

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

CITY OF PONTIAC GENERAL	:	X
EMPLOYEES' RETIREMENT SYSTEM,	:	Civil Action No.
Individually and on Behalf of All Others	:	
Similarly Situated,	:	CLASS ACTION COMPLAINT FOR
	:	VIOLATIONS OF FEDERAL SECURITIES
	:	LAWS
Plaintiff,	:	
	:	
vs.	:	
	:	
LOCKHEED MARTIN CORPORATION,	:	<u>JURY TRIAL DEMANDED</u>
ROBERT STEVENS and BRUCE TANNER,	:	
	:	
Defendants.	:	

X

Plaintiff has alleged the following based upon the investigation of plaintiff's counsel, which included a review of United States Securities and Exchange Commission ("SEC") filings by Lockheed Martin Corporation ("Lockheed Martin" or the "Company"), as well as regulatory filings and reports, securities analysts' reports and advisories about the Company, press releases and other public statements issued by the Company, and media reports about the Company, and plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION

1. This is a federal securities class action on behalf of purchasers of the common stock of Lockheed Martin between April 21, 2009 and July 21, 2009, inclusive (the "Class Period"), seeking to pursue remedies under the Securities Exchange Act of 1934 (the "Exchange Act").

JURISDICTION AND VENUE

2. The claims asserted herein arise under and pursuant to 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 Securities and Exchange Commission ("SEC") [17 C.F.R. §240.10b-5].

3. 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].

4. Venue is proper in this District pursuant to Section 27 of the Exchange Act and 28 U.S.C. §1391(b), as many of the acts and practices complained of herein occurred in substantial part in this District.

5. In connection with the acts alleged in this complaint, defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mails, interstate telephone communications and the facilities of the national securities markets.

PARTIES

6. Plaintiff City Of Pontiac General Employees' Retirement System ("City of Pontiac" purchased the common stock of Lockheed Martin during the Class Period and has been damaged thereby.

7. Defendant Lockheed Martin engages in the research, design, development, manufacture, integration, operation, and sustainment of advanced technology systems and products in the areas of defense, space, intelligence, homeland security, and government information technology in the United States and internationally.

8. (a) Defendant Robert Stevens ("Stevens") served as Lockheed Martin's Chairman, President and Chief Executive Officer ("CEO") during the Class Period.

(b) Defendant Bruce Tanner ("Tanner") served as Lockheed Martin's Chief Financial Officer ("CFO") and Executive Vice President during the Class Period.

(c) Defendants Stevens and Tanner are collectively referred to herein as the "Individual Defendants."

9. Because of the Individual Defendants' positions with the Company, they had access to the adverse undisclosed information about the Company's business, operations, operational trends, financial statements, markets and present and future business prospects via access to internal corporate documents (including the Company's operating plans, budgets and forecasts and reports of actual operations compared thereto), conversations and connections with other corporate officers and employees, attendance at management and Board of Directors meetings and committees thereof and via reports and other information provided to them in connection therewith.

10. It is appropriate to treat the Individual Defendants as a group for pleading purposes and to presume that the false, misleading and incomplete information conveyed in the Company's public filings, press releases and other publications as alleged herein are the collective actions of the

narrowly defined group of defendants identified above. Each of the above officers of Lockheed Martin, by virtue of their high-level positions with the Company, directly participated in the management of the Company, was directly involved in the day-to-day operations of the Company at the highest levels and was privy to confidential proprietary information concerning the Company and its business, operations, growth, financial statements, and financial condition, as alleged herein. Said defendants were involved in drafting, producing, reviewing and/or disseminating the false and misleading statements and information alleged herein, were aware, or recklessly disregarded, that the false and misleading statements were being issued regarding the Company, and approved or ratified these statements, in violation of the federal securities laws.

