Lockheed Martin Reports Second Quarter Earnings Per Share Of $0.33 Vs. $0.11 In 2000

** Raises 2001 and 2002 Recurring Earnings Per Share Outlook*

PRNewswire

* Increases 2001 Free Cash Flow Guidance to at Least $1 Billion

* Improves Net Debt to Capitalization Ratio to 50.5 Percent

BETHESDA, Md., July 26 /PRNewswire/ -- Lockheed Martin Corporation today reported second quarter 2001 net earnings per diluted share of $0.33, compared to second quarter 2000 net earnings per diluted share of $0.11. There were no nonrecurring and unusual items in the second quarter of 2001, while such items decreased second quarter 2000 results by $0.18 per diluted share. Excluding the aforementioned items, comparable second quarter 2000 earnings per diluted share would have been $0.29.

The Corporation also reported it generated approximately $40 million of free cash flow in the second quarter of 2001 and $1.5 billion of free cash flow year-to-date. This performance reflects continued working capital improvements across all business areas. Year-to-date pretax proceeds from the sale of surplus real estate were approximately $185 million, with none recorded in the second quarter. As a result of the year-to-date positive performance, the Corporation increased its free cash flow outlook from at least $800 million to at least $1 billion for the year 2001 and from at least $1.8 billion to at least $2 billion over the two-year period 2001 - 2002.

The Corporation also raised its 2001 earnings per diluted share outlook to a 30 - 35 percent increase from the 2000 base of $1.07 per diluted share, excluding the effects of any nonrecurring and unusual items, primarily reflecting an increased level of interest income associated with the improvement in free cash flow, lower interest expense and improved operational performance. Previously, a 25 - 30 percent increase was projected. The Corporation estimates the quarterly distribution of diluted earnings per share for the remainder of 2001 to be approximately 25 - 30 percent for the third quarter and 30 - 35 percent for the fourth quarter.

The Corporation also raised its 2002 earnings per diluted share outlook to increase about 20 percent from the higher 2001 base. The earnings expectations assume an effective tax rate of 40 percent in 2001 and 38 percent in 2002, which are unchanged from prior estimates.

The increase in the earnings guidance excludes any impact from the recently issued FASB standard regarding goodwill and other intangibles. The new standard eliminates the amortization of goodwill beginning in 2002. When implemented, the elimination of goodwill amortization is expected to increase 2002 after-tax recurring earnings by about $270 million, or approximately $0.60 per diluted share. The tax rate for recurring operations in 2002 is expected to be about 31 percent. In lieu of goodwill amortization, the new standard requires an annual review for impairment of goodwill beginning in 2002.

"The performance in the first half of the year was due to the dedicated team efforts of our leadership and talented workforce. As a result, earnings and cash flow expectations were increased and significant progress was made to improve our financial strength and flexibility," said Chairman and Chief Executive Officer Vance Coffman. "Going forward, we will continue to rigorously focus on customer satisfaction and the enhancement of shareholder value."

In the third quarter, the Corporation announced a definitive agreement was reached with Affiliated Computer Services, Inc. to divest IMS Corporation, a wholly-owned subsidiary of Lockheed Martin, for $825 million in cash. 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 - $300 million, or $0.58 to $0.70 per diluted share. After transaction costs and associated state and federal tax payments, the divestiture is expected to yield between $500 and $550 million in cash to Lockheed Martin. Citing the divestiture, Coffman added, "The sale of IMS represents another milestone in our efforts to strengthen our balance sheet through the divestiture of non-core businesses. Going forward, we will continue to examine strategic actions which create value for our shareholders." Also in the third quarter, Lockheed Martin Global Telecommunications (LMGT) and ViaSat, Inc. announced they had signed an agreement under which ViaSat will acquire LMGT's Products business for cash and stock.

