

/FIRST AND FINAL ADD -- HSTH007 -- Lockheed Martin Corporation/

PRNewswire

LOCKHEED MARTIN CORPORATION

Consolidated Results

Preliminary and Unaudited

(In millions, except for per share data and percentages)

	QUARTER ENDED JUNE 30,			YEAR TO DATE JUNE 30,		
	2000	1999	% Change	2000	1999	% Change
Net Sales	\$6,212	\$6,203	-- %	\$11,774	\$12,391	(5)%
Earnings before Interest and Taxes	\$325	\$134	143 %	\$651	\$750	(13)%
Interest Expense	\$220	\$191	15 %	\$447	\$383	17%
Pre-tax Earnings	\$105	(\$57)	284 %	\$204	\$367	(44)%
Income Taxes	\$63	(\$16)	494 %	\$108	\$140	(23)%
Effective Tax Rate	60%	28%	N/M	53%	38%	N/M
Earnings before Cumulative Effect of Change in Accounting	\$42	(\$41)	202 %	\$96	\$227	(58)%
Cumulative Effect of Change in Accounting (a)	--	--	N/M	--	(\$355)	N/M
Net Earnings (Loss)	\$42	(\$41)	202 %	\$96	(\$128)	175%
Basic Earnings (Loss) Per Share: Earnings (Loss) before Cumulative Effect of Change						

in Accounting	\$0.11	(\$0.11)	200 %	\$0.25	\$0.59	(58)%
Cumulative Effect of Change in Accounting (a)	--	--	N/M	--	(\$0.93)	N/M
Earnings (Loss) Per Share	\$0.11	(\$0.11)	200 %	\$0.25	(\$0.34)	174 %

Average Basic Shares Outstanding	389.5	381.4		388.3	380.8	
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Diluted Earnings (Loss) Per Share: Earnings (Loss) before Cumulative Effect of Change in Accounting	\$0.11	(\$0.11)	200 %	\$0.25	\$0.59	(58)%
Cumulative Effect of Change in Accounting(a)	--	--	N/M	--	(\$0.93)	N/M
Earnings (Loss) Per Share	\$0.11	(\$0.11)	200 %	\$0.25	(\$0.34)	174%

Average Diluted Shares Outstanding	391.2	383.9		389.3	383.3	
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(a) The Corporation adopted the American Institute of Certified Public Accountants' Statement of Position (SOP) No. 98-5, Reporting on the Costs of Start-Up Activities effective January 1, 1999.

LOCKHEED MARTIN CORPORATION
Segment Results Including Nonrecurring and Unusual Items
Preliminary and Unaudited
(In millions, except for percentages)

	QUARTER ENDED JUNE 30,			YEAR TO DATE JUNE 30,		
	2000	1999	% Change	2000	1999	% Change

Systems Integration (a)						
Net Sales	\$2,334	\$2,367	(1) %	\$4,405	\$4,599	(4)%
Segment EBIT Margins	\$202	\$205	(1) %	\$370	\$373	(1)%
	8.7%	8.7%		8.4%	8.1%	
Amortization of Goodwill and Contract Intangibles	\$68	\$68		\$136	\$137	

Space Systems (a)

Net Sales	\$1,780	\$1,728	3 %	\$3,452	\$3,618	(5)%
Segment EBIT	\$128	\$46	178 %	\$213	\$210	1%
Margins	7.2%	2.7%		6.2%	5.8%	
Amortization of						
Goodwill and Contract						
Intangibles	\$14	\$14		\$28	\$28	

Aeronautical Systems

Net Sales	\$1,253	\$1,346	(7) %	\$2,289	\$2,766	(17)%
Segment EBIT	\$89	(\$118)	175 %	\$168	\$46	265%
Margins	7.1%	(8.8)%		7.3%	1.7%	
Amortization of						
Goodwill and						
Contract						
Intangibles	\$20	\$20		\$40	\$40	

Technology Services (b)

Net Sales	\$599	\$537	12 %	\$1,063	\$985	8%
Segment EBIT	\$36	\$36	-- %	\$62	\$68	(9)%
Margins	6.0%	6.7%		5.8%	6.9%	
Amortization of						
Goodwill and						
Contract						
Intangibles	\$5	\$5		\$9	\$9	

Corporate and Other (c)

Net Sales	\$246	\$225	9 %	\$565	\$423	34%
Segment EBIT	(\$130)	(\$35)	N/M	(\$162)	\$53	N/M
Margins	N/M	N/M		N/M	N/M	
Amortization of						
Goodwill and						
Contract						
Intangibles	\$8	--		\$16	\$1	

(a) 2000 and 1999 results have been restated to reflect the transfer of the Management and Data Systems operating unit and the Space Applications Systems product line from the Systems Integration business area to the Space Systems business area.

