates are subject to change during the performance of the contract and may affect the profit booking rate. For further discussion on fixed-price contracts, see “Note 10 - Other” included in our Notes to Consolidated Financial Statements.

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Comparability of our segment sales, operating profit and operating margin may be impacted favorably or unfavorably by changes in profit booking rates on our contracts. Increases in the profit booking rates, typically referred to as favorable profit booking rate adjustments, usually relate to revisions in the estimated total costs to fulfill the performance obligations that reflect improved conditions on a particular contract. Conversely, conditions on a particular contract may deteriorate, resulting in an increase in the estimated total costs to fulfill the performance obligations and a reduction in the profit booking rate and are typically referred to as unfavorable profit booking rate adjustments. ***Increases or decreases in profit booking rates are recognized in the current period they are determined and reflect the inception-to-date effect of such changes.***

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ITEM 4. Controls and Procedures

We performed an evaluation of the effectiveness of our disclosure controls and procedures as of September 29, 2024. The evaluation was performed with the participation of senior management of each business segment and key corporate functions, under the supervision of the Chief Executive Officer (CEO) and Chief Financial Officer (CFO). ***Based on this evaluation, the CEO and CFO concluded that our disclosure controls and procedures were operating and effective as of September 29, 2024.***

There were no changes in our internal control over financial reporting during the quarter ended September 29, 2024 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

34. The above statements identified in ¶¶ 31, 33 were materially false and/or misleading, and failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, Defendants failed to disclose to investors: (1) that Lockheed Martin lacked effective internal controls regarding its purportedly risk adjusted contracts including the reporting of its risk adjusted profit booking rate; (2) that Lockheed Martin lacked effective procedures to perform reasonably accurate comprehensive reviews of program requirements, technical complexities, schedule, and risks; (3) that Lockheed Martin overstated its ability to deliver on its contract commitments in terms of cost, quality and schedule; (4) that, as a result, the Company was reasonably likely to report significant losses; and (5) that, as a result of the

foregoing, Defendants' positive statements about the Company's business, operations, and prospects were materially misleading and/or lacked a reasonable basis.

35. The truth continued to emerge on January 28, 2025, when, before the market opened, Lockheed Martin issued a press release reporting its financial results for the quarter and year ended December 31, 2024. The press release announced the Company was forced to record pre-tax losses of \$1.7 billion associated with classified programs at its Aeronautics and Missiles and Fire Control business. For its Aeronautics program, the Company explained "as a result of performance trends" and "in contemplation of near-term program milestones," the Company had "performed a comprehensive review of the program requirements, technical complexities, schedule, and risks" based on which it recognized \$555 million of losses. As a result, the Company's net earnings in 2024 were \$5.3 billion, or \$22.31 per share, including \$2.0 billion (\$1.5 billion, or \$6.16 per share, after-tax) of losses for classified programs, compared to \$6.9 billion, or \$27.55 per share, in 2023. Specifically, the press release stated as follows, in relevant part:

- **2024 net sales increased 5% to \$71.0 billion**

- **Recorded pre-tax losses of \$1.7 billion and \$2.0 billion associated with classified programs in the fourth quarter and full year, which impacted earnings per share by \$5.45 and \$6.16**

- **Earnings per share of \$2.22 in the fourth quarter and \$22.31 in 2024, including impact of classified programs losses**

- **Cash from operations of \$7.0 billion and free cash flow of \$5.3 billion in 2024 after a pension contribution of \$990 million**

- **Returned \$6.8 billion of cash to shareholders through dividends and share repurchases in 2024**

- **Record backlog of \$176.0 billion at end of 2024**

- **2025 financial outlook provided**

BETHESDA, Md., Jan. 28, 2025 – Lockheed Martin Corporation [NYSE: LMT] today reported fourth quarter 2024 net sales of \$18.6 billion, compared to \$18.9

billion in the fourth quarter of 2023. Net earnings in the fourth quarter of 2024 were \$527 million, or \$2.22 per share, including \$1.7 billion (\$1.3 billion, or \$5.45 per share, after-tax) of losses for classified programs, compared to \$1.9 billion, or \$7.58 per share, in the fourth quarter of 2023. Cash from operations was \$1.0 billion in the fourth quarter of 2024, after a pension contribution of \$990 million, compared to \$2.4 billion in the fourth quarter of 2023. Free cash flow was \$441 million in the fourth quarter of 2024, after a pension contribution of \$990 million, compared to \$1.7 billion in the fourth quarter of 2023. Fourth quarter 2024 results included 13 weeks, compared to 14 weeks for fourth quarter 2023, which had an unfavorable impact on sales volume across the company.

Net sales in 2024 were \$71.0 billion, compared to \$67.6 billion in 2023. Net earnings in 2024 were \$5.3 billion, or \$22.31 per share, including \$2.0 billion (\$1.5 billion, or \$6.16 per share, after-tax) of losses for classified programs, compared to \$6.9 billion, or \$27.55 per share, in 2023. Cash from operations was \$7.0 billion in 2024, after a pension contribution of \$990 million, compared to \$7.9 billion in 2023. Free cash flow was \$5.3 billion in 2024, after a pension contribution of \$990 million, compared to \$6.2 billion in 2023.