The net debt to capitalization ratio (net debt, defined as total debt less invested cash) was 50.5 percent at the end of June 2001, down from 54.1 percent at year-end 2000 and 50.9 percent at the end of March 2001. During the second quarter, the Corporation retired or prepaid more than $1.1 billion of its debt consisting of $825 million in debt maturities and made a prepayment of $300 million in private placement debt, which matures in 2002. In June, the Corporation also announced that its wholly-owned subsidiary, COMSAT Corporation, called for the redemption of $200 million in principal amount of the 8.125 percent Cumulative Monthly Income Preferred Securities. These securities are classified as current maturities of long-term debt at June 30, 2001. The planned redemption date is July 31, 2001. Since January 1, 2000 the Corporation has retired more than $3 billion of debt.

Net sales for the second quarter of 2001 were $6 billion, down four percent when compared with second quarter 2000 sales of $6.2 billion. Adjusting for acquisitions and divestitures, sales declined two percent quarter-over-quarter. Due to the timing of C-130J deliveries and Atlas launches as well as the continuation of historical sales trends in the Systems Integration and Technology Services business areas, sales are expected to increase during the second half of the year. The Corporation estimates the 2001 distribution of sales to be approximately 25 percent in the third quarter and approximately 30 percent in the fourth quarter. Sales for the year 2001 are anticipated to be between $24.6 - $24.8 billion.

The Corporation's backlog at the end of the second quarter of 2001 was $53.8 billion. Backlog at both year-end 2000 and March 2001 was $56.4 billion. For the six months ended June 30, 2001, the Corporation recorded a total of approximately $8.8 billion in orders year-to-date including: the CVN 77 Aircraft Carrier systems integration, classified activities, F-22 program bridge funding, Aegis production, A-10 Precision Engagement weapon systems upgrade, National Airspace System Implementation Support Contract, the FAA Advanced Technology and Oceanic Procedure contract, six new launch services orders, and three new commercial satellite orders.

Second Quarter and Year-to-Date Detailed Review

Net sales for the second quarter of 2001 were $6 billion, compared with second quarter 2000 net sales of $6.2 billion. Net sales for the first six months of 2001 were $11 billion versus $11.8 billion for the same period of 2000.

Net earnings for the second quarter of 2001 totaled $144 million, or $0.33 per diluted share, as compared to net earnings of $42 million, or $0.11 per diluted share, in the comparable 2000 period. Second quarter 2000 earnings before federal and state taxes included the effects of recording a reserve of $150 million related to the amounts due from Globalstar Telecommunications, Ltd., partially offset by a favorable adjustment of $35 million relating to the charge recorded in 1998 associated with the shutdown of the operations of CalComp Technology, Inc. The combination of these nonrecurring and unusual items reduced diluted earnings per share by $0.18.

The Corporation reported net earnings of $249 million for the 2001 year- to-date period, or $0.58 per diluted share, compared to net income of $96 million, or $0.25 per diluted share, for the same period of 2000. The net earnings for 2001 includes the effects of two nonrecurring and unusual items recorded during the first quarter of this year: 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 net earnings for the six month period ended June 30, 2001 by $7 million, or $0.02 per diluted share. In addition to the nonrecurring and unusual items previously mentioned in 2000, the first quarter of 2000 included the sale of surplus real estate and other portfolio shaping activities that increased net earnings by $6 million, or $0.02 per diluted share. For 2000, the nonrecurring and unusual items had the effect of decreasing net earnings by $64 million, or $0.16 per diluted share.

Segment Results

Systems Integration
$Millions

	2nd Quarter		Year-to-Date	
	2001	2000	2001	2000
Net Sales	$2,165	$2,334	$4,045	$4,405

