/SECOND AND FINAL ADD -- DCTH006 -- Lockheed Martin Corporation/

PRNewswire

LOCKHEED MARTIN CORPORATION Consolidated Results Preliminary and Unaudited (In millions, except for per share data and percentages) Quarter Ended Year To Date September 30, September 30, % 2000 1999 Change 2000 1999 Change **Net Sales** \$5,960 \$6,157 -3% \$17,734 \$18,548 Earnings (Loss) before Interest \$625 \$1,308 and Taxes -\$26 \$558 -105% -52% Interest Expense \$229 \$200 15% \$676 \$583 Pre-tax Earnings (Loss) -\$255 \$358 -171% -\$51 \$725 -107% Income Taxes \$449 \$141 218% \$557 \$281 98% Effective Tax N/M Rate 39% N/M N/M 39% N/M Earnings (Loss) before Cumulative Effect of Change in Accounting -\$704 \$217 -424% -\$608 \$444 -237% Cumulative Effect of Change in Accounting (a) N/M \$0 -\$355 N/M Net Earnings (Loss) -\$704 \$217 -424% -\$608 \$89 -783% Basic Earnings (Loss) Per Share: Earnings (Loss) before Cumulative Effect of Change in Accounting -\$1.74 \$0.57 -405% -\$1.54 \$1.16 **Cumulative Effect** of Change in Accounting (a) \$0.00 \$0.00 N/M \$0.00 -\$0.93 N/M Earnings (Loss) Per Share -\$1.74 \$0.57 -405% -\$1.54 \$0.23 -770% Average Basic Shares Outstanding 405.6 382.8 394.1 381.5 **Diluted Earnings** (Loss) Per Share: Earnings (Loss) before **Cumulative Effect** of Change in Accounting -\$1.74 \$0.57 -405% -\$1.54 \$1.16 -233% **Cumulative Effect** of Change in Accounting (a) \$0.00 \$0.00 N/M \$0.00 -\$0.93 N/M Earnings (Loss) Per Share -\$1.74 \$0.57 -405% -\$1.54 \$0.23 -770% Average Diluted Shares Outstanding 405.6 (b) 384.7 394.1(b) 383.8

⁽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.

(b) Due to Antidilution, Basic shares are utilized as Diluted shares.

LOCKHEED MARTIN CORPORATION

Segment Results Including Nonrecurring and Unusual Items Preliminary and Unaudited

(In millions, except for percentages)

Quarter Ended Year To Date September 30, September 30, % %

1999 Change 2000 1999 Change

Systems

Integration (a)

Net Sales \$2,325 \$2,329 0% \$6,730 \$6,928 -3% Segment EBIT -\$215 \$271 -179% \$155 \$644 -76% Margins -9.2% 11.6% 2.3% 9.3%

Amortization of Goodwill and Contract

Intangibles \$59 \$69 \$195 \$206

Space Systems (a)

\$1,640 -8% \$5,092 \$5,397 Net Sales \$1,779 -6% \$113 Segment EBIT \$126 -10% \$326 \$336 -3% Margins 6.9% 7.1% 6.4% 6.2% Amortization of Goodwill and Contract

Intangibles \$14 \$15 \$42 \$43

Aeronautical

Systems

\$1,214 -14% \$3,327 \$3,980 Net Sales \$1,038 -16% Segment EBIT \$77 \$105 -27% \$245 \$151 62% Margins 7.4% 8.6% 7.4% 3.8% Amortization of Goodwill and

Contract

Intangibles \$20 \$60 \$60 \$20

Technology

Services (b)

Net Sales \$566 \$584 -3% \$1,629 \$1,569 4% Segment EBIT \$18 \$29 -38% \$80 \$97 -18% 5.0% Margins 3.2% 4.9% 6.2% Amortization of Goodwill and Contract

Intangibles

\$5 \$4 \$14 \$13

Global

Telecommunications

(c)

Net Sales \$214 \$85 152% \$498 \$260 92% Segment EBIT -\$23 -\$21 -10% -\$81 -\$75 -8% -10.7% -16.3% Margins -24.7% -28.8% Amortization of

Goodwill and Contract

Intangibles \$15 \$0 \$30 \$0

Corporate

and Other (d)

\$177 \$166 **Net Sales** 7% \$458 \$414 11% Segment EBIT \$4 \$48 N/M -\$100 \$155 N/M N/M Margins N/M N/M N/M

Amortization of Goodwill and Contract

Intangibles \$0 \$0 \$1 \$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) A new segment called Global Telecommunications is presented. This new segment reflects the operations of Lockheed Martin Global Telecommunications (LMGT), which includes COMSAT and Integrated Business Solutions (IBS). The operations of both LMGT and IBS were previously included in the Corporate and Other business segment.
- (d) 2000 and 1999 results include the operations of state and local government services lines of business. 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)