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Earnings Impacts of Classified Program Losses and Other Items

During the fourth quarter of 2024, the company recognized losses associated with existing classified programs at its Aeronautics and Missiles and Fire Control (MFC) business segments.

The company's Aeronautics business segment has an existing classified fixed-price incentive fee contract that involves highly complex design and systems integration. The program includes a base contract for the initial phase of the program and multiple options for additional phases. The company previously disclosed it continues to monitor the technical requirements and its performance, the remaining work and any future changes in scope or schedule, and estimated costs to complete the program, and it may have to record additional losses in future periods if further performance issues, increases in scope, or cost growth occur. *As a result of performance trends experienced in the fourth quarter 2024 and in contemplation of near-term program milestones, the company performed a comprehensive review of the program requirements, technical complexities, schedule, and risks. Based on that review, the company has identified higher projected costs in engineering and integration activities that are necessary to achieve those forthcoming milestones and recognized losses across the program phases of \$410 million in the fourth quarter of 2024. As of December 31, 2024, losses for the year were approximately \$555 million, including the fourth quarter loss.*

The company's MFC business segment has an existing classified contract, which includes a cost-reimbursable base contract for the initial phase of the program and multiple fixed-price options for additional phases. The company previously

disclosed the options may be exercised over the next several years and if performed expects they would each be at a loss. During the first quarter of 2024, the company concluded it was probable that the first option would be exercised and recognized a loss of approximately \$100 million. During the fourth quarter of 2024, the company again assessed the likelihood that additional options may be exercised and now believe it is probable that all options will be exercised based on performance to date, ***future requirements of the program, discussions with the customer and suppliers, and anticipated customer funding, among other factors, resulting in the recognition of additional losses of approximately \$1.3 billion***, which is consistent with the amount the company previously disclosed. For the year ended Dec. 31, 2024, MFC recognized losses of \$1.4 billion for this program, including the fourth quarter loss.

36. On this news, the Company's share price fell \$46.24 or 9.2% to close at \$457.45 on January 28, 2025 on unusually heavy trading volume.

37. On January 28, 2025, the Company submitted its annual report for the fiscal year ended December 31, 2024 on a Form 10-K filed with the SEC, (the "FY24 10-K"). The FY24 10-K affirmed the previously reported financial results. The FY24 10-K further reported purported details of the Company's business segment results of operations, including that the Company's sales and profits, and that its ***"contracts generally allow for the recovery of costs in the pricing of our products and services."*** The FY24 10-K further stated that the Company ***"identify and monitor risks to the achievement of the technical, schedule and cost aspects of the contract and assess the effects of those risks on our estimates of sales and total costs to complete the contract"*** and ***"[i]ncreases or decreases in profit booking rates are recognized in the period they are determined and reflect the inception-to-date effect of such changes."*** Specifically the FY24 10-K stated as follows, in relevant part:

	2024	2023	2022
Net sales			
Aeronautics	\$ 28,618	\$ 27,474	\$ 26,987
Missiles and Fire Control	12,682	11,253	11,317
Rotary and Mission Systems	17,264	16,239	16,148
Space	12,479	12,605	11,532
Total net sales	\$ 71,043	\$ 67,571	\$ 65,984
Cost of sales			
Aeronautics	\$ 26,093	\$ 24,649	\$ 24,110
Missiles and Fire Control	12,277	9,712	9,676
Rotary and Mission Systems	15,391	14,399	14,258
Space	11,308	11,473	10,565
Total cost of sales	\$ 65,069	\$ 60,233	\$ 58,609
Operating profit			
Aeronautics	\$ 2,523	\$ 2,825	\$ 2,867
Missiles and Fire Control	413	1,541	1,637
Rotary and Mission Systems	1,921	1,865	1,906
Space	1,226	1,158	1,057
Total business segment operating profit	6,083	7,389	7,467
Unallocated items			
FAS/CAS pension operating adjustment	1,624	1,660	1,709
Intangible asset amortization expense	(247)	(247)	(248)
Impairment and severance charges ^(a)	(87)	(92)	(100)
Other, net	(360)	(203)	(480)
Total unallocated, net	930	1,118	881
Total consolidated operating profit	\$ 7,013	\$ 8,507	\$ 8,348

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Our contracts generally allow for the recovery of costs in the pricing of our products and services. Most of our contracts are bid and negotiated with our customers under circumstances in which we are required to disclose our estimated total costs to provide the product or service. This approach for negotiating contracts with our U.S. Government customers generally allows for recovery of our actual costs plus a reasonable profit margin. We also may enter into long-term supply contracts for certain materials or components to coincide with the production schedule of certain products and to ensure their availability at known unit prices.

