Lockheed To Pay $19.5M To Settle Lawsuit

The Associated Press

NEW YORK (AP) — Lockheed Martin Corp. will pay $19.5 million to settle a lawsuit claiming that the defense contractor misled investors.

The company disclosed the settlement in a filing Tuesday with the U.S. District Court in New York.

Lockheed denied violating any securities laws or misleading investors but said it settled because of the cost and uncertainty of going to trial.

The city of Pontiac, Mich., employee retirement system sued Lockheed and top executives including CEO Robert Stevens in July 2011, claiming that the company misled investors beginning with upbeat statements about its financial results for the first quarter of 2009. The executives commented about rising sales in Lockheed's information-systems business.

The retirement system said the comments were false; that there were problems with some projects in the information-systems unit and that its growth was slowing as contracts were lost.

The company issued disappointing results for the unit when it reported results for the second quarter of 2009 in July of that year. The stock fell 8.5 percent, to $75.13, the day that the second-quarter results were reported.

The Pontiac retirement system won class-action status for its lawsuit, representing investors who bought Lockheed stock between April and July 2009.

Lockheed asked the court to dismiss the case, but the request was rejected. In December, the two sides began negotiations mediated by a retired judge, and those talks led to the settlement.

Shares of Bethesda, Md.-based Lockheed, which had 2012 revenue of $47 billion, fell 4 cents to $88.19 in afternoon trading.

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