

LOCKHEED MARTIN CORP

Form 10-K/A

February 16, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K/A

(Amendment No. 1)

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

For the fiscal year ended December 31, 2017

Commission file number 1-11437

LOCKHEED MARTIN CORPORATION

(Exact name of registrant as specified in its charter)

Maryland 52-1893632

(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

6801 Rockledge Drive, Bethesda, Maryland 20817-1877 (301/897-6000)

(Address and telephone number of principal executive offices)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
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Common Stock, \$1 par value	New York Stock Exchange
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Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	Emerging growth company
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If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes

No

The aggregate market value of voting and non-voting common stock held by non-affiliates of the registrant computed by reference to the last sales price of such stock, as of the last business day of the registrant's most recently completed second fiscal quarter, which was June 23, 2017, was approximately \$80.3 billion.

There were 285,570,742 shares of our common stock, \$1 par value per share, outstanding as of January 26, 2018.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of Lockheed Martin Corporation's 2018 Definitive Proxy Statement are incorporated by reference into Part III of this Form 10 K.

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Explanatory Note

This Amendment No. 1 on Form 10-K/A (“Amendment No. 1”) amends Lockheed Martin Corporation’s (the Corporation) Annual Report on Form 10-K for the fiscal year ended December 31, 2017, as filed with the U.S. Securities and Exchange Commission on February 6, 2018 (the “Original Filing” and the “Original Filing Date”).

This Amendment No. 1 is being filed solely to include the phrase “and the related notes (collectively referred to as the “financial statements”)” inadvertently omitted by Ernst & Young LLP from both the first paragraph of its “Report of Ernst & Young LLP, Independent Registered Public Accounting Firm, on the Audited Consolidated Financial Statements” in Part II, Item 8 and from the second paragraph of its “Report of Ernst & Young LLP, Independent Registered Public Accounting Firm, Regarding Internal Control Over Financial Reporting” in Part II, Item 9A of the Original Filing. Pursuant to Rule 12b-15 promulgated under the Securities Exchange Act of 1934, as amended, we have included the entire text of Part II, Items 8 and 9A in this Amendment No. 1.

The changes to add the phrases to the filed copies of the reports of Ernst & Young LLP do not affect Ernst & Young LLP’s unqualified opinion on the Corporation’s financial statements included in the Original Filing and Amendment No. 1 or on the effectiveness of the Corporation’s internal control over financial reporting as of December 31, 2017.

Item 15 has been included herein to reflect a new Consent of Ernst & Young LLP and new Section 302 and Section 906 certifications. No other changes were made to the Original Filing. This amendment speaks as of the Original Filing Date, and does not reflect events that may have occurred subsequent to the Original Filing Date.

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PART II

ITEM 8. Financial Statements and Supplementary Data

Report of Ernst & Young LLP,  
Independent Registered Public Accounting Firm,  
on the Audited Consolidated Financial Statements

Board of Directors and Stockholders  
Lockheed Martin Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Lockheed Martin Corporation (the "Corporation") as of December 31, 2017 and 2016, and the related consolidated statements of earnings, comprehensive income, equity, and cash flows, for each of the three years in the period ended December 31, 2017, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as of December 31, 2017 and 2016, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Corporation's internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 6, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on the Corporation's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Corporation in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Corporation's auditor since 1994.

Tysons, Virginia  
February 6, 2018

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

	Years Ended December 31,		
	2017	2016	2015
Net sales			
Products	\$43,875	\$40,365	\$34,868
Services	7,173	6,883	5,668
Total net sales	51,048	47,248	40,536
Cost of sales			
Products	(39,750 )	(36,616 )	(31,091 )
Services	(6,405 )	(6,040 )	(4,824 )
Severance charges	—	(80 )	(82 )
Other unallocated, net	655	550	(47 )
Total cost of sales	(45,500 )	(42,186 )	(36,044 )
Gross profit	5,548	5,062	4,492
Other income, net	373	487	220
Operating profit	5,921	5,549	4,712
Interest expense	(651 )	(663 )	(443 )
Other non-operating (expense) income, net	(1 )	—	30
Earnings from continuing operations before income taxes	5,269	4,886	4,299
Income tax expense	(3,340 )	(1,133 )	(1,173 )
Net earnings from continuing operations	1,929	3,753	3,126
Net earnings from discontinued operations	73	1,549	479
Net earnings	\$2,002	\$5,302	\$3,605
Earnings per common share			
Basic			
Continuing operations	\$6.70	\$12.54	\$10.07
Discontinued operations	0.26	5.17	1.55
Basic earnings per common share	\$6.96	\$17.71	\$11.62
Diluted			
Continuing operations	\$6.64	\$12.38	\$9.93
Discontinued operations	0.25	5.11	1.53
Diluted earnings per common share	\$6.89	\$17.49	\$11.46

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

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

	Years Ended December		
	31,		
	2017	2016	2015
Net earnings	\$2,002	\$5,302	\$3,605
Other comprehensive (loss) income, net of tax			
Postretirement benefit plans			
Net other comprehensive loss recognized during the period, net of tax benefit of \$375 million in 2017, \$668 million in 2016 and \$192 million in 2015	(1,380 )	(1,232 )	(351 )
Amounts reclassified from accumulated other comprehensive loss, net of tax expense of \$437 million in 2017, \$382 million in 2016 and \$464 million in 2015	802	699	850
Reclassifications from divestiture of IS&GS business	—	(134 )	—
Other, net	140	9	(73 )
Other comprehensive (loss) income, net of tax	(438 )	(658 )	426
Comprehensive income	\$1,564	\$4,644	