11. As officers and controlling persons of a publicly-held company whose common stock was, and is, registered with the SEC pursuant to the Exchange Act, and was, and is, traded on the New York Stock Exchange (“NYSE”), and governed by the provisions of the federal securities laws, the Individual Defendants each had a duty to disseminate promptly, accurate and truthful information with respect to the Company’s financial condition and performance, growth, operations, financial statements, business, markets, management, earnings and present and future business prospects, and to correct any previously-issued statements that had become materially misleading or untrue, so that the market price of the Company’s publicly-traded common stock would be based upon truthful and accurate information. The Individual Defendants’ misrepresentations and omissions during the Class Period violated these specific requirements and obligations.

12. The Individual Defendants participated in the drafting, preparation, and/or approval of the various public and shareholder and investor reports and other communications complained of herein and were aware of, or recklessly disregarded, the misstatements contained therein and omissions therefrom, and were aware of their materially false and misleading nature. Because of

their Board membership and/or executive and managerial positions with Lockheed Martin, each of the Individual Defendants had access to the adverse undisclosed information about Lockheed Martin's business prospects and financial condition and performance as particularized herein and knew (or recklessly disregarded) that these adverse facts rendered the positive representations made by or about Lockheed Martin and its business issued or adopted by the Company materially false and misleading.

13. The Individual Defendants, because of their positions of control and authority as officers and/or directors of the Company, were able to and did control the content of the various SEC filings, press releases and other public statements pertaining to the Company during the Class Period. Each Individual Defendant was provided with copies of the documents alleged herein to be misleading prior to or shortly after their issuance and/or had the ability and/or opportunity to prevent their issuance or cause them to be corrected. Accordingly, each of the Individual Defendants is responsible for the accuracy of the public reports and releases detailed herein and is therefore primarily liable for the representations contained therein.

14. Each of the defendants is liable as a participant in a fraudulent scheme and course of business that operated as a fraud or deceit on purchasers of Lockheed Martin common stock by disseminating materially false and misleading statements and/or concealing material adverse facts. The scheme: (i) deceived the investing public regarding Lockheed Martin's business, operations, management and the intrinsic value of Lockheed Martin common stock; and (ii) caused plaintiff and other members of the Class to purchase Lockheed Martin common stock at artificially inflated prices.

CLASS ACTION ALLEGATIONS

15. 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 those who purchased the common

stock of Lockheed Martin during the Class Period, inclusive (the “Class”) and who were damaged thereby. 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.

16. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Lockheed Martin common shares were 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 hundreds or thousands of members in the proposed Class. 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.

17. 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.

18. 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.

19. 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 misrepresented material facts about the business, operations and management of Lockheed Martin; and

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

20. 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 make 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.

SUBSTANTIVE ALLEGATIONS

21. Defendant Lockheed Martin engages in the research, design, development, manufacture, integration, operation, and sustainment of advanced technology systems and products in the areas of defense, space, intelligence, homeland security, and government information technology in the United States and internationally.

22. The Class Period commences on April 21, 2009. On that date, Lockheed Martin issued a press release announcing its financial results for the first quarter of 2009. For the quarter, the Company reported net sales of \$10.4 billion. Defendant Stevens commented on the results stating, in pertinent part, as follows:

The Corporation is off to a solid start in the first quarter of 2009. . . Our team of 146,000 dedicated employees continues to focus on enhancing shareholder and customer value by utilizing the depth and breadth of our capabilities as the world's premier global security company.

The press release also contained positive statements about the Company's Information Systems & Global Systems ("IS&GS").

23. Following the issuance of the press release, on April 21, 2009, defendants held a conference call with analysts and investors to discuss the Company's earnings and operations. During the conference call, defendants made numerous positive statements about the Company's business, operations and prospects. Defendant Tanner made the following positive statements about the Company's IS&GS division stating, in pertinent part, as follows:

I now want to turn to our fastest growing business, our Information Systems & Global Services. The IS&GS team continues to lead the corporation in top line sales growth again this quarter. The new business win rate of IS&GS differentiates them from competitors and enabled expansion of their revenues by 10% above last year's level. Key awards this quarter included a contract from the US Special Operations Command to provide full scope logistic support to Special Operations troops around the globe. This 10 year IDIQ contract has a potential value of up to \$5 billion. Although this award has been placed under protest by a competitor, we look forward to successful protest resolutions to work and proceed and enable us to provide critical logistic support to this key customer.

