Lockheed Martin Reports First Quarter 2002 Earnings Per Share From Continuing Operations Of $0.50

PRNewswire

* Reports a 26% Increase in First Quarter 2002 Net Sales Compared To First Quarter 2001

* Reaffirms $2.45 - $2.50 Earnings Per Share From Continuing Operations Outlook for 2002, With Sales Growth of 5 - 7 Percent

* Books Orders of $8.5 Billion and Grows Backlog to a Record $73.8 Billion

* Generates $338 Million of Free Cash Flow in the First Quarter; Reaffirms 2002 Free Cash Flow Guidance of at Least $1.0 Billion

BETHESDA, Md., April 23 /PRNewswire-FirstCall/ -- Lockheed Martin Corporation today reported first quarter 2002 earnings from continuing operations of $0.50 per share, compared to 2001 earnings from continuing operations of $0.30 per share. There were no nonrecurring and unusual items in the first quarter of 2002. Adjusting the first quarter 2001 earnings per share for the impact of adopting SFAS No. 142 and excluding nonrecurring and unusual items, pro forma earnings per share from continuing operations would have been $0.40 per share. Including discontinued operations, the Corporation reported net earnings of $0.49 per share in the first quarter 2002 versus net earnings of $0.25 per share in the first quarter of 2001.

"We are achieving solid organic sales growth and improved profitability while we continue to maintain focus on mission success and customer satisfaction," said Chairman and Chief Executive Officer Vance Coffman. "We are also pleased with our recent credit rating upgrade which reflects confidence in our cash generation, debt reduction and financial discipline."

Net sales for the first quarter of 2002 were $6.0 billion, a 26 percent increase over the first quarter 2001 sales of $4.7 billion. Forecasted sales for the year 2002 remain unchanged at $25.0 - $25.8 billion of which 20 - 25 percent is now estimated in the second quarter and between 50 - 55 percent in the second half of the year. Sales for the year 2003 are anticipated to be between $26.4 - $27.4 billion.

The Corporation recorded approximately $8.5 billion in orders during the quarter resulting in a record backlog of $73.8 billion at March 31, 2002 compared to the year-end 2001 backlog of $71.3 billion. Significant new orders recorded in the quarter included orders for F-22 Lot 2 production, C-5 Reliability Enhancements and Reengining Program (RERP), five new C-130J's, Fleet Ballistic Missiles, the third PAC-3 Low Rate Initial Production (LRIP) order, the THAAD program, and various government IT programs.

The Corporation generated $338 million in free cash flow in the first quarter of 2002. Free cash flow of $1.4 billion in the first quarter of 2001 included significant customer advances and proceeds resulting from the sales of surplus real estate. The net debt to capitalization ratio (net debt is defined as total debt less invested cash) was 47 percent at the end of the first quarter, down from 50.6 percent at year-end 2001. In addition, Standard & Poor's recently upgraded the Corporation's long-term debt rating to Triple-B with a stable outlook and its commercial paper rating to A-2.

CONSOLIDATED RESULTS

	1st Quarter 2002	1st Quarter 2001
GAAP Earnings (Loss) Per Share		
Continuing Operations	$0.50	$0.30
Discontinued Operations	(0.01)	(0.05)
Net Earnings Per Share	$0.49	$0.25

Pro Forma Earnings (Loss) Per Share		
Continuing Operations (GAAP)	$0.50	$0.30
Nonrecurring and Unusual Items in Continuing Operations	0.00	(0.02)
Impact of SFAS 142 adoption	0.00	0.12
Pro Forma Earnings from Continuing Operations	$0.50	$0.40

The Corporation reaffirmed its 2002 earnings per share from continuing operations outlook of $2.45 - $2.50. The Corporation now estimates the quarterly distribution of earnings per share from continuing operations to be approximately 20 - 25 percent for the second quarter and between 55 - 60 percent in the second half of the year. The 2002 earnings projection is based, among other factors, upon an assumed tax rate of 31 percent.

The Corporation also reaffirmed its 2003 earnings per share from continuing operations outlook of around 10 percent growth from the 2002 base. The earnings projection assumes an effective tax rate of 32 percent.

FIRST QUARTER 2002 DETAILED REVIEW

Continuing Operations

Net sales for the first quarter of 2002 were $6 billion, a 26% increase over the first quarter 2001 sales of $4.7 billion.

Earnings from continuing operations for the first quarter of 2002 were $224 million, or $0.50 per share, compared to the $126 million, or $0.30 per share, reported in the first quarter of 2001. There were no nonrecurring and unusual items recorded in the first quarter of 2002. However, earnings from continuing operations for the first quarter of 2001 included the after-tax impact of two nonrecurring and unusual items, which increased 2001 earnings from continuing operations by $7 million, or $0.02 per share.

