

LOCKHEED MARTIN CORP  
Form 8-K  
March 11, 2004

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 8-K**

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**CURRENT REPORT**

**PURSUANT TO SECTION 13 OR 15(d)**  
**OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of Earliest Event Reported) March 10, 2004

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**LOCKHEED MARTIN CORPORATION**

(Exact name of registrant as specified in its charter)

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<b>Maryland</b>	<b>1-11437</b>	<b>52-1893632</b>
(State or other jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)
<b>6801 Rockledge Drive, Bethesda, Maryland</b>		<b>20817</b>
(Address of principal executive offices)		(Zip Code)

**(301) 897-6000**

**(Registrant's telephone number, including area code)**

**Not Applicable**

**(Former name or address, if changed since last report)**

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**Item 5. Other Events**

We are filing this Form 8-K to provide updated Unaudited Pro Forma Combined Condensed Financial Information in connection with the proposed merger of The Titan Corporation with and into a subsidiary of the Corporation and to supplement the information included in the Corporation's registration statements on Form S-4 (Nos. 333-109725 and 333-110625) relating to the proposed merger. The Unaudited Pro Forma Combined Condensed Financial Information set forth below reflects the proposed merger as of and for the year ended December 31, 2003, based on the purchase method of accounting. This information is based upon Lockheed Martin's and Titan's historical consolidated financial statements included in their respective Annual Reports on Form 10-K for the year ended December 31, 2003.

**UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL INFORMATION**

The following unaudited pro forma combined condensed financial statements are based upon Lockheed Martin's and Titan's historical consolidated financial statements set forth in their respective Annual Reports on Form 10-K for the year ended December 31, 2003 (2003 Form 10-K), and have been prepared to reflect the proposed merger based on the purchase method of accounting. The unaudited pro forma combined condensed statement of earnings, which has been prepared for the year ended December 31, 2003 gives effect to the merger as if it had occurred at the beginning of 2003. The unaudited pro forma combined condensed balance sheet has been prepared as of December 31, 2003 and gives effect to the merger as if it had occurred on that date. Lockheed Martin prepared the unaudited pro forma adjustments based upon the audited financial statements of Titan included in its Form 10-K and additional financial data requested from Titan, and upon preliminary estimates and assumptions. The final determination of the fair market value of the assets acquired and liabilities assumed and the final allocation of the purchase price are expected to be finalized within one year of the date of the merger and will be reflected in future filings. The final determinations may result in amounts that are materially different from the amounts reflected in the pro forma data presented herein and are subject to adjustment pending such final determinations.

The unaudited pro forma combined condensed financial statements are not necessarily indicative of actual or future financial position or results of operations that would have occurred or will occur upon completion of the merger. These statements do not include the effects of any estimated transition or restructuring costs which may be incurred in connection with integrating the operations of Titan into Lockheed Martin. It is not possible at this time to estimate the effect of such costs for pro forma purposes. Additionally, the unaudited pro forma combined condensed statement of earnings does not reflect any net cost savings or economies of scale that may have occurred had the merger been completed at the beginning of the respective periods.

The unaudited pro forma combined condensed financial statements are based upon, and should be read in conjunction with, the historical consolidated financial statements of Lockheed Martin and Titan, including the respective notes, set forth in their respective 2003 Form 10-K's.

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**UNAUDITED PRO FORMA COMBINED CONDENSED STATEMENT OF EARNINGS**

For The Year Ended December 31, 2003

	(In millions, except per share data)					
	Historical Lockheed Martin	Historical Titan	Reclassifications	Pro Forma Adjustments	Notes	Pro Forma Combined
Net sales	\$ 31,824	\$ 1,775		\$ (39)	(a)	\$ 33,560
Cost of sales	29,848	1,672	\$ 4	(24)	(a), (b)	31,500
Earnings from operations	1,976	103	(4)	(15)		2,060
Other income and expenses, net	43	(16)		(15)	(c), (d)	12
	2,019	87	(4)	(30)		2,072
Interest expense	487	35		(19)	(d)	503
Earnings (loss) from continuing operations before income taxes	1,532	52	(4)	(11)		1,569
Income tax expense (benefit)	479	22	(4)	(3)	(e)	494
Earnings (loss) from continuing operations	\$ 1,053	\$ 30	\$	\$ (8)		\$ 1,075
Earnings (loss) from continuing operations per common share:						
Basic:						
Weighted average shares	446.5	80.0				466.0
Per common share	\$ 2.36	\$ 0.37				\$ 2.31
Diluted:						
Weighted average shares	450.0	83.4				471.8
Per common share	\$ 2.34	\$ 0.35				\$ 2.28

*See Accompanying Notes to Unaudited Pro Forma Combined Condensed Financial Statements*

