Lockheed Martin Reports First Quarter 2001 Earnings Per Share Of $0.25; Earnings Per Share Of $0.23 Excluding Nonrecurring And Unusual Items

** Generates $1.4 Billion of Free Cash Flow*

PRNewswire

* Reaffirms 2001 Free Cash Flow Guidance of at Least $800 Million; Free Cash Flow Estimate of at Least $1.8 Billion for the Two Years 2001 And 2002 Combined

* Reaffirms 25 - 30 Percent Increase in 2001 Recurring Earnings Per Share Outlook From 2000 Results of $1.07; 2002 Earnings Per Share Growth Of About 20 Percent From 2001

BETHESDA, Md., April 24 /PRNewswire Interactive News Release/ -- Lockheed Martin Corporation today reported first quarter 2001 net earnings per diluted share of $0.25, compared to first quarter 2000 net earnings per diluted share of $0.14. Nonrecurring and unusual items increased first quarter 2001 results by $7 million, or $0.02 per diluted share, while such items contributed $6 million, or $0.02 per diluted share, to first quarter 2000 results. Excluding the aforementioned items, comparable first quarter earnings per diluted share would have been $0.23 for 2001 and $0.12 for 2000.

The Corporation also reported it generated approximately $1.4 billion of free cash flow in the first quarter of 2001. First quarter 2001 cash flow included a milestone payment related to an international F-16 program of more than $450 million after subcontractor payments and other disbursements. The quarter also included pretax proceeds from the sale of surplus real estate of approximately $185 million.

"These results indicate our continuing focus on strong performance for our customers and building value for our shareholders," said Chairman and Chief Executive Officer Vance Coffman. "We are building on the solid performance we delivered in 2000. This quarter we met or exceeded our financial expectations and are on track to achieve the goals we established for 2001. We will continue to execute our stated management imperatives to achieve our vision to be the world's best advanced technology integrator, and in doing so, provide significant valuation potential for our shareholders."

Net sales for the first quarter of 2001 were $5.0 billion, down ten percent when compared with first quarter 2000 sales of $5.6 billion. Due to the 2001 schedule of space launches and aircraft deliveries as well as the continuation of historical sales trends in the Systems Integration and Technology Services business areas, sales and profit are expected to increase during the year.

The Corporation estimates the 2001 distribution of sales to be between 20 - 25 percent in the second quarter and between 55 - 60 percent in the second half of the year. Sales for the year 2001 are anticipated to be between $24.6 - $24.8 billion.

The Corporation reaffirmed its 2001 earnings per share outlook of a 25 - 30 percent increase from the 2000 base of $1.07 per diluted share, excluding the effects of any nonrecurring and unusual items. The earnings expectation assumes an estimated effective tax rate of 40 percent. The Corporation estimates the quarterly distribution of diluted earnings per share for the remainder of 2001 to be approximately 15 - 25 percent for the second quarter, 20 - 30 percent for the third quarter and 35 - 45 percent for the fourth quarter.

The Corporation also reaffirmed its 2002 earnings per share outlook of a 20 percent increase from the 2001 base. This projection is based, among other factors, upon an estimated effective tax rate of 38 percent.

During the first quarter, the Corporation announced that Telenor of Norway will acquire Lockheed Martin Global Telecommunications' Mobile Communications operations for $116.5 million in cash. Also during the quarter, the Corporation increased its ownership in INTELSAT from 22.5 percent to 24.1 percent. In connection with the sale of Aerospace Electronics Systems for $1.67 billion in cash in the fourth quarter of 2000, the Corporation made a tax payment of $394 million in the first quarter of 2001, which is excluded from the Corporation's free cash flow calculation.

The Corporation's backlog remained unchanged from the $56.4 billion reported at year-end 2000. The Corporation recorded a total of approximately $5 billion in orders in the quarter including: the CVN 77 Aircraft Carrier systems integration, classified activities, F-22 program bridge funding for the first quarter of 2001, Aegis production, A-10 Precision Engagement weapon systems upgrade, National Airspace System Implementation Support Contract and 3 new launch services orders.

