

/SECOND AND FINAL ADD -- DCTH012 -- Lockheed Martin Earnings/

PRNewswire

LOCKHEED MARTIN CORPORATION
Consolidated Results
Preliminary and Unaudited
(In millions, except for per share data and percentages)

	QUARTER ENDED			YEAR ENDED		
	DECEMBER 31,			DECEMBER 31,		
	2000	1999	% Change	2000	1999	% Change
Net Sales	\$7,595	\$6,982	9 %	\$25,329	\$25,530	(1)%
Earnings before Interest and Taxes	\$580	\$701	(17)%	\$1,205	\$2,009	(40)%
Interest Expense	\$243	\$226	8 %	\$919	\$809	14 %
Pre-tax Earnings	\$337	\$475	(29)%	\$286	\$1,200	(76)%
Income Taxes	\$153	\$182	(16)%	\$710	\$463	53 %
Effective Tax Rate	45%	38%	N/M	N/M	39%	N/M
Earnings before Extraordinary Item	\$184	\$293	(37)%	(\$424)	\$737	(158)%
Extraordinary Item (a)	(\$95)	--	N/M	(\$95)	--	N/M
Earnings before Cumulative Effect of Change in Accounting	\$89	\$293	(70)%	(\$519)	\$737	(170)%
Cumulative Effect of Change in Accounting (b)	--	--	--	(\$355)	N/M	
Net Earnings (Loss)	\$89	\$293	(70)%	(\$519)	\$382	(236)%
Basic Earnings (Loss) Per Share:						
Earnings before Extraordinary Item and Cumulative Effect of Change in Accounting	\$0.44	\$0.77	(42)%	(\$1.05)	\$1.93	(154)%
Extraordinary Item (a)	(\$0.23)	--	N/M	(\$0.24)	--	N/M
Cumulative Effect of Change in Accounting (b)	--	--	N/M	(\$0.93)	N/M	
Earnings (Loss) Per Share	\$0.21	\$0.77	(73)%	(\$1.29)	\$1.00	(229)%
Average Basic Shares Outstanding	421.0	384.6		400.8	382.3	
Diluted Earnings (Loss) Per Share:						
Earnings before Extraordinary Item and Cumulative Effect of Change in Accounting	\$0.44	\$0.76	(43)%	(\$1.05)	\$1.92	(155)%
Extraordinary Item (a)	(\$0.23)	--	N/M	(\$0.24)	--	N/M
Cumulative Effect of Change in Accounting						

(b) -- -- N/M -- (\$0.93) N/M
Earnings (Loss) Per
Share \$0.21 \$0.76 (72)% (\$1.29) \$0.99 (230)%

Average Diluted Shares
Outstanding 425.2 385.2 400.8 384.1

(a) During the fourth quarter, the Corporation recorded an extraordinary charge associated with the repurchase of approximately \$1.9 billion of its outstanding debt issues.

(b) 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			YEAR ENDED		
	DECEMBER 31,			DECEMBER 31,		
	2000	1999	% Change	2000	1999	% Change
Systems Integration (a)(b)						
Net Sales	\$2,917	\$2,642	10 %	\$9,647	\$9,570	1 %
Segment EBIT	\$428	\$236	81 %	\$583	\$880	(34)%
Margins	14.7%	8.9%		6.0%	9.2%	
Amortization of Goodwill and Contract Intangibles	\$50	\$70		\$245	\$276	
Depreciation and Amortization	\$37	\$60		\$183	\$223	
Space Systems (b)						
Net Sales	\$2,035	\$1,812	12 %	\$7,127	\$7,209	(1)%
Segment EBIT	\$90	\$225	(60)%	\$416	\$561	(26)%
Margins	4.4%	12.4%		5.8%	7.8%	
Amortization of Goodwill and Contract Intangibles	\$14	\$14		\$56	\$57	
Depreciation and Amortization	\$48	\$45		\$152	\$165	
Aeronautics						
Net Sales	\$1,558	\$1,519	3 %	\$4,885	\$5,499	(11)%
Segment EBIT	\$98	\$96	2 %	\$343	\$247	39 %
Margins	6.3%	6.3%		7.0%	4.5%	
Amortization of Goodwill and Contract Intangibles	\$21	\$20		\$81	\$80	
Depreciation and Amortization	\$23	\$23		\$88	\$82	
Technology Services (c)						
Net Sales	\$689	\$692	-- %	\$2,318	\$2,261	3 %
Segment EBIT	\$46	\$40	15 %	\$126	\$137	(8)%
Margins	6.7%	5.8%		5.4%	6.1%	
Amortization of Goodwill and Contract Intangibles	\$4	\$5		\$18	\$18	
Depreciation and Amortization	\$4	\$6		\$15	\$14	
Global Telecommunications						
(d)						
Net Sales	\$268	\$129	108 %	\$766	\$389	97 %
Segment EBIT	(\$134)	(\$22)	N/M	(\$215)	(\$97)	N/M
Margins	(50.0%)	(17.1%)		(28.1%)	(24.9%)	
Amortization of Goodwill and Contract Intangibles	\$19	\$8		\$49	\$8	
Depreciation and Amortization	\$17	\$2		\$45	\$5	
Corporate and Other (e)						
Net Sales	\$128	\$188	(32)%	\$586	\$602	(3)%
Segment EBIT	\$52	\$126	N/M	(\$48)	\$281	N/M
Margins	N/M	N/M		N/M	N/M	
Amortization of Goodwill and Contract Intangibles	--	--		\$1	\$1	
Depreciation and						