Other IS&GS wins include a \$400 million award by the General Services Administration to provide systems support to the Federal acquisition service. These wins add to IS&GS's solid backlog and we expect this to continue generating the highest revenue growth of all of our business areas this year. Before leaving IS&GS, I wanted to reiterate our press release disclosure earlier today announcing the realignment of IS&GS's three lines of business effective January 1st. This realignment to civil, defense and intelligence, better aligns the segment based on its core customers and business activities. Current quarter and historical financial results have been realigned to provide comparative financial data.

During the conference call Defendant Tanner also responded to questions about the profit margins in the IS&GS division and made positive statements about that business. The following exchange took place:

Joe Nadol - JPMorgan - Analyst

Good, thanks. Bruce, could you talk to the IS&GS business a little bit, the margins were a little lower than they've been over the past couple years, edging below that 9% mark I think for the first time since '06. You did the reorg in there, and wasn't quite clear from the MD&A here on the margins, as to why they were lower. Said decrease in civil, was due to the absence of a benefit, but that doesn't explain why you were down overall.

Bruce Tanner - Lockheed Martin - EVP, CFO

I got the question, Joe. Thanks. Yeah. Margins within IS&GS were 8.8 last year was about 9.2. Last year had the benefit that we did mention on the call, as well in the press release of the contract restructuring. That was a fairly significant item, that if we remove that from 2008, 2009's performance actually exceeds that. Now taking a look at the absolute value, if you will, and your comment I think is right relative to comparing it back to the 2006 time frame. Margins at the 8.8% level are lower than what we've done in the last few years. A couple reasons for that, one of which is I talked about on numerous occasions, IS&GS has the largest percentage of what we call service contract accounting programs, where we have great variability in the quarterly flow of those costs.

Basically on service contract accounting, your revenue is fairly levelized but your expenses or cost of sales associated with those contracts are expressed in the period which it incurred. So depending on what you've won and the early stages of those service contract accounting contracts, you can have great flexibility or great fluctuation, excuse me, in the cost of sales recognized on a quarter-by-quarter basis. I think that's what what happened in the first quarter time frame. There were no performance issues. There was not a performance write-off on any of our programs. It was strictly the timing of that cost of sales recognition. Looking forward, I still see we talked about in the past that IS&GS has the largest share of award fees of any of our four business areas. And those award fees tend to get lumped in the second and fourth quarter. We actually had a fairly low portion.

We have award fees honestly in all four quarters. But we also had a little bit lower award fee portion in the first quarter compared to say years past. And yet we still expect to see in the second and fourth significant increases in margin, as we reflect the award fees that will be received in those two quarters. So I still sit here today, looking out at the year confident in our guidance that we provided to you. And I'll share with you one other comment maybe before I let you go. Although you mentioned the '06 time frame, as we were going back and restating some of the history for IS&GS because of the restatement of the lines of business, if you take a look at the 2006 earnings out of IS&GS, compared to the 2009 earnings EBIT out of IS&GS, it's up 50%. We have about \$800 million worth of earnings in the 2006 time frame and \$1.2 billion is what our outlook is in the 2009 time frame. So I don't think that's anything to be ashamed about.

Defendants also made positive statements concerning revenue growth in IS&GS stating as follows:

Noah Poponak - Goldman Sachs - Analyst

Okay. One quick follow-up. The revenue growth in the quarter is lower than what the full year guidance implies for the full year. So you're expecting some acceleration. Can you just give us the two or three things that drive that? And kind of help us with the quarterly profile for the last nine months of the year.