We have a number of programs that are designated as classified by the U.S. Government, and that cannot be specifically described. *The operating results of these classified programs are included in our consolidated and business segment results and are subject to the same oversight and internal controls as our other programs.*

* * *

Many of our contracts span several years and include highly complex technical requirements. *At the outset of a contract accounted for under the percentage-of-*

completion cost-to-cost method, we identify and monitor risks to the achievement of the technical, schedule and cost aspects of the contract and assess the effects of those risks on our estimates of sales and total costs to complete the contract, as well as our ability to earn variable consideration. The estimates consider the technical requirements (e.g., a newly developed product versus a mature product), the schedule and associated tasks (e.g., the number and type of milestone events) and costs (e.g., material, labor, subcontractor, overhead and the estimated costs to fulfill our industrial cooperation agreements, sometimes referred to as offset or localization agreements, required under certain contracts with international customers). The initial profit booking rate of each contract considers risks surrounding the ability to achieve the technical requirements, schedule and costs in the initial estimated total costs to complete the contract and variable considerations. Profit booking rates may increase during the performance of the contract if we successfully retire risks related to the technical, schedule and cost aspects of the contract, which decreases the estimated total costs to complete the contract or may increase the variable consideration we expect to receive on the contract. Conversely, our profit booking rates may decrease if the estimated total costs to complete the contract increase or our estimates of variable consideration we expect to receive decrease. The profit booking rate may also be adjusted if the total estimated value of the contract changes or there is a contract modification. All of the estimates are subject to change during the performance of the contract and may affect the profit booking rate. For further discussion on fixed-price contracts, see “Note 1 – Organization and Significant Accounting Policies” included in our Notes to Consolidated Financial Statements.

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Comparability of our segment sales, operating profit and operating margin may be impacted favorably or unfavorably by changes in profit booking rates on our contracts. Increases in the profit booking rates, typically referred to as favorable profit booking rate adjustments, usually relate to revisions in the estimated total costs to fulfill the performance obligations that reflect improved conditions on a particular contract. Conversely, conditions on a particular contract may deteriorate, resulting in an increase in the estimated total costs to fulfill the performance obligations and a reduction in the profit booking rate and are typically referred to as unfavorable profit booking rate adjustments. ***Increases or decreases in profit booking rates are recognized in the period they are determined and reflect the inception-to-date effect of such changes.***

38. The FY24 10-K report further alleged the following regarding the Company’s evaluation of disclosure controls and procedures, in relevant part:

ITEM 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We performed an evaluation of the effectiveness of our disclosure controls and procedures as of December 31, 2024. The evaluation was performed with the participation of senior management of each business segment and key corporate functions, under the supervision of the Chief Executive Officer (CEO) and Chief Financial Officer (CFO). Based on this evaluation, the CEO and CFO concluded that our disclosure controls and procedures were effective as of December 31, 2024.

Management’s Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control system is designed to provide reasonable assurance to our management and Board of Directors regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes.

Our management conducted an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2024. This assessment was based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework (2013 framework). Based on this assessment, management concluded that our internal control over financial reporting was effective as of December 31, 2024.

Our independent registered public accounting firm has issued a report on the effectiveness of our internal control over financial reporting, which is below.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the quarter ended December 31, 2024 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

39. The FY24 10-K also purported to warn of risks which “*could*” or “*may*” harm the Company including that its “profitability and cash flow *may* vary based on the mix of our contracts and programs, our performance, and our ability to control costs.” Specifically the FY24 10-K stated as follows, in relevant part:

Our profitability and cash flow may vary based on the mix of our contracts and programs, our performance, and our ability to control costs.

Our profitability and cash flow may vary materially depending on the types of government contracts undertaken, the nature of products produced or services performed under those contracts, the costs incurred in performing the work, the achievement of other performance objectives and the stage of performance at which

the right to receive fees is determined, particularly under award and incentive-fee contracts. Failure to perform to customer expectations and contract requirements may result in reduced fees or losses and may adversely affect our financial performance.

Contract types primarily include fixed-price and cost-reimbursable contracts. Cost-reimbursable contracts provide for the payment of allowable costs incurred during performance of the contract plus a fee up to a ceiling based on the amount that has been funded. Cost, schedule or technical performance issues with respect to cost-reimbursable contracts could result in reduced fees, lower profit rates, or program cancellation. Fixed-price contracts are predominantly either firm fixed-price (FFP) contracts or fixed-price incentive (FPI) contracts. Under FFP contracts, we receive a fixed price irrespective of the actual costs we incur and therefore we carry the burden of any cost overruns. Under FPI contracts the U.S. Government is responsible for our costs up to a negotiated ceiling price and we generally share, based on a negotiated sharing formula, savings from cost underruns and expenses, up to the negotiated ceiling price, from cost overruns. We bear the risk for all cost overruns that exceed the negotiated ceiling price. Due to the fixed-price nature of the contracts, if our actual costs exceed our estimates, our margins and profits are reduced and we could incur a reach-forward loss. A reach-forward loss is when estimates of total costs to be incurred on a contract exceed total estimates of the transaction price. When this occurs, a provision for the entire loss is determined at the contract level and is recorded in the period in which the loss is evident.

40. On April 22, 2025, Lockheed Martin issued a press release reporting its financial results for the quarter ended March 30, 2025. The press release touted the Company's financial results, including its alleged net sales and net earnings, as follows in relevant part:

- Sales increased 4% to \$18.0 billion
- Net earnings of \$1.7 billion, or \$7.28 per share
- Cash from operations of \$1.4 billion and free cash flow of \$955 million
- Returned \$1.5 billion of cash to shareholders through dividends and share repurchases
- Reaffirms 2025 financial outlook

BETHESDA, Md., April 22, 2025 – Lockheed Martin Corporation [NYSE: LMT] today reported first quarter 2025 sales of \$18.0 billion, compared to \$17.2 billion in the first quarter of 2024. Net earnings in the first quarter of 2025 were \$1.7 billion, or \$7.28 per share, compared to \$1.5 billion, or \$6.39 per share, in the first quarter of 2024. Cash from operations was \$1.4 billion in the first quarter of 2025, compared to \$1.6 billion in the first quarter of 2024. Free cash flow was \$955

million in the first quarter of 2025, compared to \$1.3 billion in the first quarter of 2024.

