

LOCKHEED MARTIN CORP  
Form 10-Q  
July 20, 2016  
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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 June 26, 2016**  
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)

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(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 x NO "

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, 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 x NO "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated 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 x Accelerated Filer " Non-Accelerated 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 x

There were 302,905,786 shares of our common stock, \$1 par value per share, outstanding as of June 26, 2016.

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**Lockheed Martin Corporation**

**Form 10-Q**

**For the Quarterly Period Ended June 26, 2016**

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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		Six Months Ended	
	June 26, 2016	June 28, 2015	June 26, 2016	June 28, 2015
<b>Net sales</b>				
Products	\$ 10,045	\$ 9,157	\$ 18,989	\$ 17,010
Services	2,869	2,486	5,627	4,744
Total net sales	12,914	11,643	24,616	21,754
<b>Cost of sales</b>				
Products	(9,086)	(8,102)	(17,178)	(15,053)
Services	(2,548)	(2,216)	(5,011)	(4,167)
Severance charges			(99)	
Other unallocated, net	144	46	331	100
Total cost of sales	(11,490)	(10,272)	(21,957)	(19,120)
Gross profit	1,424	1,371	2,659	2,634
Other income, net	142	74	204	167
<b>Operating profit</b>	<b>1,566</b>	<b>1,445</b>	<b>2,863</b>	<b>2,801</b>
Interest expense	(166)	(104)	(330)	(197)
Other non-operating income, net		2	1	5
Earnings before income taxes	1,400	1,343	2,534	2,609
Income tax expense	(379)	(414)	(615)	(802)
<b>Net earnings</b>	<b>\$ 1,021</b>	<b>\$ 929</b>	<b>\$ 1,919</b>	<b>\$ 1,807</b>
<b>Earnings per common share</b>				
Basic	\$ 3.37	\$ 2.98	\$ 6.32	\$ 5.76
Diluted	3.32	2.94	6.23	5.68
<b>Cash dividends paid per common share</b>	<b>\$ 1.65</b>	<b>\$ 1.50</b>	<b>\$ 3.30</b>	<b>\$ 3.00</b>

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		Six Months Ended	
	June 26, 2016	June 28, 2015	June 26, 2016	June 28, 2015
Net earnings	\$ 1,021	\$ 929	\$ 1,919	\$ 1,807
Other comprehensive income (loss), net of tax				
Postretirement benefit plans				
Recognition of previously deferred postretirement benefit plan amounts	173	213	346	425
Other, net	(23)	46	(6)	(11)
Other comprehensive income, net of tax	150	259	340	414
Comprehensive income	\$ 1,171	\$ 1,188	\$ 2,259	\$ 2,221

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)**

	<b>June 26, 2016 (unaudited)</b>	<b>December 31, 2015</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 1,269	\$ 1,090
Receivables, net	9,275	8,061
Inventories, net	5,136	4,962
Other current assets	393	460
Total current assets	16,073	14,573
Property, plant and equipment, net	5,438	5,490
Goodwill	13,621	13,576
Intangible assets, net	4,051	4,147
Deferred income taxes	5,830	5,931
Other noncurrent assets	5,395	5,411
Total assets	\$ 50,408	\$ 49,128
<b>Liabilities and stockholders equity</b>		
Current liabilities		
Accounts payable	\$ 2,778	\$ 1,974
Customer advances and amounts in excess of costs incurred	7,236	6,988
Salaries, benefits and payroll taxes	2,012	1,916
Current maturities of long-term debt	502	956
Other current liabilities	3,067	2,085
Total current liabilities	15,595	13,919
Long-term debt, net	14,307	14,305
Accrued pension liabilities	11,816	11,807
Other postretirement benefit liabilities	1,073	1,070
Other noncurrent liabilities	4,620	4,930
Total liabilities	47,411	46,031
Stockholders equity		
Common stock, \$1 par value per share	301	303
Additional paid-in capital		
Retained earnings	13,800	14,238
Accumulated other comprehensive loss	(11,104)	(11,444)
Total stockholders equity	2,997	3,097
Total liabilities and stockholders equity	\$ 50,408	\$ 49,128

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)**

	<b>Six Months Ended</b>	
	<b>June 26,</b>	<b>June 28,</b>
	<b>2016</b>	<b>2015</b>
<b>Operating activities</b>		
Net earnings	\$ 1,919	\$ 1,807
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation and amortization	593	490
Stock-based compensation	97	89
Severance charges	99	
Changes in assets and liabilities		
Receivables, net	(1,214)	(1,183)
Inventories, net	(233)	(154)
Accounts payable	806	453
Customer advances and amounts in excess of costs incurred	239	(211)
Postretirement benefit plans	515	580
Income taxes	237	471
Other, net	82	(122)
Net cash provided by operating activities	3,140	2,220
<b>Investing activities</b>		
Capital expenditures	(386)	(309)
Other, net	59	91
Net cash used for investing activities	(327)	(218)
<b>Financing activities</b>		
Issuance of long-term debt, net of related costs		2,213
Repayments of long-term debt	(452)	
Repurchases of common stock	(1,002)	(1,541)
Dividends paid	(1,034)	(965)
Proceeds from stock option exercises	53	84
Other, net	(199)	(37)
Net cash used for financing activities	(2,634)	(246)
Net change in cash and cash equivalents	179	1,756
Cash and cash equivalents at beginning of period	1,090	1,446
Cash and cash equivalents at end of period	\$ 1,269	\$ 3,202

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





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## Lockheed Martin Corporation

## Consolidated Statements of Stockholders Equity

(unaudited; in millions)

	Accumulated				Total
	Common	Additional Paid-in	Retained	Other Comprehensive	Stockholders
	Stock	Capital	Earnings	Loss	Equity
Balance at December 31, 2015	\$ 303	\$	\$ 14,238	\$ (11,444)	\$ 3,097
Net earnings			1,919		1,919
Other comprehensive income, net of tax				340	340
Repurchases of common stock	(5)	(159)	(838)	&nbsp;	