EBIT	$194	$202	$367	$370
Margin	9.0%	8.7%	9.1%	8.4%

Net sales for the Systems Integration segment declined by seven percent and eight percent for the quarter and six months ended June 30, 2001, respectively, from the comparable 2000 periods. However, excluding the sales attributable to the segment's Aerospace Electronic Systems and Control Systems businesses, which were divested in 2000, and the transfer of the Payload Launch Vehicle (PLV) program to the Space Systems segment at the start of 2001, sales for both the second quarter and the six months ended June 30, 2001 would have increased five percent from the respective year-ago periods. The increases for both the quarter and year-to-date periods were due primarily to volume increases in the segment's Missiles & Air Defense product line and its Naval Electronics and Surveillance Systems product line over the comparable 2000 periods. 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) decreased by four percent and one percent for the quarter and six months ended June 30, 2001, respectively, from the comparable 2000 periods. Adjusting for the EBIT attributable to the divested Aerospace Electronic Systems and Control Systems businesses, as well as the PLV transfer, EBIT for the quarter and six months ended June 30, 2001, would have increased seven percent and eight percent, respectively, from the year-ago periods. The EBIT impact of the volume fluctuations mentioned previously accounted for the majority of the quarterly and year-to-date increases.

Space Systems
$Millions

	2nd Quarter		Year-to-Date	
	2001	2000	2001	2000
Net Sales	$1,753	$1,780	$3,124	$3,452
EBIT as reported	$103	$128	$290	$213
Nonrecurring and unusual items	$0	$0	($111)	($17)
Pro Forma EBIT	$103	$128	$179	$196
Pro Forma Margin	5.9%	7.2%	5.7%	5.7%

Net sales for the Space Systems segment declined by two percent and 10 percent for the quarter and six months ended June 30, 2001, respectively, from the comparable 2000 periods. The second quarter decrease is attributable to declines in volume on launch vehicle and commercial satellite activities from the comparable 2000 period. These declines more than offset increases in volume on ground systems and military and government satellite programs. Net sales for the six months ended June 30, 2001 declined due to volume reductions in commercial space activities and as a result of the absence in 2001 of the favorable adjustments recorded on the Titan IV program discussed below. These decreases were partially offset by increases in volume on ground systems, and military and government satellite programs.

EBIT excluding nonrecurring and unusual items (pro forma EBIT) declined 20 percent and nine percent for the quarter and six months ended June 30, 2001, respectively, from the comparable 2000 periods. The decrease is attributable to reduced EBIT related to the mix of launch vehicles in the second quarter and an approximate $40 million loss provision for continued market and pricing pressures on commercial launch vehicles. These declines were offset by the operating profit impact of the previously mentioned increases in volume on military and government satellite programs as well as a favorable comparison between periods on commercial satellite activities. Second quarter 2000 EBIT also included favorable adjustments as a result of improved performance and contract modifications on the Titan IV program, which increased sales and EBIT by approximately $50 million.

For the six months ended June 30, 2001, the EBIT impact of the volume increases on ground systems and military and government satellite programs discussed above, as well as improved performance on the Titan IV program in 2001 were more than offset by the combined effects of the absence in 2001 of the favorable adjustments recorded on the Titan IV program in 2000 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. The negative adjustment resulting from the continued market and pricing pressures on commercial launch vehicles recorded in the second quarter of 2001 was mostly offset by the absence in 2001 of a similar adjustment recorded during the first quarter of 2000. In both 2001 and 2000, the nonrecurring and unusual items were related to the sales of surplus real estate.

Aeronautics
$Millions

	2nd Quarter		Year-to-Date	
	2001	2000	2001	2000
Net Sales	$1,058	$1,253	$1,913	$2,289
EBIT	$89	$89	$168	$168
Margin	8.4%	7.1%	8.8%	7.3%

Net sales of the Aeronautics segment decreased 16 percent for both the three and six month periods of 2001, respectively, from the comparable periods of 2000. The decrease in sales of both periods is the result of fewer deliveries of F-16's and C-130J's, and lower volumes on other Aeronautics aircraft programs.

EBIT for the quarter and year-to-date periods in 2001 remained consistent with the respective periods of the prior year mainly as a result of the decline in F-16 deliveries offset by continued favorable performance on other combat aircraft programs. The reduction in C-130J deliveries did not impact EBIT for the comparative periods due to the suspension of earnings recognition on the program.