“The momentum we created last year continued into the first quarter of 2025, with sales growing 4% year-over-year and free cash flow generation of \$955 million. We continued investing in the business with over \$850 million of research and development and capital expenditures in the quarter, and returned \$1.5 billion to shareholders through dividends and share repurchases,” said Lockheed Martin Chairman, President and CEO Jim Taiclet. “These solid first quarter results reinforce confidence in our ability to achieve the full year 2025 financial guidance we laid out in January, demonstrating the resilience and adaptability of Lockheed Martin’s franchises amidst a highly dynamic geopolitical and technical environment.”

* * *

Aeronautics’ sales during the quarter ended March 30, 2025 increased \$212 million, or 3%, compared to the same period in 2024. This increase was primarily driven by a \$215 million increase in sales from the F-35 program, resulting from higher volume on production contracts.

Aeronautics’ operating profit during the quarter ended March 30, 2025 increased \$41 million, or 6%, compared to the same period in 2024. This increase was attributable to two main factors: a \$20 million increase in profit booking rate adjustments and a \$20 million increase from higher volume, as described above. The increase in profit booking rate adjustments was primarily due to an \$80 million adjustment resulting from favorable performance at completion on a classified program, partially offset by lower profit rate adjustments on C-130 programs.

41. On April 22, 2025, the Company submitted its quarterly report for the period ended March 30, 2025 on a Form 10-Q filed with the SEC, affirming the previously reported financial results. The report contained purported details of the Company’s net sales and profit. The report further stated that, at the outset of a contract, the Company “*identify and monitor risks to the achievement of the technical, schedule and cost aspects of the contract and assess the effects of those risks on our estimates of sales and total costs to complete the contract.*” The report further stated the alleged effectiveness of the Company’s disclosure controls and procedures. Specifically, the report stated as follows, in relevant part:

	Quarters Ended	
	March 30, 2025	March 31, 2024
Sales		
Aeronautics	\$ 7,057	\$ 6,845
Missiles and Fire Control	3,373	2,993
Rotary and Mission Systems	4,328	4,088
Space	3,205	3,269
Total sales	\$17,963	\$17,195
Operating profit		
Aeronautics	\$ 720	\$ 679
Missiles and Fire Control	465	311
Rotary and Mission Systems	521	430
Space	379	325
Total business segment operating profit	2,085	1,745
Unallocated items		
FAS/CAS pension operating adjustment	379	406
Intangible asset amortization expense	(64)	(61)
Other, net	(28)	(61)
Total unallocated items	287	284
Total consolidated operating profit	\$ 2,372	\$ 2,029

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Our contracts generally allow for the recovery of costs in the pricing of our products and services. Most of our contracts are bid and negotiated with our customers under circumstances in which we are required to disclose our estimated total costs to provide the product or service. This approach for negotiating contracts with our U.S. Government customers generally allows for recovery of our actual costs plus a reasonable profit margin. We also may enter into long-term supply contracts for certain materials or components to coincide with the production schedule of certain products and to ensure their availability at known unit prices.

We have a number of programs that are designated as classified by the U.S. Government, and that cannot be specifically described. *The operating results of these classified programs are included in our consolidated and business segment results and are subject to the same oversight and internal controls as our other programs.*

* * *

Many of our contracts span several years and include highly complex technical requirements. *At the outset of a contract accounted for under the percentage-of-completion cost-to-cost method, we identify and monitor risks to the achievement*

of the technical, schedule and cost aspects of the contract and assess the effects of those risks on our estimates of sales and total costs to complete the contract, as well as our ability to earn variable consideration. The estimates consider the technical requirements (e.g., a newly developed product versus a mature product), the schedule and associated tasks (e.g., the number and type of milestone events) and costs (e.g., material, labor, subcontractor, overhead and the estimated costs to fulfill our industrial cooperation agreements, sometimes referred to as offset or localization agreements, required under certain contracts with international customers). The initial profit booking rate of each contract considers risks surrounding the ability to achieve the technical requirements, schedule and costs in the initial estimated total costs to complete the contract and variable considerations. Profit booking rates may increase during the performance of the contract if we successfully retire risks related to the technical, schedule and cost aspects of the contract, which decreases the estimated total costs to complete the contract or may increase the variable consideration we expect to receive on the contract. Conversely, our profit booking rates may decrease if the estimated total costs to complete the contract increase or our estimates of variable consideration we expect to receive decrease. The profit booking rate may also be adjusted if the total estimated value of the contract changes or there is a contract modification. All of the estimates are subject to change during the performance of the contract and may affect the profit booking rate. For further discussion on fixed-price contracts, see “Note 10 - Other” included in our Notes to Consolidated Financial Statements.