Bruce Tanner - Lockheed Martin - EVP, CFO

Yes. That's a good question given what we did in the first couple. Maybe what I'll do, spend a little more time than maybe you're expecting on the answer to the question. But I'll kind of go through each of the four business areas maybe just to set the stage. IS&GS, growth at 10%. Looking forward I would expect to see revenue growth within IS&GS, sequentially increasing quarter-over-quarter, and still within the numbers that we're looking at for the full year guidance. I don't see anything that would cause us to back off of that assumption. . .

24. On May 28, 2009, Defendant Stevens appeared at the Sanford C. Bernstein & Co. Strategic Decisions Conference to discuss Lockheed Martin and its business. During his presentation, Defendant Stevens spoke positively about IS&GS division stating, in pertinent part, as follows:

Doug Harned - Sanford Bernstein - Analyst

As you have questions, please pass the cards to the middle or to the aisle as well. I'd like to shift gears a little bit here to go over the IS&GS. This business has had great growth over the last three -- I think it's been about a 13% top line growth for the past -- growth rate for the past three years. How do you perceive that evolving over the next three? And are there pressures that could bring down that top line growth?

Bob Stevens - Lockheed Martin - Chairman, CEO

We've committed to double-digit growth this year and my expectation is we're going to meet and honor that commitment. We've got a very comprehensive set of capabilities in information technology from -- I mean, it's the fullest spectrum of the IT that I think you could possibly envision. Individuals who are intimately familiar with complex systems architectures individuals who understand how individual networks work, how combinations of networks work, application specialists, service specialists.

So we touch all parts of the information environment I think with real command of the subject matter and experience that's necessary to deliver good value. We've got great leadership in this business area in addition to all that talent and experience and, as I said, we've been the largest IT provider in the federal government for 15 years which builds familiarity and customer intimacy because, in so many expressions we live day to day in the environment in which our customers live and in doing that we have a great opportunity to listen carefully to their concerns and their aspirations about what they need to do and we have a real intimate understanding in how these systems work, when they're supposed to work and how we can make them better.

I think in the final analysis it's a simple analysis that we've been able to grow this business double-digit and we continue to have confidence in our ability to do that because we deliver superior value. We're able to lower the cost, improve the productivity and perform in a very predictable way in our execution and I think customers value that and it's my expectation we're going to continue to do that.

25. The statements referenced above in ¶¶22-24 were each materially false and misleading because they failed to disclose and misrepresented the following material adverse facts which were known to defendants or recklessly disregarded by them:

(a) that the Company was experiencing significant performance issues with several projects in the IS&GS division and would not be receiving anticipated awards;

(b) that growth in the IS&GS division was slowing as the Company lost contracts and other contract awards were contested; and

(c) as a result of the foregoing, defendants lacked a reasonable basis for their positive statements about the Company, its earnings and prospects.

26. On July 21, 2009, Lockheed Martin issued a press release announcing its financial results for the second quarter of 2009. Among other things, the Company reported disappointing results in its IS&GS division. Following the issuance of the press release, Lockheed Martin held a conference call to discuss the reported earnings and the Company's operations. During the conference call, Defendants described the problems facing the IS&GS division and admitted that the Company was not performing according to expectations in that important division.

27. In response to information that the IS&GS division was not performing according to expectations and had not generated anticipated fee awards, the price of Lockheed Martin common stock declined from \$82.11 per share to \$75.13 per share on extremely heavy trading volume. Analysts were quick to note that the Company had recently promised increasing growth in the IS&GS division and expressed surprise at the sudden negative news.

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

29. During the Class Period, defendants materially misled the investing public, thereby inflating the price of Lockheed Martin common stock, by publicly issuing false and misleading statements and omitting to disclose material facts necessary to make defendants' statements, as set forth herein, not false and misleading. Said statements and omissions were materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about the Company, its business and operations, as alleged herein.