Technology Services
$Millions

	2nd Quarter		Year-to-Date	
	2001	2000	2001	2000
Net Sales	$580	$599	$1,080	$1,063
EBIT as Reported	$39	$36	$73	$62
Nonrecurring and unusual items	$0	$0	$0	$6
Pro Forma EBIT	$39	$36	$73	$68
Pro Forma Margin	6.7%	6.0%	6.8%	6.4%

Net sales of the Technology Services segment decreased by three percent for the second quarter 2001 and increased by two percent for the six months ended June 30, 2001 from the comparable 2000 periods. However, excluding the sales attributable to the segment's Lockheed Martin Energy Technologies and Retech businesses, which were divested in January 2001, net sales for the second quarter 2001 would have remained consistent with the year-ago period while net sales for the six months ended June 30, 2001 would have increased by five percent from the respective 2000 period. For the quarter, increases in net sales resulting from increased volume on various federal technology services programs, primarily related to government information technology programs, were offset mostly by volume decreases in certain energy-related contracts. The year-to-date net sales 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 Propulsion Business Area Contract. These increases were partially offset by decreased volume on Department of Energy contracts due to lower operation and maintenance contract activity.

Pro forma EBIT for the segment increased by eight percent and seven percent for the quarter and six months ended June 30, 2001, respectively, from the comparable 2000 periods. Adjusting for the pro forma EBIT attributable to the segment's divested businesses, pro forma EBIT for the quarter and six months ended June 30, 2001, would have increased three percent and five percent, respectively, from the year-ago periods. The EBIT impact of the volume fluctuations mentioned previously accounted for the majority of the quarterly and year-to-date increases. In 2000, the nonrecurring and unusual item was related to portfolio shaping activity.

Global Telecommunications
$Millions

	2nd Quarter		Year-to-Date	
	2001	2000	2001	2000
Net Sales	$245	$111	$499	$284
EBIT as Reported	($29)	($25)	($159)	($58)
Nonrecurring and unusual items	$0	$0	$100	$0
Pro Forma EBIT	($29)	($25)	($59)	($58)

Net sales of Global Telecommunications increased by $134 million and $215 million for the three and six months of 2001, respectively, when compared to the same periods of the prior year. The increase for both periods was primarily due to the inclusion of the net sales of COMSAT Corporation (COMSAT) in the Global Telecommunications segment beginning August 1, 2000. The increase for the six month period was partially offset by the absence in 2001 of the 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 was slightly higher for the 2001 quarter and year-to-date periods when compared to 2000 due to more goodwill amortization expense that more than offset increased EBIT from operations. The nonrecurring and unusual item related to the first quarter 2001 charge for the impairment of the Corporation's investment in Americom Asia-Pacific.

Corporate and Other
$Millions

	2nd Quarter		Year-to-Date	
	2001	2000	2001	2000
Net sales	$160	$135	$310	$281
EBIT as reported	$23	($105)	$52	($104)
Nonrecurring and unusual items	$0	$108	$0	$109
Pro forma EBIT	$23	$3	$52	$5

Corporate and Other net sales for the quarter and year-to-date period increased by 19 percent and 10 percent, respectively, from the comparable periods in 2000. This increase was mainly due to higher volume on state and municipal services programs. Pro forma EBIT for the second quarter increased by $20 million as compared to the second quarter of 2000 and was $47 million higher for the first six months of 2001 versus 2000. In addition to the pro forma EBIT impact of the volume increases on state and municipal services programs, this increase is the result of increased interest income associated with the Corporation's higher cash balances during the first half of 2001 as compared to 2000. The nonrecurring and unusual item in the second quarter of 2000 relates to the charge associated with Globalstar and the favorable adjustment related to the charge associated with the shutdown of CalComp operations.

Achievements

* Announced an agreement to sell IMS Corporation.

* Announced an agreement to sell LMGT's Products business.

* Reached agreement for Israel to exercise option to purchase more than 50 F-16 aircraft.

