

Lockheed Martin Corporation
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Brian P. Colan
Vice President and Controller

May 27, 2015

Mr. Russell G. Golden
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Re: Proposed Accounting Standards Update Topic 606 - Deferral of the Effective Date

Dear Mr. Golden:

Lockheed Martin Corporation appreciates the opportunity to comment on the *Financial Accounting Standards Board's Proposed Financial Accounting Standards Update, Revenue from Contracts with Customers (Topic 606) – Deferral of the Effective Date*. We are a global security and aerospace company principally engaged in the research, design, development, manufacture, integration and sustainment of advanced technology systems, products and services. We also provide a broad range of management, engineering, technical, scientific, logistics and information services. We serve both U.S. and international customers with products and services that have defense, civil and commercial applications, with our principal customers being agencies of the U.S. Government. Our main areas of focus are in defense, space, intelligence, homeland security and information technology, including cyber security. We are headquartered in Bethesda, Maryland, and employ approximately 112,000 people worldwide. Our net sales for 2014 were \$45.6 billion.

We commend the Board and members of their staff for conducting an outreach program to more thoroughly understand the issues and challenges faced by the preparer community in meeting the effective date set forth in ASC 606. We have actively monitored and participated in the Board's process to develop a single revenue recognition standard for all industries and transactions. In this regard, we are focused on implementing the standard by making the necessary changes to our accounting policies, information technology systems and business processes, consistent with having a strong internal control environment.

We are supportive of the deferral of the effective date of ASC 606 by two years for preparers that elect to apply the new guidance retrospectively to each reporting period presented. We believe a deferral is necessary to allow us additional time to fully assess and implement ASC 606, particularly as changes or interpretations of the standard are still being made by the Board and/or Transition Resource Group. Deferral of the effective date will provide the necessary time to make changes to policies, information technology systems to allow for dual processing of transactions, internal controls and business processes to align with the standard. In our industry, the resulting impacts on prior period financial statements of applying the standard to thousands of contracts will need to be

carefully evaluated and reviewed with our auditors. We also believe that if the Board decides to defer the effective date, that preparers should be provided with the option to adopt the standard at an earlier date. While this may cause a limited period of inconsistency in the revenue recognition standards being used by preparers, we believe companies that may be ready to implement the standard should not be penalized with an undue delay. It should be noted that an option for early adoption is consistent with the *International Financial Reporting Standards (IFRS) 15, Revenue from Contracts with Customers*.

If there are any questions or wish to discuss this document, please feel free to contact me at brian.r.colan@lmco.com or 301 897 6764.

Sincerely,

A handwritten signature in black ink that reads "Brian P. Colan". The signature is written in a cursive, slightly slanted style.

Brian P. Colan
Vice President and Controller