FIRST QUARTER DETAILED REVIEW

Net sales for the first quarter of 2001 were $5.0 billion, compared with first quarter 2000 net sales of $5.6 billion.

During the quarter, the Corporation recorded a nonrecurring and unusual charge related to impairment of its investment in Americom Asia-Pacific, which reduced net earnings by $65 million, or $0.15 per diluted share. The satellite operated by Americom Asia-Pacific was placed in commercial operation late in the fourth quarter of 2000. The Corporation reduced the carrying value of its investment as a result of overall market conditions manifested in the first quarter 2001.

Net earnings for the first quarter of 2001 totaled $105 million, or $0.25 per diluted share, as compared to net earnings of $54 million, or $0.14 per diluted share, in the comparable 2000 period. Net earnings for the first quarter of 2001 included the after-tax impact of two nonrecurring and unusual items: a $72 million gain from the sale of surplus real estate and a $65 million charge associated with the impairment of the Corporation's investment in Americom Asia-Pacific.

The combination of these nonrecurring and unusual items increased first quarter 2001 diluted earnings per share by $0.02. In the comparable 2000 period, net earnings also included the after-tax impact of two nonrecurring and unusual items: a net gain of $10 million on the sale of surplus real estate and a $4 million charge associated with other portfolio shaping activities. The combination of these nonrecurring and unusual items increased first quarter 2000 diluted earnings per share by $0.02.

Segment Results:

Systems Integration
$Millions

	1st Quarter 2001	2000
Net sales	$1,880	$2,071
EBIT	$173	$168
Margin	9.2%	8.1%

Systems Integration sales declined nine percent from the comparable 2000 period. However, excluding the sales attributable to the segment's Aerospace Electronic Systems and Controls Systems businesses, which were divested in 2000, and the transfer of a contract, sales for the first quarter of 2001 would have increased two percent from the year-ago period. The increase is comprised of volume increases in the segment's Missiles & Air Defense product line and its Naval Electronics and Surveillance Systems product line over the comparable 2000 period. These increases were partially offset by decreases in the segment's Systems Integration-Owego line of business, which includes electronic platform integration businesses. Earnings before interest and taxes (EBIT) increased three percent in the first quarter of 2001 from the comparable 2000 period. Adjusting for the EBIT attributable to the divested Aerospace Electronic Systems and Controls Systems businesses, EBIT for the first quarter of 2001 would have increased seven percent from the year-ago period. The EBIT impact of the volume fluctuations mentioned previously accounted for the majority of the first quarter 2001 increase.

Space Systems
$Millions

	1st Quarter 2001	2000

Net sales	$1,371	$1,672
EBIT as reported	$187	$85
Nonrecurring and unusual items	($111)	($17)
Pro forma EBIT	$76	$68
Pro forma margin	5.5%	4.1%

Space Systems first quarter 2001 net sales declined 18 percent from the comparable 2000 period. The majority of this decrease is attributable to declines in volume in launch vehicle and commercial satellite activity from the comparable 2000 period. These declines more than offset increases in volume on ground systems and military and government satellite programs. EBIT excluding nonrecurring and unusual items (pro forma EBIT) in the first quarter of 2001 increased 12 percent from the comparable 2000 period. This increase is primarily attributable to the combination of the absence in 2001 of unfavorable adjustments for market and pricing pressures related to the Atlas commercial launch vehicle program recorded during the first quarter of 2000 and improved performance in 2001 on the Titan IV program. The EBIT impact of the volume increases on ground systems and military and government satellite programs discussed above were more than offset by the EBIT impact of volume declines on commercial space activities and an approximate $40 million loss provision recorded in the first quarter of 2001 on certain commercial satellite contracts related to schedule and technical issues. In both 2001 and 2000, the nonrecurring and unusual items were related to the sales of surplus real estate.