Amortization \$7 \$11 \$35 \$40

(a) 1999 and 2000 results include the operations of Control Systems and the AES businesses, which were divested in September and November of 2000, respectively.

(b) 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.

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

(d) 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.

(e) 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 ENDED		
	DECEMBER 31,			DECEMBER 31,		
	2000	1999	% Change	2000	1999	% Change
Systems Integration (a)(b)						
Net Sales	\$2,917	\$2,642	10 %	\$9,647	\$9,570	1 %
Segment EBIT	\$277	\$223	24 %	\$887	\$867	2 %
Margins	9.5%	8.4%		9.2%	9.1%	
Amortization of Goodwill and Contract Intangibles	\$50	\$70		\$245	\$276	
Depreciation and Amortization	\$37	\$60		\$183	\$223	
Space Systems (b)						
Net Sales	\$2,035	\$1,812	12 %	\$7,127	\$7,209	(1)%
Segment EBIT	\$82	\$203	(60)%	\$391	\$540	(28)%
Margins	4.0%	11.2%		5.5%	7.5%	
Amortization of Goodwill and Contract Intangibles	\$14	\$14		\$56	\$57	
Depreciation and Amortization	\$48	\$45		\$152	\$165	
Aeronautics						
Net Sales	\$1,558	\$1,519	3 %	\$4,885	\$5,499	(11)%
Segment EBIT	\$98	\$96	2 %	\$343	\$247	39 %
Margins	6.3%	6.3%		7.0%	4.5%	
Amortization of Goodwill and Contract Intangibles	\$21	\$20		\$81	\$80	
Depreciation and Amortization	\$23	\$23		\$88	\$82	
Technology Services (c)						
Net Sales	\$689	\$692	-- %	\$2,318	\$2,261	3 %
Segment EBIT	\$46	\$40	15 %	\$160	\$137	17 %
Margins	6.7%	5.8%		6.9%	6.1%	
Amortization of Goodwill and Contract Intangibles	\$4	\$5		\$18	\$18	
Depreciation and Amortization	\$4	\$6		\$15	\$14	
Global Telecommunications						
(d)						
Net Sales	\$268	\$129	108 %	\$766	\$389	97 %
Segment EBIT	(\$17)	(\$22)	N/M	(\$98)	(\$97)	N/M
Margins	(6.3%)	(17.1%)		(12.8%)	(24.9%)	
Amortization of Goodwill and Contract Intangibles	\$19	\$8		\$49	\$8	
Depreciation and Amortization	\$17	\$2		\$45	\$5	

Corporate and Other (e)						
Net Sales	\$128	\$188	(32)%	\$586	\$602	(3)%
Segment EBIT	\$52	\$59	N/M	\$61	\$66	N/M
Margins	N/M	N/M		N/M	N/M	
Amortization of Goodwill						
and Contract Intangibles	--	--		\$1	\$1	
Depreciation and						
Amortization	\$7	\$11		\$35	\$40	

(a) 1999 and 2000 results include the operations of Control Systems and the AES businesses, which were divested in September and November of 2000, respectively.

(b) 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.

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

(d) 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.

(e) 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 ENDED			
	DECEMBER 31,		DECEMBER 31,			
	2000	1999	2000	1999		
Net Earnings (Loss) - As Reported			\$89	\$293	(\$519)	\$382
After Tax Loss on AES Divestiture			(\$102)	--	\$878	--
After Tax Gain on Control Systems						
Divestiture	--	--	(\$180)	--		
After Tax Loss Extinguishment of Debt			\$95	--	\$95	--
After Tax Loss on Globalstar						
Guarantee	--	--	\$91	--		
After Tax Loss ACeS Impairment						
Reserve	\$77	--	\$77	--		
After Tax Effect of Reversal of						
Calcomp Charge	--	--	(\$21)	--		
After Tax Gain on L3 Disposition			--	(\$27)	--	(\$101)
After Tax Gain on Sale of Surplus						
Real Estate		(\$6)	(\$21)	(\$19)	(\$37)	
After Tax Net (Gain) Loss on Other						
Portfolio						
Shaping Activities	\$4	(\$18)	\$30	(\$24)		
Cumulative Effect of Change in						
Accounting	--	--	--	\$355		
Pro Forma Net Earnings		\$157	\$227	\$432	\$575	