## UNAUDITED PRO FORMA COMBINED CONDENSED BALANCE SHEET

As of December 31, 2003

	(In millions)					Pro Forma Combined
	Historical Lockheed Martin	Historical Titan	Reclassifications	Pro Forma Adjustments	Notes	
<b>Assets</b>						
Current assets:						
Cash and cash equivalents	\$ 1,010	\$ 27		\$ (1,266)	(c), (d)	\$ (229)
Short-term investments	240					240
Receivables	4,039	388	\$ 10			4,437
Inventories	2,348	29				2,377
Deferred income taxes	921	91	(12)	4	(f)	1,004
Other current assets	843	79	12			934
	<u>9,401</u>	<u>614</u>	<u>10</u>	<u>(1,262)</u>		<u>8,763</u>
Total current assets	<b>9,401</b>	<b>614</b>	<b>10</b>	<b>(1,262)</b>		<b>8,763</b>
Property, plant and equipment, net	3,489	66		(23)	(f)	3,532
Investments in equity securities	1,060					1,060
Purchased intangibles, net	807			192	(f)	999
Goodwill	7,879	480		1,521	(f), (g)	9,880
Prepaid pension asset	1,213					1,213
Other assets	2,326	131		(37)	(f)	2,420
	<u>26,175</u>	<u>1,291</u>	<u>10</u>	<u>391</u>		<u>27,867</u>
	<b>\$ 26,175</b>	<b>\$ 1,291</b>	<b>\$ 10</b>	<b>\$ 391</b>		<b>\$ 27,867</b>
<b>Liabilities and Stockholders Equity</b>						
Current liabilities:						
Accounts payable	\$ 1,434	\$ 91				\$ 1,525
Customer advances and amounts in excess of costs incurred	4,256		\$ 10			4,266
Salaries, benefits & payroll taxes	1,418	82				1,500
Income taxes	91					91
Current maturities of long-term debt	136	4		\$ (4)	(d)	136
Other current liabilities	1,558	115	34	37	(f)	1,744
	<u>8,893</u>	<u>292</u>	<u>44</u>	<u>33</u>		<u>9,262</u>
Total current liabilities	<b>8,893</b>	<b>292</b>	<b>44</b>	<b>33</b>		<b>9,262</b>
Long-term debt	6,072	543		(305)	(d), (f)	6,310
Post-retirement benefit liabilities	1,440					1,440
Accrued pension liabilities	1,100					1,100
Other liabilities	1,914	85	(34)	5	(f)	1,970
Stockholders equity:						
Preferred stock		1		(1)	(c)	
Common stock	446	1		18	(g), (h)	465
Additional paid-in capital	2,477	671		339	(c), (g), (h)	3,487
Retained earnings (deficit)	5,054	(298)		298	(g)	5,054
Treasury stock		(1)		1	(g)	
Unearned ESOP shares	(17)					(17)
Unearned compensation		(2)		2	(g)	
Accumulated other comprehensive income (loss)	(1,204)	(1)		1	(g)	(1,204)
	<u>6,756</u>	<u>371</u>		<u>658</u>		<u>7,785</u>
Total stockholders equity	<b>6,756</b>	<b>371</b>		<b>658</b>		<b>7,785</b>

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<u>\$ 26,175</u>	<u>\$ 1,291</u>	<u>\$ 10</u>	<u>\$ 391</u>	<u>\$ 27,867</u>
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*See Accompanying Notes to Unaudited Pro Forma Combined Condensed Financial Statements.*

**NOTES TO UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL STATEMENTS**

(1) Purchase Price

As described in the Form S-4 s filed by Lockheed Martin in connection with the proposed merger with Titan, Lockheed Martin has agreed to acquire each outstanding common share of Titan for \$22.00 per share in cash, Lockheed Martin common stock or a combination of cash and Lockheed Martin common stock. Titan stockholders who make a cash election or a stock election will likely have the form of their merger consideration adjusted as a result of the allocation provisions of the merger agreement that require that 50% of Titan s outstanding shares of common stock at the effective time of the merger (excluding shares held by Titan stockholders who have perfected dissenters rights or any shares held by Lockheed Martin or Titan) be exchanged for Lockheed Martin common stock and the remaining 50% of Titan s outstanding shares of common stock be exchanged for cash. Shares of Titan common stock will be exchanged for shares of Lockheed Martin common stock based on an exchange rate determined by dividing \$22.00 by the average Lockheed Martin price during a ten-day measurement period. The average Lockheed Martin price will be subject to lower and upper limits, or collars of \$46.00 and \$58.00. The computation of the purchase price follows (in millions):

Purchase of 100% of outstanding common shares (81.9 million shares of	
Titan common stock at \$22.00 per share)	\$ 1,802
Assumption of Titan stock options and warrants at fair value	