(b) 1999 results include the operations of LM Hanford Company, which was divested during 1999.

(c) 2000 and 1999 results include the operations of commercial information technology and state and local government services lines of business as well as the operations of LM Global Telecommunications, Inc. 1999 results include the operations of Real3D, Inc. and the communications industry services line of business which were divested during 1999.

LOCKHEED MARTIN CORPORATION
Segment Results Excluding Nonrecurring and Unusual Items
Preliminary and Unaudited
(In millions, except for percentages)

QUARTER ENDED JUNE 30, YEAR TO DATE JUNE 30,
2000 1999 % Change 2000 1999 % Change

Systems Integration (a)

Net Sales	\$2,334	\$2,367	(1) %	\$4,405	\$4,599	(4)%
Segment EBIT	\$202	\$205	(1) %	\$370	\$373	(1)%
Margins	8.7%	8.7%		8.4%	8.1%	
Amortization of Goodwill and Contract Intangibles	\$68	\$68		\$136	\$137	

Space Systems (a)

Net Sales	\$1,780	\$1,728	3 %	\$3,452	\$3,618	(5)%
Segment EBIT	\$128	\$66	94 %	\$196	\$230	(15)%
Margins	7.2%	3.8%		5.7 %	6.4%	
Amortization of Goodwill and Contract Intangibles	\$14	\$14		\$28	\$28	

Aeronautical Systems

Net Sales	\$1,253	\$1,346	(7) %	\$2,289	\$2,766	(17)%
Segment EBIT	\$89	(\$118)	175 %	\$168	\$46	265%
Margins	7.1%	(8.8%)		7.3%	1.7%	
Amortization of Goodwill and Contract Intangibles	\$20	\$20		\$40	\$40	

Technology Services (b)

Net Sales	\$599	\$537	12 %	\$1,063	\$985	8%
Segment EBIT	\$36	\$36	-- %	\$68	\$68	--%
Margins	6.0%	6.7%		6.4%	6.9%	
Amortization of Goodwill and Contract Intangibles	\$5	\$5		\$9	\$9	

Corporate and Other (c)

Net Sales	\$246	\$225	9 %	\$565	\$423	34%
Segment EBIT	(\$22)	(\$35)	N/M	(\$53)	(\$61)	N/M
Margins	N/M	N/M		N/M	N/M	
Amortization of						

Goodwill and Contract Intangibles	\$8	--	\$16	\$1
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- (a) 2000 and 1999 results have been restated to reflect the transfer of the Management and Data Systems operating unit and the Space Applications Systems product line from the Systems Integration business area to the Space Systems business area.
- (b) 1999 results include the operations of LM Hanford Company, which was divested during 1999.
- (c) 2000 and 1999 results include the operations of commercial information technology and state and local government services lines of business as well as the operations of LM Global Telecommunications, Inc. 1999 results include the operations of Real3D, Inc. and the communications industry services line of business which were divested during 1999.

LOCKHEED MARTIN CORPORATION

Reconciliation of Pro Forma Net Earnings (a)

Preliminary and Unaudited

(In millions, except for per share amounts and percentages)

	QUARTER ENDED JUNE 30,		YEAR TO DATE JUNE 30,	
	2000	1999	2000	1999
Net Earnings (Loss)				
- As Reported	\$42	(\$41)	\$96	(\$128)
After Tax Loss on Globalstar Guarantee	\$91	--	\$91	--
After Tax Effect of Reversal of Calcomp Charge	(\$21)	--	(\$21)	--
After Tax Gain on L3 Disposition	--	--	--	(\$74)
After Tax Gain on Sale of Surplus Real Estate	--	--	(\$10)	--
After Tax Net Loss on Divestitures and Other	--	\$12	\$4	\$12
Cumulative Effect of Change in Accounting	--	--	--	\$355
Pro Forma Net Earnings (Loss)	\$112	(\$29)	\$160	\$165
Pro Forma Effective Tax Rate	47%	38%	47%	38%

Diluted Earnings (Loss)

Per Share -				
As Reported	\$0.11	(\$0.11)	\$0.25	(\$0.34)
After Tax Loss on				
Globalstar Guarantee	\$0.23	--	\$0.23	--
After Tax Effect of				
Reversal of Calcomp				
Charge	(\$0.05)	--	(\$0.05)	--
After Tax Gain on				
L3 Disposition	--	--	--	(\$0.19)
After Tax Gain on Sale				
of Surplus Real Estate	--	--	(\$0.03)	--
After Tax Net Loss				
on Divestitures and Other	--	\$0.03	\$0.01	\$0.03
Cumulative Effect				
of Change in Accounting	--	--	--	\$0.93
Pro Forma Diluted Earnings				
(Loss) Per Share	\$0.29	(\$0.08)	\$0.41	\$0.43

(a) Excludes nonrecurring and unusual items.

