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

PRNewswire

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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
                                                39% N/M
                                        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
                                 ($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
              ($0.23)
                      -- N/M ($0.24)
  (a)
                                        -- N/M
 Cumulative Effect of
  Change in Accounting
                     -- N/M
                                -- ($0.93) N/M
 Earnings (Loss) Per
                $0.21 $0.77 (73)% ($1.29) $1.00 (229)%
  Share
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
                  $0.44 $0.76 (43)% ($1.05) $1.92 (155)%
  in Accounting
 Extraordinary Item
              ($0.23)
                       -- N/M ($0.24)
 Cumulative Effect of
  Change in Accounting
                     -- N/M
                                -- ($0.93) N/M
 Earnings (Loss) Per
  Share
                $0.21 $0.76 (72)% ($1.29) $0.99 (230)%
```

LOCKHEED MARTIN CORPORATION

Consolidated Results

- (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

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.

YEAR ENDED

- (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)

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 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

QUARTER ENDED

Amortization \$37 \$60 \$183 \$223

Space Systems (b)

Net Sales \$2,035 \$1,812 12 % \$7,127 \$7,209 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 \$152 \$165 \$48 \$45

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 \$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

\$5 \$18 and Contract Intangibles \$18

Depreciation and

Amortization \$15 \$14

Global Telecommunications

(d)

\$268 \$129 108 % \$766 \$389 Net Sales 97 % Segment EBIT (\$17) (\$22) N/M (\$98) (\$97) 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

- (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)

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QUARTER ENDED
                                             YEAR ENDED
                       DECEMBER 31.
                                          DECEMBER 31.
                                    2000 1999
                       2000 1999
                                         $293 ($519) $382
Net Earnings (Loss) - As Reported
                                    $89
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
After Tax Effect of Reversal of
Calcomp Charge
                                         ($21)
After Tax Gain on L3 Disposition
                                                   ($101)
                                        ($27)
After Tax Gain on Sale of Surplus
Real Estate
                            ($6)
                                  ($21) ($19)
                                                ($37)
After Tax Net (Gain) Loss on Other
Portfolio
Shaping Activities
                                   ($18)
                                           $30
                                                 ($24)
Cumulative Effect of Change in
                                            $355
Accounting
Pro Forma Net Earnings
                                $157
                                        $227
                                               $432
Pro Forma Effective Tax Rate
                                 46.9% 39.5% 47.6% 39.5%
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)
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
                            ($0.01) ($0.05) ($0.05) ($0.10)
Real Estate (b)
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
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(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, DECEMBER 31,

2000 1999 (a) \$56,424 \$45,913

Total Backlog Systems Integration \$16.706 \$13.971 Space Systems \$14,976 \$15,998 Aeronautics \$17,570 \$9,003 **Technology Services** \$4,371 \$4,399 \$1,625 Global Telecommunications \$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 3,412 3,827 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 & (500)equipment (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 (183)(345)Common stock dividends Net cash (used for) provided by (2,728)731 financing activities Net increase in cash and cash

1,050 170 equivalents

Cash and cash equivalents at

285 beginning of period 455

Cash and cash equivalents at end of

period \$1,505 \$455

PRNewswire -- Jan. 25

END SECOND AND FINAL ADD

Website: http://www.lockheedmartin.com/

http://www.sec.gov/ http://www.lmco.com/ http://www.streetfusion.com/