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

PRNewswire

(Loss) Per Share: Earnings (Loss) before Cumulative Effect of Change in

Cumulative Effect of Change in

Accounting(a) --

Earnings (Loss)

Accounting \$0.11 (\$0.11) 200 % \$0.25

Per Share \$0.11 (\$0.11) 200 % \$0.25

N/M

\$0.59

N/M

(\$0.34)

(\$0.93)

(58)%

174%

Consolidated Results Preliminary and Unaudited (In millions, except for per share data and percentages) YEAR TO DATE JUNE 30. QUARTER ENDED JUNE 30. 1999 % Change 2000 1999 % Change Net Sales \$6,212 \$6,203 -- % \$11,774 \$12,391 (5)% Earnings before Interest and \$134 143 % \$651 Taxes \$325 \$750 (13)% Interest Expense \$220 \$191 15 % \$447 \$383 17% Pre-tax Earnings \$105 (\$57) 284 % \$204 \$367 (44)% Income Taxes (\$16) 494 % \$108 \$140 (23)% \$63 Effective Tax Rate 60% 28% 53% 38% N/M 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 \$42 (\$41) 202 % \$96 (\$128) 175% (Loss) 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 **Diluted Earnings**

LOCKHEED MARTIN CORPORATION

Outstanding 391.2 383.9

389.3 383.3

(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
 \$202
 \$205
 (1) %
 \$370
 \$373
 (1)%

 Margins
 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.

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)% 8.7% Margins 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 Segment EBIT \$128 \$66 94 % \$196 \$230 (15)% 3.8% 5.7 % Margins 7.2% 6.4% Amortization of

Goodwill and Contract

Intangibles \$14 \$14 \$28 \$28

Aeronautical Systems

\$1,346 (7) % \$2,289 \$2,766 (17)% Net Sales \$1,253 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

\$5

Technology Services (b)

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

\$9

\$9

Corporate and Other (c)

\$5

Net Sales \$246 \$225 9 % \$565 \$423 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

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

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, 1999 2000 1999 2000

- As Reported	\$42	(\$41)	\$96	(\$128)	
After Tax Loss on Globalstar Guarante	\$91 عد		\$91		
After Tax Effect of			ΨΟΊ		
Reversal of Calcom Charge	p (\$21)	(;	\$21)		
After Tax Gain on				(4)	
L3 Disposition After Tax Gain on Sa			(\$7	4)	
of Surplus Real Esta After Tax Net Loss of			(\$10)		
Divestitures and Oth	ner	\$12	\$4	\$12	
Cumulative Effect of in Accounting			\$35	55	
Pro Forma Net Earni	ngs		\$160		
(Loss) \$	0112 (\$29)	\$160	\$100	
Pro Forma Effective Tax Rate	47%	38%	47%	38%	
		0070	47 70	0070	
Diluted Earnings (Los Per Share -	SS)				
As Reported After Tax Loss on	\$0.11	(\$0.11)	\$0.25	(\$0.34)	
Globalstar Guarante	e \$0.2	3	\$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 Sa of Surplus Real Esta			(\$0.03)		
After Tax Net Loss					
on Divestitures and Cumulative Effect	Other	\$0.03	3 \$0.01	\$0.03	
of Change in Accou				\$0.93	
Pro Forma Diluted Ea (Loss) Per Share	•	(\$0.08)	\$) \$0.41	\$0.43	
(a) Excludes nonrecu	rring and	unusual i	items.		
•					
LOCKHEED MARTIN CORPORATION Other Financial Information					
Preliminary and Unaudited (In millions, except for percentages)					
(iii 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 EBITDA	\$117 \$557	\$126 \$367	\$242 \$1,122	\$248 \$1,213	
	v = = :	v = = :	. ,	. , -	
JUNE 30, DECEMBER 31,					

1999 (a) 2000 Total Backlog \$57,072 \$45,913 Systems Integration \$17,801 \$13,971 Space Systems Aeronautical Systems \$15,998 \$15,181 \$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)

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)

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)

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 \$ --

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 3 10 10 Launches Atlas 2 Proton 2 2 4 1 Athena 2 1

3

Titan IV 1 3 1
PRNewswire -- July 20
END FIRST AND FINAL ADD

Titan II

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