LOCKHEED MARTIN CORPORATION
Other Financial Information
Preliminary and Unaudited
(In millions, except for percentages)

	QUARTER ENDED JUNE 30,		YEAR TO DATE JUNE 30,	
	2000	1999	2000	1999
EBIT to Sales Margin	5.2%	2.2%	5.5%	6.1%
Amortization of Goodwill and Contract Intangibles Resulting from Prior				
Acquisitions	\$115	\$107	\$229	\$215
Depreciation and Amortization	\$117	\$126	\$242	\$248
EBITDA	\$557	\$367	\$1,122	\$1,213

	JUNE 30, 2000	DECEMBER 31, 1999 (a)
Total Backlog	\$57,072	\$45,913
Systems Integration	\$17,801	\$13,971
Space Systems	\$15,181	\$15,998
Aeronautical Systems	\$17,119	\$9,003
Technology Services	\$4,454	\$4,399
Corporate and Other	\$2,517	\$2,542
Total Debt	\$11,461	\$11,954
Long-term (including		

current maturities)	\$11,453	\$11,479
Short-term	\$8	\$475
Cash and Cash Equivalents	\$1,249	\$455
Stockholders' Equity	\$6,439	\$6,361
Total Debt-to-Capital	64%	65%
Total Debt-to-Capital (net of invested cash)	61%	64%

(a) 1999 results have been restated to reflect the transfer of the Management and Data Systems operating unit and the Space Applications Systems product line from the Systems Integration business area to the Space Systems business area.

LOCKHEED MARTIN CORPORATION
Consolidated Condensed Balance Sheet
Preliminary and Unaudited
(In millions)

JUNE 30, DECEMBER 31,
2000 1999

Assets

Cash and cash equivalents	\$1,249	\$455
Accounts receivable	4,182	4,348
Inventories	3,809	4,051
Other current assets	1,737	1,842
 Total current assets	 10,977	 10,696
 Property, plant and equipment	 3,550	 3,634
Goodwill and other intangible assets	10,208	10,421
Other noncurrent assets	5,157	5,261
 Total assets	 \$29,892	 \$30,012

Liabilities and Stockholders' Equity

Short-term borrowings	\$8	\$475
Other accrued expenses	8,720	8,285
Current portion of long-term debt	803	52
 Total current liabilities	 9,531	 8,812

Long-term debt	10,650	11,427
Post-retirement and other noncurrent liabilities	3,272	3,412
Stockholders' equity	6,439	6,361
 Total liabilities and stockholders' equity	 \$29,892	 \$30,012

LOCKHEED MARTIN CORPORATION
Consolidated Condensed Statement of Cash Flows
Preliminary and Unaudited
(In millions)

YEAR TO DATE JUNE 30,
2000 1999

Operating Activities:

Earnings before cumulative effect of change in accounting	\$96	\$227
Adjustments to reconcile earnings to net cash provided by operating activities:		
Depreciation and amortization	471	463
Changes in operating assets and liabilities	1,031	(866)

Net cash provided by (used for) operating activities	1,598	(176)
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Investing Activities:

Expenditures for property, plant & equipment	(185)	(276)
Sale of shares in L-3 Communications	--	182
Other	(43)	3

Net cash used for investing activities	(228)	(91)
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Financing Activities:

Net (repayments) borrowings of debt	(490)	138
Common stock dividends	(88)	(171)
Other	2	15

Net cash used for financing activities	(576)	(18)
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Net increase (decrease) in cash and cash equivalents	794	(285)
Cash and cash equivalents at beginning of period	455	285

Cash and cash equivalents at end of period	\$1,249	\$ --
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LOCKHEED MARTIN CORPORATION
Operating Data

	QUARTER ENDED JUNE 30,		YEAR TO DATE JUNE 30,	
	2000	1999	2000	1999
Deliveries				
F-16	12	30	26	58
C-130J	7	3	10	10
Launches				
Atlas	3	1	5	2
Proton	1	2	2	4
Athena	--	1	--	2
Titan II	--	1	--	1
Titan IV	1	3	1	3

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