

LOCKHEED MARTIN CORP
Form 10-Q
October 25, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant To Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the quarterly period ended September 29, 2013

Commission File Number: 1-11437

LOCKHEED MARTIN CORPORATION

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

52-1893632
(I.R.S. Employer
Identification Number)

6801 Rockledge Drive, Bethesda, Maryland
(Address of principal executive offices)
(301) 897-6000

20817
(Zip Code)

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a nonaccelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer NonAccelerated Filer Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

There were 320,307,248 shares of our common stock, \$1 par value per share, outstanding as of September 29, 2013.

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Lockheed Martin Corporation

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For the Quarterly Period Ended September 29, 2013

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SIGNATURE

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Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. Financial Statements.****Lockheed Martin Corporation****Consolidated Statements of Earnings****(unaudited; in millions, except per share data)**

	Quarters Ended		Nine Months Ended	
	September 29,	September 30,	September 29,	September 30,
	2013	2012	2013	2012
Net sales				
Products	\$ 8,859	\$ 9,495	\$ 26,570	\$ 28,186
Services	2,488	2,374	7,255	6,897
Total net sales	11,347	11,869	33,825	35,083
Cost of sales				
Products	(7,759)	(8,413)	(23,245)	(24,844)
Services	(2,202)	(2,154)	(6,473)	(6,186)
Severance charges		(23)	(30)	(23)
Other unallocated costs	(202)	(259)	(628)	(829)
Total cost of sales	(10,163)	(10,849)	(30,376)	(31,882)
Gross profit	1,184	1,020	3,449	3,201
Other income, net	70	117	222	172
Operating profit	1,254	1,137	3,671	3,373
Interest expense	(84)	(97)	(264)	(289)
Other non-operating income, net	3	6	2	30
Earnings from continuing operations before income taxes	1,173	1,046	3,409	3,114
Income tax expense	(331)	(319)	(947)	(938)
Net earnings from continuing operations	842	727	2,462	2,176

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Net earnings from discontinued operations	31		31	
Net earnings	\$ 873	\$ 727	\$ 2,493	\$ 2,176
Earnings per common share				
Basic				
Continuing operations	\$ 2.62	\$ 2.25	\$ 7.66	\$ 6.72
Discontinued operations	.10		.10	
Basic earnings per common share	\$ 2.72	\$ 2.25	\$ 7.76	\$ 6.72
Diluted				
Continuing operations	\$ 2.57	\$ 2.21	\$ 7.54	\$ 6.62
Discontinued operations	.09		.09	
Diluted earnings per common share	\$ 2.66	\$ 2.21	\$ 7.63	\$ 6.62
Cash dividends paid per common share	\$ 1.15	\$ 1.00	\$ 3.45	\$ 3.00

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

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Lockheed Martin Corporation
Consolidated Statements of Comprehensive Income
(unaudited; in millions)

	Quarters Ended		Nine Months Ended	
	September 29,	September 30,	September 29,	September 30,
	2013	2012	2013	2012
Net earnings	\$ 873	\$ 727	\$ 2,493	\$ 2,176
Other comprehensive income, net of tax				
Recognition of previously deferred postretirement benefit plan amounts	254	249	761	655
Other, net	52	33	(3)	20
Other comprehensive income, net of tax	306	282	758	675
Comprehensive income	\$ 1,179	\$ 1,009	\$ 3,251	\$ 2,851

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

Table of Contents**Lockheed Martin Corporation****Consolidated Balance Sheets****(in millions, except par value)**

	September 29, 2013	December 31, 2012
	(unaudited)	
Assets		
Current assets		
Cash and cash equivalents	\$ 2,661	\$ 1,898
Receivables, net	6,919	6,563
Inventories, net	2,920	2,937
Deferred income taxes	1,167	1,269
Other current assets	452	1,188
Total current assets	14,119	13,855
Property, plant, and equipment, net	4,598	4,675
Goodwill	10,534	10,370
Deferred income taxes	4,657	4,809
Other noncurrent assets	4,999	4,948
Total assets	\$ 38,907	\$ 38,657
Liabilities and stockholders equity		
Current liabilities		
Accounts payable	\$ 1,928	\$ 2,038
Customer advances and amounts in excess of costs incurred	6,350	6,503
Salaries, benefits, and payroll taxes	1,737	1,649
Current portion of long-term debt		150
Other current liabilities	2,278	1,815
Total current liabilities	12,293	12,155
Accrued pension liabilities	14,135	15,278
Other postretirement benefit liabilities	1,219	1,220
Long-term debt, net	6,156	6,158
Other noncurrent liabilities	3,827	3,807
Total liabilities	37,630	38,618
Stockholders equity		

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Common stock, \$1 par value per share	318	321
Additional paid-in capital		
Retained earnings	13,694	13,211
Accumulated other comprehensive loss	(12,735)	(13,493)
Total stockholders' equity	1,277	39
Total liabilities and stockholders' equity	\$ 38,907	\$ 38,657

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

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

	Nine Months Ended	
	September 29,	September 30,
	2013	2012
Operating activities		
Net earnings	\$ 2,493	\$ 2,176
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	704	711
Stock-based compensation	150	129
Severance charges	30	23
Changes in operating assets and liabilities:		
Receivables, net	(310)	(365)
Inventories, net	18	(387)
Accounts payable	(119)	(86)
Customer advances and amounts in excess of costs incurred	(157)	(3)
Postretirement benefit plans	(20)	329
Income taxes	690	48
Other, net	129	301
Net cash provided by operating activities	3,608	2,876
Investing activities		
Capital expenditures	(491)	(514)
Acquisitions of businesses and investments in affiliates	(266)	(29)
Other, net	(27)	16
Net cash used for investing activities	(784)	(527)
Financing activities		