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ITEM 4. Controls and Procedures

We performed an evaluation of the effectiveness of our disclosure controls and procedures as of March 30, 2025. The evaluation was performed with the participation of senior management of each business segment and key corporate functions, under the supervision of the Chief Executive Officer (CEO) and Chief Financial Officer (CFO). ***Based on this evaluation, the CEO and CFO concluded that our disclosure controls and procedures were operating and effective as of March 30, 2025.***

There were no changes in our internal control over financial reporting during the quarter ended March 30, 2025 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

42. The above statements identified in ¶¶ 35-41 were materially false and/or misleading, and failed to disclose material adverse facts about the Company’s business, operations, and prospects. Specifically, Defendants failed to disclose to investors: (1) that Lockheed Martin lacked effective internal controls regarding its purportedly risk adjusted contracts including the

reporting of its risk adjusted profit booking rate; (2) that Lockheed Martin lacked effective procedures to perform reasonably accurate comprehensive reviews of program requirements, technical complexities, schedule, and risks; (3) that Lockheed Martin overstated its ability to deliver on its contract commitments in terms of cost, quality and schedule; (4) that, as a result, the Company was reasonably likely to report significant losses; and (5) that, as a result of the foregoing, Defendants' positive statements about the Company's business, operations, and prospects were materially misleading and/or lacked a reasonable basis.

Disclosures at the End of the Class Period

43. The truth fully emerged on July 22, 2025, before the market opened, when Lockheed Martin issued a press release reporting its financial results for the quarter ended June 29, 2025. The press release disclosed the Company it was forced to record an additional **\$1.6 billion** in pre-tax losses on classified programs. These losses included \$950 million related to its Aeronautics Classified program due to “*design, integration, and test challenges, as well as other performance issues*” as well as “significant changes to its processes and testing approach.” The press release also reported the Company recorded \$570 million in losses on its Canadian Maritime Helicopter Program due in part to providing “additional mission capabilities, enhanced logistical support, fleet life extension, and revised expectations regarding flight hours.” The press release additionally reported the Company also took a \$95 million charge related to its Turkish Utility Helicopter Program due to the “current status of the program.” The press release stated the Company is in “ongoing discussion” with its customers regarding a potential “restructure” of certain contractual terms and conditions. As a result, the Company reported sharply lower net earnings of \$342 million, or \$1.46 per share. Specifically, the press release stated as follows, in relevant part:

Lockheed Martin Reports Second Quarter 2025 Financial Results

- **Sales of \$18.2 billion**
- **Recorded pre-tax losses on programs of \$1.6 billion and other charges of \$169 million, which impacted earnings per share by \$5.83**
- **Net earnings of \$342 million, or \$1.46 per share, including impacts of program losses and other charges**
- **Cash from operations of \$201 million and free cash flow of \$(150) million**
- **Returned \$1.3 billion of cash to shareholders through dividends and share repurchases**
- **Reaffirming 2025 guidance for sales and free cash flow**

BETHESDA, Md., July 22, 2025 – Lockheed Martin Corporation [NYSE: LMT] today reported second quarter 2025 sales of \$18.2 billion, compared to \$18.1 billion in the second quarter of 2024. Net earnings in the second quarter of 2025 were \$342 million, or \$1.46 per share, including \$1.6 billion of program losses and \$169 million of other charges. This compares to \$1.6 billion, or \$6.85 per share, in the second quarter of 2024. Cash from operations was \$201 million in the second quarter of 2025, compared to \$1.9 billion in the second quarter of 2024. Free cash flow was \$(150) million in the second quarter of 2025, compared to \$1.5 billion in the second quarter of 2024.

“Over the course of the past few months, Lockheed Martin systems and platforms once again proved highly effective in combat operations and in deterring further aggression. Our F-35s, F-22s, PAC-3, THAAD, Aegis and many others, crewed by the soldiers, aircrews, sailors, marines and guardians of the U.S. and its Allies, and supported by our own dedicated teammates, performed extremely well in the most crucial and challenging situations,” said Lockheed Martin Chairman, President and CEO Jim Taiclet. “Based in part on this record of performance as well as the promise of several advanced technologies in development, our U.S. and allied customers are asking us to elevate and accelerate many key programs. For example, several allied nations have recently announced additional F-35 purchases, the U.S. Army has awarded more than \$1 billion in missile-related contracts so far, and the U.S. Space Force is ordering additional GPS III F satellites. At the same time, our ongoing program review process identified new developments that caused us to re-evaluate the financial position on a set of major legacy programs. As a result, we are taking a number of charges this quarter to address these newly identified risks. We remain committed to delivering these critical capabilities that our customers are counting on and are fully focused on the growth inflection we expect as the result of heightened interest and demand for Lockheed Martin’s products and technologies.

“Overall, the company’s foundation remains solid and resilient. In the second quarter, sales of \$18 billion grew sequentially, as we continued to drive supply chain improvements and ramp capacity on needed deterrent capabilities. In addition, we invested \$800 million in infrastructure and innovation for growth and returned \$1.3 billion to shareholders through dividends and share repurchases. We are maintaining full year 2025 guidance for sales, cash from operations, capital expense, free cash flow, and share repurchases. The program charges taken in the quarter – which resulted from our ongoing rigorous monitoring and review processes – are a necessary step as we continue to take action to improve program execution. We’re investing in emerging technologies, and as a proven mission integrator, we remain well positioned to support critical programs like the Golden Dome for America. Our relentless focus on operational performance combined with our disciplined capital allocation strategy will enable us to deliver value to our shareholders, while providing the advanced solutions that America and its allies need to maintain peace through strength for decades to come.”