Aeronautics
$Millions

	1st Quarter	
	2001	2000
Net sales	$855	$1,036
EBIT	$79	$79
Margin	9.2%	7.6%

Aeronautics first quarter 2001 net sales declined 17 percent compared to the first quarter 2000 primarily due to fewer F-16 and C-130J aircraft deliveries. This was partially offset by increased F-16 non-aircraft volume. EBIT for the first quarter of 2001 was consistent with the first quarter of 2000, mainly as the result of continued favorable performance on combat aircraft programs.

Technology Services
$Millions

	1st Quarter	
	2001	2000
Net sales	$500	$464
EBIT as reported	$34	$26
Nonrecurring and unusual items	$0	$6
Pro forma EBIT	$34	$32
Pro forma margin	6.8%	6.9%

Net sales of the Technology Services segment increased by eight percent for the first quarter of 2001 over the comparable 2000 period. This increase is mainly the result of increased volume on various federal technology services programs, primarily related to government information technology programs, and in the segment's aircraft maintenance and logistics line of business, primarily the Kelly Aviation Center contract. These increases were partially offset by decreased volume on energy-related contracts due to lower operation and maintenance contract activity as well as the divestitures of Lockheed Martin Energy Technologies and Retech in January 2001. Pro forma EBIT for the segment increased by six percent during the first quarter of 2001 as compared to the respective 2000 period. The change in EBIT was the result of previously mentioned volume fluctuations. In 2000, the nonrecurring and unusual item was related to portfolio shaping activity.

Global Telecommunications
$Millions

	1st Quarter	
	2001	2000
Net sales	$254	$173
EBIT as reported	($130)	($33)
Nonrecurring and unusual items	$100	$0
Pro forma EBIT	($30)	($33)

Net sales of Global Telecommunications increased by 47 percent during the first quarter of 2001 over the comparable 2000 period. This increase was primarily attributable to the inclusion of net sales from COMSAT Corporation in the segment's results beginning August 1, 2000, offset by the recognition of net sales on a Proton launch vehicle, which successfully launched the ACeS 1 satellite in the first quarter of 2000. Global Telecommunication's pro forma loss decreased 9 percent during the first quarter 2001 from the respective 2000 periods due to improvements in Global Telecommunications' Satellite Services line of business. In 2001, the nonrecurring and unusual item was related to the previously mentioned charge for the impairment of the Corporation's investment in Americom Asia-Pacific.

Corporate and Other
$Millions

	1st Quarter 2001	2000
Net sales	$150	$146
EBIT as reported	$29	$1
Nonrecurring and unusual items	$0	$1
Pro forma EBIT	$29	$2

Corporate and Other net sales for the first quarter 2001 increased by three percent from the comparable period in 2000. This increase was mainly due to higher volume on state and municipal services programs. Pro forma EBIT for the first quarter of 2001 increased by $27 million from the comparable 2000 period. This increase is primarily the result of increased interest income associated with the Corporation's higher cash balances in the first quarter of 2001 as compared to the first quarter of 2000. In 2000, the nonrecurring and unusual item was related to the sale of surplus real estate.

First Quarter 2001 Achievements

* Announced agreement to sell LMGT's Mobile Communications unit to Telenor of Norway

* Completed sale of Retech and Energy Technologies businesses to QuadraTech Group LLC

* Completed required milestones needed for award of F-22 production contract

* Completed flight testing of the X-35C JSF concept demonstrator aircraft

* Scored the seventh consecutive Patriot PAC-3 Missile intercept of a target missile

* Launched a Milstar II communications satellite aboard a Titan IVB rocket.

* Delivered six F-16s

* Won $313 million contract from Italy to support 34 leased F-16s over a 10-year period.

* Booked three new launch contracts.

Conference call: Lockheed Martin will webcast the earnings conference call (listen-only mode) at 2 p.m. E.D.T. on April 24, 2001. A live audio broadcast will be available on the Investor Relations page of the company's web site at http://www.lockheedmartin.com/investor or http://www.streetfusion.com/. An on-demand replay of the webcast will be available following the call and will continue for the following 90 days.