Pro Forma Effective Tax Rate		46.9%	39.5%	47.6%	39.5%
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Diluted Earnings (Loss) Per Share -					
As Reported (b)	\$0.21	\$0.76	(\$1.29)	\$0.99	
After Tax Loss on AES Divestiture (b)	(\$0.24)	--	\$2.18	--	
After Tax Gain on Control Systems					
Divestiture (b)	--	--	(\$0.45)	--	
After Tax Loss Extinguishment of Debt	\$0.23	--	\$0.24	--	
After Tax Loss on Globalstar					
Guarantee	--	--	\$0.23	--	
After Tax Loss ACeS Impairment					
Reserve (b)	\$0.18	--	\$0.19	--	
After Tax Effect of Reversal of					
Calcomp Charge	--	--	(\$0.05)	--	
After Tax Gain on L3 Disposition	--	(\$0.07)	--	(\$0.26)	
After Tax Gain on Sale of Surplus					

Real Estate (b)	(\$0.01)	(\$0.05)	(\$0.05)	(\$0.10)
After Tax Net (Gain) Loss on Other Portfolio				
Shaping Activities	\$0.01	(\$0.05)	\$0.07	(\$0.06)
Cumulative Effect of Change in Accounting	--	--	--	\$0.93
Pro Forma Diluted Earnings Per Share	\$0.38	\$0.59	\$1.07	\$1.50

(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 year ended December 31, 2000.

LOCKHEED MARTIN CORPORATION
Other Financial Information
Preliminary and Unaudited

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

	QUARTER ENDED		YEAR ENDED	
	DECEMBER 31,		DECEMBER 31,	
	2000	1999	2000	1999
Pro Forma EBIT	\$538	\$599	\$1,744	\$1,760
Pro Forma EBIT to Sales Margin	7.1%	8.6%	6.9%	6.9%
Amortization of Goodwill and Contract Intangibles Resulting from Prior Acquisitions	\$108	\$117	\$450	\$440
Depreciation and Amortization	\$136	\$147	\$518	\$529
Pro Forma EBITDA	\$782	\$863	\$2,712	\$2,729

	DECEMBER 31,	
	2000	1999 (a)
Total Backlog	\$56,424	\$45,913
Systems Integration	\$16,706	\$13,971
Space Systems	\$14,976	\$15,998
Aeronautics	\$17,570	\$9,003
Technology Services	\$4,371	\$4,399
Global Telecommunications	\$1,625	\$1,533
Corporate and Other	\$1,176	\$1,009
Total Debt	\$9,959	\$11,954
Long-term (including current maturities)	\$9,947	\$11,479
Short-term	\$12	\$475
Cash and Cash Equivalents	\$1,505	\$455
Stockholders' Equity	\$7,154	\$6,361
Total Debt-to-Capital	58%	65%
Total Debt-to-Capital (net of invested cash)	54%	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)

	DECEMBER 31,	DECEMBER 31,
	2000	1999
Assets		
Cash and cash equivalents	\$1,505	\$455
Accounts Receivable	4,156	4,348
Inventories	3,835	4,051
Other current assets	1,667	1,842

Total current assets	11,163	10,696
Property, plant and equipment	3,446	3,634
Goodwill and other intangible assets	9,943	10,421
Other noncurrent assets	5,304	5,261
Total assets	\$29,856	\$30,012

Liabilities and Stockholders' Equity

Short-term borrowings	\$12	\$475
Other accrued expenses	8,916	8,285
Current portion of long-term debt	882	52
Total current liabilities	9,810	8,812
Long-term debt	9,065	11,427
Post-retirement and other noncurrent liabilities	3,827	3,412
Stockholders' equity	7,154	6,361
Total liabilities and stockholders' equity	\$29,856	\$30,012

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

YEAR ENDED DECEMBER 31,
2000 1999

Operating Activities

Earnings before cumulative effect of change in accounting	\$(519)	\$737
Adjustments to reconcile earnings to net cash provided by operating activities:		
Depreciation and amortization	968	969
Changes in operating assets and liabilities	1,567	(629)
Net cash provided by operating activities	2,016	1,077

Investing Activities

Expenditures for property, plant & equipment	(500)	(669)
Sale of AES	1,670	--
Sale of Control Systems	510	--
Consummation of COMSAT tender offer	--	(1,203)
Sale of shares in L-3 Communications	--	263
Other	82	(29)
Net cash provided by (used for) investing activities	1,762	(1,638)

Financing Activities

Net decrease in short-term borrowings	(463)	(868)
Net (repayments) borrowings of debt	(2,096)	1,927
Issuance of common stock	14	17
Common stock dividends	(183)	(345)
Net cash (used for) provided by financing activities	(2,728)	731

Net increase in cash and cash equivalents	1,050	170
Cash and cash equivalents at beginning of period	455	285
Cash and cash equivalents at end of period	\$1,505	\$455

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