Program Losses and Other Charges

During the second quarter, the Company took important steps to address challenges on a classified program at its Aeronautics business segment and certain international helicopter programs at its Sikorsky business unit.. The Company also recognized other charges related to asset impairments and a tax matter as described below.

Aeronautics Classified Program – Aeronautics has experienced design, integration, and test challenges, as well as other performance issues on this program. These trends continued into 2025 and had a greater impact on schedule and costs than previously estimated. As a result, Aeronautics performed a comprehensive review of its program execution and management processes to achieve the technical requirements of the program, which was completed in the second quarter. Based on this review and ongoing discussions with the customer and suppliers, Aeronautics made significant changes to its processes and testing approach, resulting in significant updates to the program’s schedule and cost estimates. As a result, during the second quarter of 2025 the Company recognized additional pretax reach-forward losses of \$950 million on the program.

Canadian Maritime Helicopter Program (CMHP) – The Company is in ongoing discussions with the customer regarding a potential restructure to certain contractual terms and conditions and to expand the scope of work that would be beneficial to both parties. Communications with the customer during the second quarter of 2025 led to subsequent decisions made by the Company to focus on providing additional mission capabilities, enhanced logistical support, fleet life extension, and revised expectations regarding flight hours. As a result of revised cost and sales estimates for the program during the second quarter of 2025, the Company recognized additional pretax losses of \$570 million on this program in RMS’ financial results.

Türkish Utility Helicopter Program (TUHP) – The Company has been discussing a potential mutually agreeable framework to restructure the program, including changing the scope of work. In light of the status of the continuing discussions with the customer and the current status of the program, RMS revised its cost and sales estimates for this program. As a result, during the second quarter of 2025, the Company recognized additional pretax reach-forward losses of \$95 million on this program in RMS’ financial results.

Other Charges – During the second quarter of 2025, the company recognized a charge of \$66 million primarily for the write-off of fixed assets resulting from the U.S. Air Force’s Next Generation Air Dominance (NGAD) down-select decision. The company also recognized a charge of \$103 million related to uncertain tax positions as part of its income tax expense, resulting from the Internal Revenue Service’s proposed adjustments to its tax accounting method change for certain manufacturing contracts.

The table below provides supplemental information regarding the impacts of the program losses and other charges described above.

(in millions, except per share data)	Quarter Ended June 29, 2025
Aeronautics classified program loss	\$ (950)
CMHP program loss	(570)
TUHP program loss	(95)
Business segment operating profit	(1,615)
Fixed asset write-off	(66)
Unallocated other	81
Consolidated operating profit	(1,600)
Income tax benefit ²	233
Net earnings	\$ (1,367)
Weighted average shares outstanding	234.3
Diluted earnings per share	\$ (5.83)

Reflects the state income tax impact associated with the program losses based on a blended state tax rate of 5%.

Reflects the federal income tax impact associated with the program losses and fixed asset write-off net of the associated state income tax impacts based on a federal tax rate of 21%, partially offset by the charge of \$103 million associated with the uncertain tax position.

Summary Financial Results

The following table presents the company's summary financial results:

(in millions, except per share data)

	Quarters Ended		Six Months Ended	
	June 29, 2025	June 30, 2024	June 29, 2025	June 30, 2024
Sales	\$ 18,155	\$ 18,122	\$ 36,118	\$ 35,317
Business segment operating profit^{1,2}	\$ 571	\$ 2,042	\$ 2,656	\$ 3,787
Unallocated items				
FAS/CAS pension operating adjustment	379	406	758	812
Impairment and other charges ³	(66)	(87)	(66)	(87)
Intangible asset amortization expense	(63)	(61)	(127)	(122)
Other, net	(73)	(152)	(101)	(213)
Total unallocated items	177	106	464	390
Consolidated operating profit	\$ 748	\$ 2,148	\$ 3,120	\$ 4,177
Net earnings⁴	\$ 342	\$ 1,641	\$ 2,054	\$ 3,186
Diluted earnings per share	\$ 1.46	\$ 6.85	\$ 8.75	\$ 13.24
Cash from operations	\$ 201	\$ 1,876	\$ 1,610	\$ 3,511
Capital expenditures	(351)	(970)	(805)	(748)
Free cash flow¹	\$ (150)	\$ 1,506	\$ 805	\$ 2,763

44. On this news, the Company's share price fell \$49.79 or 10.8%, to close at \$410.74 on July 22, 2025, on unusually heavy trading volume.

CLASS ACTION ALLEGATIONS

45. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a class, consisting of all persons and entities that purchased or otherwise acquired Lockheed Martin securities between January 23, 2024 and July 21, 2025, inclusive, and who were damaged thereby (the "Class"). Excluded from the Class are Defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors, or assigns, and any entity in which Defendants have or had a controlling interest.

46. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Lockheed Martin's shares actively traded on the NYSE. While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are at least hundreds or thousands of members in the proposed Class. Millions of Lockheed Martin shares were traded publicly during the Class Period on the NYSE. Record owners and other members of the Class may be identified from records maintained by Lockheed Martin or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

47. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

48. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

49. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

(a) whether the federal securities laws were violated by Defendants' acts as alleged herein;

(b) whether statements made by Defendants to the investing public during the Class Period omitted and/or misrepresented material facts about the business, operations, and prospects of Lockheed Martin; and

(c) to what extent the members of the Class have sustained damages and the proper measure of damages.

50. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation makes it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

UNDISCLOSED ADVERSE FACTS

51. The market for Lockheed Martin's securities was open, well-developed and efficient at all relevant times. As a result of these materially false and/or misleading statements, and/or failures to disclose, Lockheed Martin's securities traded at artificially inflated prices during the Class Period. Plaintiff and other members of the Class purchased or otherwise acquired Lockheed Martin's securities relying upon the integrity of the market price of the Company's securities and market information relating to Lockheed Martin, and have been damaged thereby.

52. During the Class Period, Defendants materially misled the investing public, thereby inflating the price of Lockheed Martin's securities, by publicly issuing false and/or misleading statements and/or omitting to disclose material facts necessary to make Defendants' statements, as set forth herein, not false and/or misleading. The statements and omissions were materially false and/or misleading because they failed to disclose material adverse information and/or misrepresented the truth about Lockheed Martin's business, operations, and prospects as alleged herein.

53. At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused or were a substantial contributing cause of the damages sustained by Plaintiff and other members of the Class. As described herein, during the

Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about Lockheed Martin's financial well-being and prospects. These material misstatements and/or omissions had the cause and effect of creating in the market an unrealistically positive assessment of the Company and its financial well-being and prospects, thus causing the Company's securities to be overvalued and artificially inflated at all relevant times. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at artificially inflated prices, thus causing the damages complained of herein when the truth was revealed.

LOSS CAUSATION

54. Defendants' wrongful conduct, as alleged herein, directly and proximately caused the economic loss suffered by Plaintiff and the Class.

55. During the Class Period, Plaintiff and the Class purchased Lockheed Martin's securities at artificially inflated prices and were damaged thereby. The price of the Company's securities significantly declined when the misrepresentations made to the market, and/or the information alleged herein to have been concealed from the market, and/or the effects thereof, were revealed, causing investors' losses.

SCIENTER ALLEGATIONS

56. As alleged herein, Defendants acted with scienter since Defendants knew that the public documents and statements issued or disseminated in the name of the Company were materially false and/or misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, the Individual Defendants, by virtue of their receipt of information reflecting the true facts regarding Lockheed Martin, their control

over, and/or receipt and/or modification of Lockheed Martin's allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning Lockheed Martin, participated in the fraudulent scheme alleged herein.

APPLICABILITY OF PRESUMPTION OF RELIANCE

(FRAUD-ON-THE-MARKET DOCTRINE)

57. The market for Lockheed Martin's securities was open, well-developed and efficient at all relevant times. As a result of the materially false and/or misleading statements and/or failures to disclose, Lockheed Martin's securities traded at artificially inflated prices during the Class Period. On October 21, 2024, the Company's share price closed at a Class Period high of \$614.61 per share. Plaintiff and other members of the Class purchased or otherwise acquired the Company's securities relying upon the integrity of the market price of Lockheed Martin's securities and market information relating to Lockheed Martin, and have been damaged thereby.

58. During the Class Period, the artificial inflation of Lockheed Martin's shares was caused by the material misrepresentations and/or omissions particularized in this Complaint causing the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about Lockheed Martin's business, prospects, and operations. These material misstatements and/or omissions created an unrealistically positive assessment of Lockheed Martin and its business, operations, and prospects, thus causing the price of the Company's securities to be artificially inflated at all relevant times, and when disclosed, negatively affected the value of the Company shares. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing

the Company's securities at such artificially inflated prices, and each of them has been damaged as a result.

59. At all relevant times, the market for Lockheed Martin's securities was an efficient market for the following reasons, among others:

(a) Lockheed Martin shares met the requirements for listing, and was listed and actively traded on the NYSE, a highly efficient and automated market;

(b) As a regulated issuer, Lockheed Martin filed periodic public reports with the SEC and/or the NYSE;

(c) Lockheed Martin regularly communicated with public investors via established market communication mechanisms, including through regular dissemination of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and/or

(d) Lockheed Martin was followed by securities analysts employed by brokerage firms who wrote reports about the Company, and these reports were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

60. As a result of the foregoing, the market for Lockheed Martin's securities promptly digested current information regarding Lockheed Martin from all publicly available sources and reflected such information in Lockheed Martin's share price. Under these circumstances, all purchasers of Lockheed Martin's securities during the Class Period suffered similar injury through their purchase of Lockheed Martin's securities at artificially inflated prices and a presumption of reliance applies.

61. A Class-wide presumption of reliance is also appropriate in this action under the Supreme Court's holding in *Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128 (1972), because the Class's claims are, in large part, grounded on Defendants' material misstatements and/or omissions. Because this action involves Defendants' failure to disclose material adverse information regarding the Company's business operations and financial prospects—information that Defendants were obligated to disclose—positive proof of reliance is not a prerequisite to recovery. All that is necessary is that the facts withheld be material in the sense that a reasonable investor might have considered them important in making investment decisions. Given the importance of the Class Period material misstatements and omissions set forth above, that requirement is satisfied here.