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NOTE: Statements in this press release, including the statements relating to projected future financial performance, are considered forward-looking statements under the federal securities laws, including the Private Securities Litigation Reform Act of 1995. Sometimes these statements will contain words such as "believes," "expects," "intends," "plans," "estimates," "outlook," "forecast," and other similar words. These statements are not guarantees of our future performance and are subject to risks, uncertainties and other important factors that could cause our actual performance or achievements to be materially different from those we may project.

As for the forward-looking statements that relate to future financial results and other projections, actual results will be different due to the inherent nature of projections and may be better or worse than projected. Given these uncertainties, you should not rely on these forward-looking statements. These forward-looking statements also represent our estimates and assumptions only as of the date that they were made. We expressly disclaim a duty to provide updates to these forward-looking statements, and the estimates and assumptions associated with them, after the date of this press release to reflect events or circumstances or changes in expectations or the occurrence of anticipated events.

In addition to the factors set forth in our 2000 Form 10-K and other filings with the Securities and Exchange Commission (http://www.sec.gov/), the following factors could affect the forward-looking statements; the ability to achieve or quantify savings for our customers or ourselves through our global cost-cutting program and other financial management programs; the ability to obtain or the timing of obtaining future government awards; the availability of government funding and customer requirements; changes in government priorities due to program reviews or revisions to strategic objectives; difficulties in developing and producing operational advanced technology systems; the competitive environment; economic business and political conditions domestically and internationally; timing of awards and contracts; timing and customer acceptance of product delivery and launches; the outcome of contingencies, including completion of any acquisitions and divestitures, litigation and environmental remediation and program performance. These are only some of the numerous factors which may affect the forward-looking statements contained in this press release.

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

	QUARTER ENDED MARCH 31, 2001	2000	% Change
Net Sales	$5,010	$5,562	(10)%
Earnings before Interest and Taxes	$372	$326	14 %
Interest Expense	$197	$227	(13)%
Pre-tax Earnings	$175	$99	77 %
Income Taxes	$70	$45	56 %
Effective Tax Rate	40%	45%	N/M
Net Earnings	$105	$54	94 %
Basic Earnings Per Share	$0.25	$0.14	79 %
Average Basic Shares Outstanding	423.3	387.1	
Diluted Earnings Per Share	$0.25	$0.14	79 %
Average Diluted Shares Outstanding	427.8	387.5	

LOCKHEED MARTIN CORPORATION
Segment Results Including Nonrecurring and Unusual Items
Preliminary and Unaudited
(In millions, except for percentages)

	QUARTER ENDED MARCH 31, 2001	2000	% Change
Systems Integration (1 & 2)			
Net Sales	$1,880	$2,071	(9)%
Segment EBIT	$173	$168	3 %
Margins	9.2%	8.1%	

Amortization of Goodwill and Contract Intangibles	$56	$68	
Depreciation and Amortization	$36	$52	
Space Systems (2)			
Net Sales	$1,371	$1,672	(18)%
Segment EBIT	$187	$85	120 %
Margins	13.6%	5.1%	
Amortization of Goodwill and Contract Intangibles	$14	$14	
Depreciation and Amortization	$29	$33	
Aeronautics			
Net Sales	$855	$1,036	(17)%
Segment EBIT	$79	$79	-- %
Margins	9.2%	7.6%	
Amortization of Goodwill and Contract Intangibles	$20	$20	
Depreciation and Amortization	$20	$21	
Technology Services (3)			
Net Sales	$500	$464	8 %
Segment EBIT	$34	$26	31 %
Margins	6.8%	5.6%	
Amortization of Goodwill and Contract Intangibles	$4	$4	
Depreciation and Amortization	$3	$4	
Global Telecommunications (4)			
Net Sales	$254	$173	47 %
Segment EBIT	($130)	($33)	N/M
Margins	N/M	N/M	
Amortization of Goodwill and Contract Intangibles	$18	$8	
Depreciation and Amortization	$19	$6	
Corporate and Other			
Net Sales	$150	$146	3 %
Segment EBIT	$29	$1	N/M
Margins	19.3%	0.7%	
Amortization of Goodwill and Contract Intangibles	--	--	
Depreciation and Amortization	$8	$9	

(1) 2000 results include the operations of the Control Systems and Aerospace Electronic Systems businesses, which were divested in September and November of 2000, respectively.