* Delivered six F-16 aircraft.

* Launched one Atlas and two Proton rockets.

* Booked six new launch orders.

* Booked three new commercial satellite orders.

* Achieved vertical takeoff, hover, vertical landing and supersonic flight within the first three weeks of flight testing of the X-35B STOVL JSF demonstrator.

* Surpassed the 1,200 mark and 500th sortie in the extraordinarily successful F-22 testing program.

* Delivered first Atlas V rocket on schedule to Cape Canaveral, Fla., for launch in May 2002.

* Completed the first flight test of a Joint Air-to-Surface Standoff Missile (JASSM) with a live warhead and demonstrated its ability to separate safely from a B-52 bomber.

* Selected to provide the FAA integrated, modern systems to control oceanic air traffic.

* Established strategic alliance with Microsoft to pursue federal information technology opportunities.

* Established new Navigation Systems unit in Space Systems to direct the

Corporation's pursuit of new business opportunities in the space-based navigation systems marketplace.

Conference call: Lockheed Martin will webcast the earnings conference call (listen-only mode) at 1 p.m. E.D.T. on July 26, 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 30 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 per share data and percentages)

	Quarter Ended June 30,			Year to Date June 30,		
	2001	2000	%Change	2001	2000	%Change
Net Sales	$5,961	$6,212	(4)%	$10,971	$11,774	(7)%
Earnings before Interest and Taxes	$419	$325	29%	$791	$651	22%
Interest Expense	$180	$220	(18)%	$377	$447	(16)%
Pre-tax Earnings	$239	$105	128%	$414	$204	103%
Income Taxes	$95	$63	51%	$165	$108	53%
Effective Tax Rate	40%	60%	N/M	40%	53%	N/M
Net Earnings	$144	$42	243%	$249	$96	159%

Basic Earnings Per Share	$0.34	$0.11	209%	$0.59	$0.25	136%
Average Basic Shares Outstanding	425.7	389.5		424.5	388.3	
Diluted Earnings Per Share	$0.33	$0.11	200%	$0.58	$0.25	132%
Average Diluted Shares Outstanding	430.1	391.2		428.9	389.3	

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

	Quarter Ended June 30,			Year to Date June 30,		
	2001	2000	%Change	2001	2000	%Change
Systems Integration (1)						
Net Sales	$2,165	$2,334	(7)%	$4,045	$4,405	(8)%
Segment EBIT	$194	$202	(4)%	$367	$370	(1)%
Margins	9.0%	8.7%		9.1%	8.4%	
Amortization of Goodwill and Contract Intangibles	$55	$68		$111	$136	
Depreciation and Amortization	$35	$52		$71	$104	
Space Systems						
Net Sales	$1,753	$1,780	(2)%	$3,124	$3,452	(10)%
Segment EBIT	$103	$128	(20)%	$290	$213	36%
Margins	5.9%	7.2%		9.3%	6.2%	
Amortization of Goodwill and Contract Intangibles	$14	$14		$28	$28	
Depreciation and Amortization	$33	$34		$62	$67	
Aeronautics						
Net Sales	$1,058	$1,253	(16)%	$1,913	$2,289	(16)%
Segment EBIT	$89	$89	-%	$168	$168	-%
Margins	8.4%	7.1%		8.8%	7.3%	
Amortization of Goodwill and Contract Intangibles	$20	$20		$40	$40	
Depreciation and Amortization	$20	$22		$40	$43	
Technology Services (2)						
Net Sales	$580	$599	(3)%	$1,080	$1,063	2%
Segment EBIT	$39	$36	8%	$73	$62	18%
Margins	6.7%	6.0%		6.8%	5.8%	
Amortization of Goodwill and Contract Intangibles	$4	$5		$8	$9	
Depreciation and Amortization	$4	$4		$7	$8	
Global Telecommunications (3)						
Net Sales	$245	$111	121%	$499	$284	76%
Segment EBIT	($29)	($25)	N/M%	($159)	($58)	N/M%
Margins	N/M	N/M		N/M	N/M	
Amortization of Goodwill and Contract Intangibles	$18	$7		$36	$15	
Depreciation and Amortization	$19	$5		$38	$11	
Corporate and Other						
Net Sales	$160	$135	19%	$310	$281	10%
Segment EBIT	$23	($105)	N/M%	$52	($104)	N/M%
Margins	N/M	N/M		N/M	N/M	
Amortization of Goodwill and Contract Intangibles	$1	$1		$1	$1	
Depreciation and						