30. 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 or misleading statements about Lockheed Martin business, prospects and operations. These material misstatements and omissions had the cause and effect of creating in the market an unrealistically positive assessment of Lockheed Martin and its business, prospects and operations, thus causing the Company's common stock to be overvalued and artificially inflated at all relevant times. Defendants' materially false and misleading statements during the Class Period resulted in plaintiff and other members of the Class purchasing the Company's common stock at artificially inflated prices, thus causing the damages complained of herein.

Additional Scienter Allegations

31. As alleged herein, defendants acted with scienter in that defendants knew that the public documents and statements issued or disseminated in the name of the Company were materially false and 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, 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 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.

32. Given the nature and extent of the problems facing the IS&GS division, defendants knew or recklessly disregarded the extent and scope of the problems during the Class Period.

Applicability of Presumption of Reliance: Fraud on the Market Doctrine

33. At all relevant times, the market for Lockheed Martin common stock was an efficient market for the following reasons, among others:

(a) Lockheed Martin stock 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 the NYSE;

(c) Lockheed Martin regularly communicated with public investors via established market communication mechanisms, including through regular disseminations 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

(d) Lockheed Martin was followed by several securities analysts employed by major brokerage firms who wrote reports which 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.

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

NO SAFE HARBOR

35. 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. Many of the specific statements pleaded herein were not identified as “forward-looking statements” when made. To the extent there were any forward-looking statements, 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. Alternatively, to the extent that the statutory safe harbor does 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 particular speaker knew that the particular forward-looking statement was false, and/or the forward-looking statement was authorized and/or approved by an executive officer of Lockheed Martin who knew that those statements were false when made.

COUNT I

Violation of Section 10(b) of the Exchange Act Against and Rule 10b-5 Promulgated Thereunder Against All Defendants

36. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

37. During the Class Period, Defendants disseminated or approved the materially false and misleading statements specified above, which they knew or deliberately disregarded were misleading in that they contained misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

38. Defendants: (a) employed devices, schemes, and artifices to defraud; (b) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (c) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's common stock during the Class Period.

39. Plaintiff and the Class have suffered damages in that, in reliance on the integrity of the market, they paid artificially inflated prices for Lockheed Martin common stock. Plaintiff and the Class would not have purchased Lockheed Martin common stock at the prices they paid, or at all, if they had been aware that the market prices had been artificially and falsely inflated by defendants' misleading statements.

40. As a direct and proximate result of these defendants' wrongful conduct, plaintiff and the other members of the Class suffered damages in connection with their purchases of Lockheed Martin common stock during the Class Period.

COUNT II

Violation of Section 20(a) of the Exchange Act Against the Individual Defendants

41. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

42. The Individual Defendants acted as controlling persons of Lockheed Martin within the meaning of Section 20(a) of the Exchange Act as alleged herein. By reason of their positions as officers and/or directors of Lockheed Martin, and their ownership of Lockheed Martin stock, the Individual Defendants had the power and authority to cause Lockheed Martin to engage in the wrongful conduct complained of herein. By reason of such conduct, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act.

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

A. Determining that this action is a proper class action, designating plaintiff as Lead Plaintiff and certifying plaintiff as a class representative under Rule 23 of the Federal Rules of Civil Procedure and plaintiff's counsel as Lead Counsel;

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: July 20, 2011

ROBBINS GELLER RUDMAN
& DOWD LLP
SAMUEL H. RUDMAN
DAVID A. ROSENFELD
MARIO ALBA JR.

SAMUEL H. RUDMAN
58 South Service Road, Suite 200
Melville, NY 11747
Telephone: 631/367-7100
631/367-1173 (fax)

SULLIVAN, WARD, ASHER & PATTON, P.C.
CYNTHIA J. BILLINGS
25800 Northwestern Highway
1000 Maccabees Center
Southfield, MI 48075-8412
Telephone: 248/746-0700
248/746-2760 (fax)

Attorneys for Plaintiff