(2) 2000 results have been restated to reflect the transfer of the Space Applications Systems product line from the Systems Integration business area to the Space Systems business area in the second quarter of 2000.

(3) 2000 results include the operations of the LM Energy Technologies and Retech businesses which were divested during January 2001.

(4) Global Telecommunications reflects the operations of Lockheed Martin Global Telecommunications (LMGT), which includes COMSAT and Integrated Business Solutions (IBS). Prior to the third quarter of 2000, operations of both LMGT and IBS were included in the Corporate and Other business segment.

LOCKHEED MARTIN CORPORATION
Segment Results Excluding Nonrecurring and Unusual Items
Preliminary and Unaudited
(In millions, except for percentages)

	QUARTER ENDED MARCH 31,		
	2001	2000	% Change

Systems Integration (1 & 2)

Net Sales	$1,880	$2,071	(9)%
Segment EBIT	$173	$168	3 %
Margins	9.2%	8.1%	
Amortization of Goodwill and Contract Intangibles	$56	$68	
Depreciation and Amortization	$36	$52	

Space Systems (2)

Net Sales	$1,371	$1,672	(18)%
Segment EBIT	$76	$68	12 %
Margins	5.5%	4.1%	
Amortization of Goodwill and Contract Intangibles	$14	$14	
Depreciation and Amortization	$29	$33	

Aeronautics

Net Sales	$855	$1,036	(17)%
Segment EBIT	$79	$79	-- %
Margins	9.2%	7.6%	
Amortization of Goodwill and Contract Intangibles	$20	$20	
Depreciation and Amortization	$20	$21	

Technology Services (3)

Net Sales	$500	$464	8 %
Segment EBIT	$34	$32	6 %
Margins	6.8%	6.9%	
Amortization of Goodwill and Contract Intangibles	$4	$4	
Depreciation and Amortization	$3	$4	

Global Telecommunications (4)

Net Sales	$254	$173	47 %
Segment EBIT	($30)	($33)	N/M
Margins	N/M	N/M	
Amortization of Goodwill and Contract Intangibles	$18	$8	
Depreciation and Amortization	$19	$6	

Corporate and Other

Net Sales	$150	$146	3 %
Segment EBIT	$29	$2	N/M
Margins	19.3%	1.4%	
Amortization of Goodwill and Contract Intangibles	--	--	
Depreciation and Amortization	$8	$9	

(1) 2000 results include the operations of the Control Systems and Aerospace Electronic Systems businesses, which were divested in September and November of 2000, respectively.

(2) 2000 results have been restated to reflect the transfer of the Space Applications Systems product line from the Systems Integration business area to the Space Systems business area in the second quarter of 2000.

(3) 2000 results include the operations of the LM Energy Technologies and Retech businesses which were divested during January 2001.

(4) Global Telecommunications reflects the operations of Lockheed Martin Global Telecommunications (LMGT), which includes COMSAT and Integrated Business Solutions (IBS). Prior to the third quarter of 2000, operations of both LMGT and IBS were included in the Corporate and Other business segment.