Amortization	$9	$9		$17	$18	

(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 include the operations of the LM Energy Technologies and Retech businesses which were divested in January 2001.

(3) 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. The 2000 results have been restated to reflect this change in presentation.

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

	Quarter Ended June 30,			Year to Date June 30,		
	2001	2000	%Change	2001	2000	%Change
Systems Integration (1)						
Net Sales	$2,165	$2,334	(7)%	$4,045	$4,405	(8)%
Segment EBIT	$194	$202	(4)%	$367	$370	(1)%
Margins	9.0%	8.7%		9.1%	8.4%	
Amortization of Goodwill and Contract Intangibles	$55	$68		$111	$136	
Depreciation and Amortization	$35	$52		$71	$104	
Space Systems						
Net Sales	$1,753	$1,780	(2)%	$3,124	$3,452	(10)%
Segment EBIT	$103	$128	(20)%	$179	$196	(9)%
Margins	5.9%	7.2%		5.7%	5.7%	
Amortization of Goodwill and Contract Intangibles	$14	$14		$28	$28	
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Aeronautics						
Net Sales	$1,058	$1,253	(16)%	$1,913	$2,289	(16)%
Segment EBIT	$89	$89	-%	$168	$168	-%
Margins	8.4%	7.1%		8.8%	7.3%	
Amortization of Goodwill and Contract Intangibles	$20	$20		$40	$40	
Depreciation and Amortization	$20	$22		$40	$43	
Technology Services (2)						
Net Sales	$580	$599	(3)%	$1,080	$1,063	2%
Segment EBIT	$39	$36	8%	$73	$68	7%
Margins	6.7%	6.0%		6.8%	6.4%	
Amortization of Goodwill and Contract Intangibles	$4	$5		$8	$9	
Depreciation and Amortization	$4	$4		$7	$8	
Global Telecommunications (3)						
Net Sales	$245	$111	121%	$499	$284	76%
Segment EBIT	($29)	($25)	N/M%	($59)	($58)	N/M%
Margins	N/M	N/M		N/M	N/M	
Amortization of Goodwill and Contract Intangibles	$18	$7		$36	$15	
Depreciation and Amortization	$19	$5		$38	$11	
Corporate and Other						

Net Sales	$160	$135	19%	$310	$281	10%
Segment EBIT	$23	$3	N/M%	$52	$5	N/M%
Margins	N/M	N/M		N/M	N/M	
Amortization of Goodwill and Contract Intangibles	$1	$1		$1	$1	
Depreciation and Amortization	$9	$9		$17	$18	

(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 include the operations of the LM Energy Technologies and Retech businesses which were divested in January 2001.

(3) 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. The 2000 results have been restated to reflect this change in presentation.

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

	Quarter Ended June 30,		Year to Date June 30,	
	2001	2000	2001	2000
Net Earnings - As Reported	$144	$42	$249	$96
After Tax Gain on Sales of Surplus Real Estate	-	-	(72)	(10)
After Tax Loss on Americom Asia-Pacific Investment	-	-	65	-
After Tax Loss on Globalstar Guarantee	-	91	-	91
After Tax Effect of Reversal of Calcomp Charge	-	(21)	-	(21)
After Tax Loss on Divestitures and Other	-	-	-	4
Pro Forma Net Earnings	$144	$112	$242	$160
Pro Forma Effective Tax Rate	40.0%	47.0%	40.0%	47.0%
Diluted Earnings Per Share - As Reported	$0.33	$0.11	$0.58	$0.25
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 Globalstar Guarantee	-	0.23	-	0.23
After Tax Effect of Reversal of Calcomp Charge	-	(0.05)	-	(0.05)
After Tax Loss on Divestitures and Other	-	-	-	0.01
Pro Forma Diluted Earnings Per Share	$0.33	$0.29	$0.56	$0.41

(1) Excludes nonrecurring and unusual items.

