LOCKHEED MARTIN

Rajeev Bhalla
Vice President and Controller

Letter of Comment No: 4 File Reference: FSPFAS109

Director, TA & I—FSP Financial Accounting Standards Board 401 Merritt 7 P.O. Box 5116 Norwalk, CT 06856-5116

Sent via email to director@fasb.org, Comments on Proposed FSP

Re: FSP FAS 109-a

Proposed FASB Staff Position Application of FASB Statement No. 109, *Accounting for Income Taxes*, for the Tax Deduction Provided to U.S. Based Manufacturers by the American Jobs Creation Act of 2004

Lockheed Martin Corporation welcomes the opportunity to provide comments on this proposed FASB Staff Position (FSP) concerning FASB Statement No. 109, Accounting for Income Taxes (FAS 109) and the American Jobs Creation Act of 2004 (the Act). Lockheed Martin is a publicly traded corporation principally engaged in the research, design, development, manufacture and integration of advanced technology systems, products and services. We reported 2003 sales of \$31.8 billion.

We commend the Board and the FASB staff's timely efforts to address the number of issues resulting from the enactment of the Act, and agree with the conclusion in the proposed FSP that the manufacturing deduction provided for in the new legislation should be accounted for as a special deduction, as described in paragraph 231 of FAS 109. Similar to the examples cited in that paragraph, the manufacturing deduction relies on future production revenues, is available only in special circumstances, and is not statutorily available to all taxpayers. We believe that the special deduction approach provides the most meaningful financial reporting result, since it links the recognition of the deferred taxes associated with the tax consequences of the new legislation with the actual corresponding future revenues.

Director, TA & I—FSP FSP FAS 109-a

In summary, we agree with the proposed FSP and the effective date of application. Immediate action to align financial data with its provisions will result in consistency and comparability across companies for year-end financial reporting.

Thank you for considering our comments during your further deliberations.

Sincerely,

/s/ Rajeev Bhalla
Vice President and Controller