LOCKHEED MARTIN CORPORATION
Reconciliation of Pro Forma Net Earnings (1)
Preliminary and Unaudited
(In millions, except for per share amounts and percentages)

	QUARTER ENDED MARCH 31, 2001	2000
Net Earnings - As Reported	$105	$54
After Tax Gain on Sales of Surplus Real Estate	($72)	($10)
After Tax Loss on Americom Asia-Pacific Investment	$65	--
After Tax Loss on Divestitures and Other	--	$4
Pro Forma Net Earnings	$98	$48
Pro Forma Effective Tax Rate	39.7%	47.0%
Diluted Earnings Per Share - As Reported	$0.25	$0.14
After Tax Gain on Sales of Surplus Real Estate	($0.17)	($0.03)
After Tax Loss on Americom Asia-Pacific Investment	$0.15	--
After Tax Loss on Divestitures and Other	--	$0.01
Pro Forma Diluted Earnings Per Share	$0.23	$0.12

(1) Excludes nonrecurring and unusual items.

LOCKHEED MARTIN CORPORATION
Other Financial Information
Preliminary and Unaudited
(In millions, except for per share amounts and percentages)

	QUARTER ENDED MARCH 31, 2001	2000
Pro Forma EBIT	$361	$316
Pro Forma EBIT to Sales Margin	7.2%	5.7%
Amortization of Goodwill and Contract Intangibles Resulting from Prior Acquisitions	$112	$114
Depreciation and Amortization	$115	$125
Pro Forma EBITDA	$588	$555

	MARCH 31, 2001	DECEMBER 31, 2000
Total Backlog	$56,442	$56,424
Systems Integration	$17,027	$16,706
Space Systems	$14,887	$14,976
Aeronautics	$17,484	$17,570
Technology Services	$4,405	$4,371
Global Telecommunications	$1,521	$1,625
Corporate and Other	$1,118	$1,176
Total Debt	$9,930	$9,959
Long-term (including current maturities)	$9,930	$9,947
Short-term	--	$12
Cash and Cash Equivalents	$2,389	$1,505
Stockholders' Equity	$7,260	$7,160
Total Debt-to-Capital	58%	58%
Total Debt-to-Capital (net of invested cash)	51%	54%

LOCKHEED MARTIN CORPORATION
Consolidated Condensed Balance Sheet

Preliminary and Unaudited
(In millions)

	MARCH 31, 2001	DECEMBER 31, 2000
Assets		
Cash and cash equivalents	$2,389	$1,505
Accounts Receivable	3,934	4,195
Inventories	3,571	3,825
Other current assets	1,629	1,734
Total current assets	11,523	11,259
Property, plant and equipment	3,334	3,446
Goodwill and other intangible assets	9,829	9,943
Other noncurrent assets	5,824	5,701
Total assets	$30,510	$30,349
Liabilities and Stockholders' Equity		
Short-term borrowings	$--	$12
Other accrued expenses	9,330	9,281
Current portion of long-term debt	901	882
Total current liabilities	10,231	10,175
Long-term debt	9,029	9,065
Post-retirement and other noncurrent liabilities	3,990	3,949
Stockholders' equity	7,260	7,160
Total liabilities and stockholders' equity	$30,510	$30,349

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

	QUARTER ENDED MARCH 31, 2001	2000
Operating Activities		
Net Earnings	$105	$54
Adjustments to reconcile earnings to net cash provided by operating activities:		
Depreciation and amortization	227	239
Changes in operating assets and liabilities	717	189
Net cash provided by operating activities	1,049	482
Investing Activities		
Expenditures for property, plant & equipment	(72)	(84)
Other	(59)	(30)
Net cash used for investing activities	(131)	(114)
Financing Activities		
Net decrease in short-term borrowings	(12)	(234)
Net repayments of debt	(17)	(13)
Issuance of common stock	43	1
Common stock dividends	(48)	(44)

Net cash used for financing activities	(34)	(290)
Net increase in cash and cash equivalents	884	78
Cash and cash equivalents at beginning of period	1,505	455
Cash and cash equivalents at end of period	$2,389	$533

LOCKHEED MARTIN CORPORATION
Operating Data

	QUARTER ENDED MARCH 31, 2001	2000
Deliveries		
F-16	6	14
C-130J	-	3
Launches		
Atlas	-	2
Proton	-	1
Athena	-	-
Titan IV	1	-

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