

/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	-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			Year To Date		
	2000	1999	%	2000	1999	%
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)						
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	

(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			Year to Date		
	2000	1999	Change	2000	1999	Change
Systems						
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	

Space Systems (a)						
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	
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	\$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		Year To Date	
	September 30,		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
Assets		
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
Liabilities and Stockholders' Equity		
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
Operating Activities:		
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
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
Other	152	-108
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
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

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