

Lockheed Martin Agrees To Sell IMS Corporation For \$825 Million

** Transaction Expected to Close in the Third Quarter of 2001*

PRNewswire

* Action Consistent With Corporation's Strategic Initiatives

BETHESDA, Md., July 19 /PRNewswire/ -- Lockheed Martin Corporation and Affiliated Computer Services Inc. announced today that they have reached a definitive agreement under which ACS will acquire IMS Corporation, a wholly-owned subsidiary of Lockheed Martin, for \$825 million in cash.

"This transaction is consistent with our previous commitment to realign the corporation and divest non-core businesses," said Lockheed Martin Chairman and Chief Executive Officer Vance Coffman. "We will continue to strategically manage our business in a way that creates value for Lockheed Martin's shareholders."

Under the agreement approved by the Boards of Directors of both corporations, ACS will acquire all of the stock of IMS. The proposed transaction is expected to close in the third quarter of 2001 and result in a nonrecurring and unusual net gain of between \$250 and \$300 million, or \$.58 to \$.70 per diluted share. After transaction costs and associated state and federal tax payments, this divestiture is expected to yield between \$500 and \$550 million in cash to Lockheed Martin. The transaction is subject to regulatory approvals and satisfaction of other customary conditions.

The IMS lines of business include Children and Family Services, Information Resources Management, Municipal Services, Transportation Systems and Services, and Welfare and Workforce Services. The businesses are located in 44 states and 250 offices throughout the U.S. and Canada. Nationwide employment at IMS is approximately 4,800 employees, and 2000 revenues of approximately \$580 million were achieved.

ACS is a Fortune 1000 company providing information technology and business process outsourcing solutions to government and commercial clients worldwide. Their services include business process outsourcing, electronic commerce, technology outsourcing, and professional and systems integration services.

John Brophy, President of IMS, stated that ACS's portfolio would benefit from the wide range of technology-based services that IMS offers. "We are excited about the opportunities ACS will offer our employees in this rapidly-growing market," he added.

Morgan Stanley acted as financial advisor to Lockheed Martin.

Headquartered in Bethesda, Maryland, Lockheed Martin is a global enterprise principally engaged in the research, design, development, manufacture and integration of advanced technology systems, products and services. The Corporation's core businesses are systems integration, space, aeronautics and technology services. Lockheed Martin had 2000 sales surpassing \$25 billion.

Lockheed Martin Safe Harbor Statement: Statements in this press release are considered forward-looking statements under the federal securities laws, including the Private Securities Litigation Reform Act of 1995, including the statements relating to projected future financial performance. Sometimes these statements will contain words such as "believes", "expects", "intends", "plans" 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.

In addition to the factors set forth in our filings with the Securities and Exchange Commission (<http://www.sec.gov/>), the following factors could affect the forward-looking statements contained in this press release: timing of regulatory process, conditions imposed by regulatory agencies, ability to obtain consent from persons doing business with IMS, the political and economic climate domestically, the ability to obtain or the timing of obtaining future government awards and approvals, the availability of government funding and customer requirements, economic conditions, competitive environment, timing of awards and contracts. These are only some of the numerous

factors which may affect the forward-looking statements in this press release.

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