

# /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 September 30, %			Year To Date September 30, %		
	2000	1999	Change	2000	1999	Change
Net Sales	\$5,960	\$6,157	-3%	\$17,734	\$18,548	-4%
Earnings (Loss) before Interest and Taxes	-\$26	\$558	-105%	\$625	\$1,308	-52%
Interest Expense	\$229	\$200	15%	\$676	\$583	16%
Pre-tax Earnings (Loss)	-\$255	\$358	-171%	-\$51	\$725	-107%
Income Taxes	\$449	\$141	218%	\$557	\$281	98%
Effective Tax Rate	N/M	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)	\$0	\$0	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	-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 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 September 30, %			Year To Date September 30, %		
	2000	1999	Change	2000	1999	Change
<b>Systems</b>						
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)						
Net Sales	\$1,640	\$1,779	-8%	\$5,092	\$5,397	-6%
Segment EBIT	\$113	\$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						
Net Sales	\$1,038	\$1,214	-14%	\$3,327	\$3,980	-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	\$20		\$60	\$60	
Technology Services (b)						
Net Sales	\$566	\$584	-3%	\$1,629	\$1,569	4%
Segment EBIT	\$18	\$29	-38%	\$80	\$97	-18%
Margins	3.2%	5.0%		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%
Margins	-10.7%	-24.7%		-16.3%	-28.8%	
Amortization of Goodwill and Contract						
Intangibles	\$15	\$0		\$30	\$0	
Corporate and Other (d)						
Net Sales	\$177	\$166	7%	\$458	\$414	11%
Segment EBIT	\$4	\$48	N/M	-\$100	\$155	N/M
Margins	N/M	N/M		N/M	N/M	

Amortization of Goodwill and Contract Intangibles	\$0	\$0	\$1	\$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) 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)

	Quarter Ended September 30, %			Year to Date September 30, %		
	2000	1999	Change	2000	1999	Change
<b>Systems</b>						
Integration (a)						
Net Sales	\$2,325	\$2,329	0%	\$6,730	\$6,928	-3%
Segment EBIT	\$240	\$271	-11%	\$610	\$644	-5%
Margins	10.3%	11.6%		9.1%	9.3%	
Amortization of Goodwill and Contract Intangibles	\$59	\$69		\$195	\$206	
<b>Space Systems (a)</b>						
Net Sales	\$1,640	\$1,779	-8%	\$5,092	\$5,397	-6%
Segment EBIT	\$113	\$107	6%	\$309	\$337	-8%
Margins	6.9%	6.0%		6.1%	6.2%	
Amortization of Goodwill and Contract Intangibles	\$14	\$15		\$42	\$43	
<b>Aeronautical Systems</b>						
Net Sales	\$1,038	\$1,214	-14%	\$3,327	\$3,980	-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	\$20		\$60	\$60	
<b>Technology Services (b)</b>						
Net Sales	\$566	\$584	-3%	\$1,629	\$1,569	4%
Segment EBIT	\$46	\$29	59%	\$114	\$97	18%
Margins	8.1%	5.0%		7.0%	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%
Margins	-10.7%	-24.7%		-16.3%	-28.8%	
Amortization of Goodwill and Contract Intangibles						
	\$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.

(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  
Reconciliation of Pro Forma Net Earnings (a)  
Preliminary and Unaudited

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

	Quarter Ended September 30,		Year To Date September 30,	
	2000	1999	2000	1999
Net Earnings (Loss) --				
As Reported	-\$704	\$217	-\$608	\$89
After Tax Impairment				
Loss on AES Businesses	\$980	\$0	\$980	\$0
After Tax Gain on Control Systems Divestiture	-\$180	\$0	-\$180	\$0
After Tax Loss on Globalstar Guarantee	\$0	\$0	\$91	\$0
After Tax Effect of Reversal of Calcomp Charge	\$0	\$0	-\$21	\$0
After Tax Gain on L3 Disposition	\$0	\$0	\$0	-\$74
After Tax Gain on Sale of Surplus Real Estate	-\$3	-\$15	-\$13	-\$15
After Tax Net (Gain) Loss on Divestitures and Other	\$22	-\$19	\$26	-\$7
Cumulative Effect of Change in Accounting	\$0	\$0	\$0	\$355
Pro Forma Net Earnings	\$115	\$183	\$275	\$348

Pro Forma Effective				
Tax Rate	49.3%	39.5%	48.0%	39.5%
Diluted Earnings (Loss)				
Per Share -- As				
Reported (b)	-\$1.74	\$0.57	-\$1.54	\$0.23
After Tax Impairment				
Loss on AES				
Businesses (b)	\$2.42	\$0.00	\$2.49	\$0.00
After Tax Gain on Control				
Systems				
Divestiture (b)	-\$0.44	\$0.00	-\$0.46	\$0.00
After Tax Loss on				
Globalstar Guarantee	\$0.00	\$0.00	\$0.23	\$0.00
After Tax Effect of				
Reversal of				
Calcomp Charge	\$0.00	\$0.00	-\$0.05	\$0.00
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 (Gain)				
Loss on Divestitures				
and Other	\$0.05	-\$0.05	\$0.06	-\$0.02
Cumulative Effect of				
Change in Accounting	\$0.00	\$0.00	\$0.00	\$0.93
Pro Forma Diluted				
Earnings Per Share	\$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)

	Quarter Ended September 30, 2000		Year to Date September 30, 1999	
Pro Forma EBIT	\$457	\$505	\$1,206	\$1,161
Pro Forma EBIT to				
Sales Margin	7.7%	8.2%	6.8%	6.3%
Amortization of				
Goodwill and Contract				
Intangibles Resulting				
from Prior Acquisitions	\$113	\$108	\$342	\$323
Depreciation and				
Amortization	\$131	\$134	\$382	\$382
Pro Forma EBITDA	\$701	\$747	\$1,930	\$1,866

	September 30, 2000	December 31, 1999(a)
Total Backlog	\$55,906	\$45,913
Systems Integration	\$16,953	\$13,971
Space Systems	\$15,446	\$15,998
Aeronautical Systems	\$16,744	\$9,003
Technology Services	\$4,352	\$4,399
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	\$3	\$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)

	September 30, 2000	December 31, 1999
<b>Assets</b>		
Cash and cash equivalents	\$ 1,938	\$455
Accounts Receivable	4,202	4,348
Inventories	4,216	4,051
Other current assets	2,982	1,842
Total current assets	13,338	10,696
Property, plant and equipment	3,439	3,634
Goodwill and other intangible assets	9,917	10,421
Other noncurrent assets	5,577	5,261
Total assets	\$32,271	\$30,012
<b>Liabilities and Stockholders' Equity</b>		
Short-term borrowings	\$3	\$475
Other accrued expenses	9,455	8,285
Current portion of long-term debt	879	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
Stockholders' equity	7,082	6,361
Total liabilities and stockholders' equity	\$32,271	\$30,012

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

	Year To Date 2000	September 30, 1999
<b>Operating Activities:</b>		
Earnings before cumulative effect of change in accounting	\$-608	\$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
<b>Investing Activities:</b>		
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
Other	152	-108
Net cash provided by (used for) investing activities	379	-1,565
<b>Financing Activities:</b>		
Net (decrease) increase in short-term borrowings	-475	1,881
Net repayments of debt	-40	-743
Issuance of common stock	6	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 of period	455	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
Titan IV	1	--	2	3

PRNewswire -- Oct. 26  
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