NO SAFE HARBOR

62. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. The statements alleged to be false and misleading herein all relate to then-existing facts and conditions. In addition, to the extent certain of the statements alleged to be false may be characterized as forward looking, they were not identified as “forward-looking statements” when made and there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. In the alternative, to the extent that the statutory safe harbor is determined to apply to any forward-looking statements pleaded herein, Defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the speaker had actual knowledge that the forward-looking statement was materially false or misleading, and/or the forward-looking statement was authorized or approved by an executive officer of Lockheed Martin who knew that the statement was false when made.

FIRST CLAIM

Violation of Section 10(b) of The Exchange Act and

Rule 10b-5 Promulgated Thereunder

Against All Defendants

63. Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein.

64. During the Class Period, Defendants carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; and (ii) cause Plaintiff and other members of the Class to purchase Lockheed Martin's securities at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, Defendants, and each defendant, took the actions set forth herein.

65. Defendants (i) employed devices, schemes, and artifices to defraud; (ii) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (iii) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities in an effort to maintain artificially high market prices for Lockheed Martin's securities in violation of Section 10(b) of the Exchange Act and Rule 10b-5. All Defendants are sued either as primary participants in the wrongful and illegal conduct charged herein or as controlling persons as alleged below.

66. Defendants, individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about Lockheed Martin's financial well-being and prospects, as specified herein.

67. Defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of Lockheed Martin's value and performance and continued substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and/or omitting to state material facts necessary in order to make the statements made about Lockheed Martin and its business operations and future prospects in light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities during the Class Period.

68. Each of the Individual Defendants' primary liability and controlling person liability arises from the following facts: (i) the Individual Defendants were high-level executives and/or directors at the Company during the Class Period and members of the Company's management team or had control thereof; (ii) each of these defendants, by virtue of their responsibilities and activities as a senior officer and/or director of the Company, was privy to and participated in the creation, development and reporting of the Company's internal budgets, plans, projections and/or reports; (iii) each of these defendants enjoyed significant personal contact and familiarity with the other defendants and was advised of, and had access to, other members of the Company's management team, internal reports and other data and information about the Company's finances, operations, and sales at all relevant times; and (iv) each of these defendants was aware of the Company's dissemination of information to the investing public which they knew and/or recklessly disregarded was materially false and misleading.

69. Defendants had actual knowledge of the misrepresentations and/or omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. Such defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing Lockheed Martin's financial well-being and prospects from the investing public and supporting the artificially inflated price of its securities. As demonstrated by Defendants' overstatements and/or misstatements of the Company's business, operations, financial well-being, and prospects throughout the Class Period, Defendants, if they did not have actual knowledge of the misrepresentations and/or omissions alleged, were reckless in failing to obtain such knowledge by deliberately refraining from taking those steps necessary to discover whether those statements were false or misleading.

70. As a result of the dissemination of the materially false and/or misleading information and/or failure to disclose material facts, as set forth above, the market price of Lockheed Martin's securities was artificially inflated during the Class Period. In ignorance of the fact that market prices of the Company's securities were artificially inflated, and relying directly or indirectly on the false and misleading statements made by Defendants, or upon the integrity of the market in which the securities trades, and/or in the absence of material adverse information that was known to or recklessly disregarded by Defendants, but not disclosed in public statements by Defendants during the Class Period, Plaintiff and the other members of the Class acquired Lockheed Martin's securities during the Class Period at artificially high prices and were damaged thereby.

71. At the time of said misrepresentations and/or omissions, Plaintiff and other members of the Class were ignorant of their falsity, and believed them to be true. Had Plaintiff

and the other members of the Class and the marketplace known the truth regarding the problems that Lockheed Martin was experiencing, which were not disclosed by Defendants, Plaintiff and other members of the Class would not have purchased or otherwise acquired their Lockheed Martin securities, or, if they had acquired such securities during the Class Period, they would not have done so at the artificially inflated prices which they paid.

72. By virtue of the foregoing, Defendants violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

73. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases and sales of the Company's securities during the Class Period.

SECOND CLAIM

Violation of Section 20(a) of The Exchange Act

Against the Individual Defendants

74. Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein.

75. Individual Defendants acted as controlling persons of Lockheed Martin within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions and their ownership and contractual rights, participation in, and/or awareness of the Company's operations and intimate knowledge of the false financial statements filed by the Company with the SEC and disseminated to the investing public, Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which Plaintiff contends are false and misleading. Individual Defendants were provided with or had unlimited access to copies of the Company's reports, press releases, public filings, and other

statements alleged by Plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

76. In particular, Individual Defendants had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

77. As set forth above, Lockheed Martin and Individual Defendants each violated Section 10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their position as controlling persons, Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and other members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for relief and judgment, as follows:

- (a) Determining that this action is a proper class action under Rule 23 of the Federal Rules of Civil Procedure;
- (b) Awarding compensatory damages in favor of Plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;
- (c) Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and
- (d) Such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

Dated: _____, 2025

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