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

Quarter Ended Year to Date
June 30, June 30,

	2001	2000	2001	2000
Pro Forma EBIT	$419	$433	$780	$749
Pro Forma EBIT to Sales Margin	7.0%	7.0%	7.1%	6.4%
Amortization of Goodwill and Contract Intangibles Resulting from Prior Acquisitions	$112	$115	$224	$229
Depreciation and Amortization	$120	$126	$235	$251
Pro Forma EBITDA	$651	$674	$1,239	$1,229

	June 30, 2001	December 31, 2000
Total Backlog	$53,773	$56,424
Systems Integration	$16,275	$16,706
Space Systems	$14,208	$14,976
Aeronautics	$17,214	$17,570
Technology Services	$4,023	$4,371
Global Telecommunications	$966	$1,625
Corporate and Other	$1,087	$1,176
Total Debt	$8,792	$9,959
Long-term (including current maturities)	$8,792	$9,947
Short-term	-	$12
Cash and Cash Equivalents	$1,222	$1,505
Stockholders' Equity	$7,410	$7,160
Total Debt-to-Capital	54.3%	58.2%
Total Debt-to-Capital (net of invested cash)	50.5%	54.1%

LOCKHEED MARTIN CORPORATION
Consolidated Condensed Balance Sheet
Preliminary and Unaudited
(In millions)

	June 30, 2001	December 31, 2000
Assets		
Cash and cash equivalents	$1,222	$1,505
Accounts receivable	3,818	4,195
Inventories	3,365	3,825
Other current assets	1,614	1,734
Total current assets	10,019	11,259
Property, plant and equipment	3,323	3,446
Goodwill and other intangible assets	9,723	9,943
Other noncurrent assets	5,903	5,701
Total assets	$28,968	$30,349
Liabilities and Stockholders' Equity		
Short-term borrowings	$-	$12
Other accrued expenses	8,833	9,281
Current portion of long-term debt	275	882
Total current liabilities	9,108	10,175
Long-term debt	8,517	9,065
Post-retirement and other noncurrent liabilities	3,933	3,949
Stockholders' equity	7,410	7,160

Total liabilities and stockholders' equity	$28,968	$30,349

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

	Six Months Ended June 30, 2001	2000
Operating Activities		
Net earnings	$249	$96
Adjustments to reconcile earnings to net cash provided by operating activities:		
Depreciation and amortization	459	480
Changes in operating assets and liabilities	489	1,022
Net cash provided by operating activities	1,197	1,598
Investing Activities		
Expenditures for property, plant & equipment	(193)	(185)
Other	(88)	(43)
Net cash used for investing activities	(281)	(228)
Financing Activities		
Net decrease in short-term borrowings	(12)	(467)
Net repayments of debt	(1,155)	(23)
Issuance of common stock	64	2
Common stock dividends	(96)	(88)
Net cash used for financing activities	(1,199)	(576)
Net (decrease) / increase in cash and cash equivalents	(283)	794
Cash and cash equivalents at beginning of period	1,505	455
Cash and cash equivalents at end of period	$1,222	$1,249

LOCKHEED MARTIN CORPORATION
Operating Data

	Quarter Ended June 30, 2001	2000	Year to Date June 30, 2001	2000
Deliveries				
F-16	6	12	12	26
C-130J	-	7	-	10
Launches				
Atlas	1	3	1	5
Proton	2	1	2	2
Athena	-	-	-	-
Titan II	-	-	-	-
Titan IV	-	1	1	1

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