(111 1111)	iioris, exc	ept for per	centages)		
	Quarter Septemb			o Date mber 30,	
200 Systems				1999 Cha	inge
Segment EBIT Margins Amortization of Goodwill and		\$271		30 \$6,928 610 \$644 9.3%	
Contract Intangibles	\$59	\$69	\$195	\$206	
Segment EBIT Margins Amortization of Goodwill and	\$1,640 \$113	\$1,779 \$107 6.0%	6% \$3	92 \$5,397 809 \$337 6.2%	-6% -8%
Contract Intangibles	\$14	\$15	\$42	\$43	
Segment EBIT Margins Amortization of Goodwill and Contract	\$77 7.4%	\$105 8.6%	-27% \$2 7.4%		
o o	\$20	\$20	\$60	\$60	
Amortization of Goodwill and	\$566 \$46 8.1%		59% \$1	9 \$1,569 14 \$97 6.2%	4% 18%
Contract Intangibles	\$5	\$4	\$14 \$	13	
Global Telecommunica Net Sales Segment EBIT Margins Amortization of Goodwill and Contract	\$214 -\$23	-\$21		3 \$260 81 -\$75 -28.8%	92% -8%
	\$15	\$0	\$30	\$0	

Corporate

and Other (d)						
Net Sales	\$177	\$166	7%	\$458	\$414	11%
Segment EBIT	\$4	\$14	N/M	\$9	\$7	N/M
Margins	N/M	N/M	N	/M	N/M	
Amortization of						
Goodwill and						
Contract						
Intangibles	\$0	\$0	\$1	\$	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) A new segment called Global Telecommunications is presented. This new segment reflects the operations of Lockheed Martin Global Telecommunications (LMGT), which includes COMSAT and Integrated Business Solutions (IBS). The operations of both LMGT and IBS were previously included in the Corporate and Other business segment.
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LOCKHEED MARTIN CORPORATION

Reconciliation of Pro Forma Net Earnings (a)

Preliminary and Unaudited

Quarter Ended September 30.

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

Year To Date

September 30.

					septem	1999	
	2000	19	99	2000	,	1999	
Net Earnings (L As Reported		04	\$21	7	-\$608	\$i	89
After Tax Impai		• •	*	-	****	•	
Loss on AES I		as \$9	80	\$0	\$9	980	\$0
After Tax Gain		υυ ψυ		Ψ	Ψ.		Ψ
Control Syster							
Divestiture)	\$0	-\$	180	\$0	
After Tax Loss	on .		·			·	
Globalstar Gu	arantee	\$0	:	\$0	\$91	\$	0
After Tax Effect	of						
Reversal of Ca	alcomp						
Charge	\$0		\$0	-\$2	1	\$0	
After Tax Gain	on						
L3 Disposition	\$	0	\$0	9	\$0	-\$74	
After Tax Gain	on Sale						
of Surplus Rea	al Estate	-\$3	-\$	15	-\$13	-\$	315
After Tax Net (0	,						
Loss on Dives							
and Other		2	-\$19	9	\$26	-\$7	
Cumulative Effe							
Change in Acc				\$0			55
Pro Forma Net		\$11	5	\$183	3 \$	275	\$348
Pro Forma Effe							
Tax Rate	49.3	%	39.59	%	48.0%	39	.5%
Diluted Earning	` ,						
Per Share A	-		40.5	_	4.54	40	00
Reported (b)	-\$1.	/4	\$0.5	/ -	\$1.54	\$0.	23
After Tax Impai	rment						
Loss on AES	٠ ، ، ، ، ،	40	ተሰ ሰ	00	CO 40		00
Businesses (b			\$0.0)0	\$2.49	фυ	.00
After Tax Gain	on Contro	ונ					
Systems Divestiture (b)	Φ 1	4	ቀሰ ሰሰ	đ	0.46	\$0.0	^
After Tax Loss		4	ф0.00	-4	0.40	φυ.υ	U
Globalstar Gu	-	90 00		0.00	۰ ۵۰	23	\$0.00
After Tax Effect		ψυ.υυ	, 4	0.00	ψ0.2	_0	ψυ.υυ
Reversal of	. 01						
Calcomp Chai	rae s	00.08	\$0	0.00	-\$0.0	5 9	\$0.00
Calcomp Ond	9-	, 5.00	Ψ		ψ0.0	- (

After Tax Gain on				
L3 Disposition	\$0.00	\$0.00	\$0.00	-\$0.19
After Tax Gain on				
Sale of Surplus				
Real Estate (b)	-\$0.01	-\$0.04	-\$0.03	-\$0.04
After Tax Net (Gair	1)			
Loss on Divestitur	es			
and Other	\$0.05	-\$0.05	\$0.06	-\$0.02
Cumulative Effect of	of			
Change in Accour	nting \$0.0	0 \$0.0	0 \$0.0	0 \$0.93
Pro Forma Diluted				
Earnings Per Sha	re \$0.28	\$0.48	\$0.70	\$0.91

- (a) Excludes nonrecurring and unusual items.
- (b) Due to the impact that the issuance of Lockheed Martin shares in the merger with COMSAT had on the weighted average number of shares outstanding used in computing earnings per share, the earnings per share effects of individual transactions may be different for the quarter versus the nine months ended September 30, 2000.

LOCKHEED MARTIN CORPORATION

Other Financial Information

Preliminary and Unaudited

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

September 30	,	September :	
2000	19	999	
\$457	\$505	\$1,206	\$1,161
to			
7.7%	8.2%	6.8%	6.3%
ntract			
ulting			
sitions \$113	\$108	\$342	\$323
\$131	\$134	\$382	\$382
DA \$701	\$747	\$1,930	\$1,866
	September 30 2000 \$457 to 7.7% entract ulting sitions \$113	September 30, 2000 19 \$457 \$505 to 7.7% 8.2% ontract ulting sitions \$113 \$108	September 30, September 30, 2000 1999 \$457 \$505 \$1,206 to 7.7% 8.2% 6.8% Intract ulting sitions \$113 \$108 \$342

September 30, December 31,

2000 1999(a) \$45,913 Total Backlog \$55,906 \$16,953 Systems Integration \$13,971 Space Systems \$15,446 \$15,998 Aeronautical Systems \$16,744 \$9,003 \$4,399 Technology Services \$4,352 Global Telecommunications \$1,524 \$1,533 Corporate and Other \$887 \$1,009

Total Debt \$11,844 \$11,954 Long-term (including current maturities) \$11,841 \$11,479 Short-term \$475 Cash and Cash Equivalents \$1,938 \$455 Stockholders' Equity \$7,082 \$6,361 Total Debt-to-Capital 63% 65% Total Debt-to-Capital (net of invested cash) 58% 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. Additionally, a new segment called Global Telecommunications is presented. This new segment reflects the operations of Lockheed Martin Global Telecommunications (LMGT), which includes COMSAT and Integrated Business Solutions (IBS). The operations of both LMGT and IBS were previously included in the Corporate and Other business segment.

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

2000	1999
2000	1000

Assets			
Cash and cash equivalents	\$ 1,9	38 \$	3455
Accounts Receivable	4,202	4,34	8
Inventories	4,216	4,051	
Other current assets	2,982	1,842	
Total current assets	13,338	10,696	3
Property, plant and equipment	3,4	39 3	,634
Goodwill and other intangible asse	ts 9	,917 ·	10,421
Other noncurrent assets	5,577	5,26	31
Total assets	\$32,271	\$30,012	
Liabilities and Stockholders' Equity	,		
Short-term borrowings	\$3	\$475	
Other accrued expenses	9,45	5 8,2	285
Current portion of long-term debt	87	79	52
Total current liabilities	10,337	8,812	
Long-term debt	10,962	11,427	
Post-retirement and			
other noncurrent liabilities	3,890	3,412	<u>-</u>
Stockholders' equity	7,082	6,361	
Total liabilities and			
stockholders' equity	\$32,271	\$30,0	12

LOCKHEED MARTIN CORPORATION

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

Year To	Septembe
Date	30,
2000	1999

Operating Activities:

Earnings before cumulative effect of

\$-608 change in accounting \$444

Adjustments to reconcile earnings to net cash

provided by operating activities:

Depreciation and amortization 724 705 Changes in operating assets and liabilities 1,629 -766 Net cash provided by operating activities 1,745 383 Investing Activities:

Expenditures for property, plant & equipment -283 -442

Sale of Control Systems 510

Consummation of COMSAT tender offer -1,197 Sale of shares in L-3 Communications 182

-108 Other 152

Net cash provided by (used for)

investing activities 379 -1,565

Financing Activities:

Net (decrease) increase in short-term borrowings -475 1,881

Net repayments of debt -40 -743 6 Issuance of common stock 17 Common stock dividends -132 -258

Net cash provided by (used for)

financing activities -641 897

Net increase (decrease) in cash and

cash equivalents 1,483 -285

Cash and cash equivalents at beginning

285 Cash and cash equivalents at end of period \$1,938

LOCKHEED MARTIN CORPORATION Operating Data

	Quarter Ended September 30, 2000		Year To Date September 30, 1999		
Deliveries					
F-16	8	28	34	86	
C-130J	4	8	14	18	
Launches					
Atlas	1	1	6	3	
Proton	1	1	3	5	
Athena		1		3	
Titan II	1		1	1	

1 --Titan IV

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Website: http://www.lmco.com/

Company News On-Call: $\frac{http://www.prnewswire.com/comp/534163.html}{800-758-5804}, ext. 534163$

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