Effective January 1, 2002, the Corporation adopted SFAS No. 142, "Accounting for Goodwill and Other Intangible Assets". The new FASB standard eliminated the amortization of goodwill. Also, in connection with the adoption of SFAS No. 142, the Corporation extended the estimated remaining useful life of the Aeronautics' segment's contract intangible asset related to the F-16 program. Assuming SFAS No. 142 had been adopted as of January 1, 2001, the Corporation would have recognized a $53 million after-tax, or $0.12 per share, increase in earnings from continuing operations. Adjusting for SFAS No. 142 and excluding the impact of the nonrecurring and unusual items, pro forma earnings from continuing operations for first quarter 2001 of $172 million or $0.40 per share would compare to the $224 million or $0.50 per share earned in the first quarter of 2002.

Interest expense of $148 million for the quarter ended March 31, 2002 was $49 million lower than the comparable period in 2001 as a result of the reduction in the Corporation's debt portfolio.

Discontinued Operations

On December 7, 2001, the Corporation announced its plans to exit the Global Telecommunications services business. The plan included the sale of certain Lockheed Martin Global Telecommunications (LMGT) businesses (World Systems, Mobile Communications, Lockheed Martin Intersputnik and COMSAT International) and the realignment of other LMGT businesses and telecommunications equity investments to other Lockheed Martin business units. The results of operations of the businesses held for sale are reported in discontinued operations.

On January 11, 2002, the Corporation completed the sale of its Mobile Communications business to Telenor. No gain or loss was recognized on this transaction. On March 18, 2002, the Corporation announced the sale of its World Systems business. The sale is subject to regulatory approval and customary closing conditions, and it is expected that the transaction will be completed by year-end. No gain or loss is expected to be recognized on this transaction.

The losses from discontinued operations were $6 million, or $0.01 per share, and $21 million, or $0.05 per share, for the first quarter of 2002 and 2001, respectively.

Net Earnings

For the first quarter of 2002 and 2001, the Corporation's net earnings were $218 million, or $0.49

per share, and $105 million, or $0.25 per share, respectively.

SEGMENT RESULTS:

To enhance the comparability and discussion of the Corporation's continuing operations, segment earnings before interest and taxes are presented below excluding nonrecurring and unusual items. As disclosed in the 2001 Annual Report, retirement plan income (SFAS 87 and SFAS 106) is allocated to the segments and has declined from 2001 due to a decrease in pension income (SFAS 87) which negatively affects margins over comparable periods. Also, the Corporation now reflects all goodwill amortization for periods prior to January 1, 2002 in the Corporate and Other segment since such amortization ceased with the adoption of SFAS No. 142. The effect of extending Aeronautics' contract intangible asset related to the F-16 program is also reflected in the Corporate and Other segment. As a result of these changes, 2001 EBIT for all segments has been adjusted for the adoption of this Statement.

Systems Integration
($ millions)

	1st Quarter	
	2002	2001
Net sales	$2,088	$1,880
EBIT	$219	$216
Margin	10.5%	11.5%

Net sales for the Systems Integration segment increased by 11 percent for the quarter ended March 31, 2002 from the comparable 2001 period. The increase in sales for the first quarter of 2002 is primarily attributable to volume growth in the segment's Missiles & Fire Control and Naval Electronics and Surveillance Systems lines of business. These increases were partially offset by volume declines experienced in the Systems Integration-Owego line of business.

EBIT for the segment increased by 1 percent for the quarter from the comparable 2001 period. While net sales increased, margins were reduced by the decline in volume on mature production programs at Owego offset by higher volume on development programs at Missiles & Fire Control.

Space Systems
($ millions)

	1st Quarter	
	2002	2001
Net sales	$1,870	$1,422
EBIT	$122	$198
Nonrecurring and unusual item	0	(111)
Pro forma EBIT	$122	$87
Pro forma margin	6.5%	6.1%

Net sales for the Space Systems segment increased by 32 percent for the first quarter 2002 from the comparable 2001 period. The increase in sales is primarily attributable to a higher volume of commercial space activities driven by three commercial launches this quarter compared to none in 2001. Sales were higher in government space due to increased volume on government satellite programs and ground systems that were partially offset by lower production activities on government launch vehicles.

Space Systems pro forma EBIT increased by 40 percent for the quarter ended March 31, 2002 from the comparable 2001 period. The increase in pro forma EBIT is primarily due to the three commercial launches previously discussed, as well as the absence in 2002 of a $40 million loss provision recorded in the first quarter of 2001 on certain commercial satellite contracts. EBIT decreased in the government launch vehicle business due to volume declines. Also, the increased level of initial development activities on government satellite programs lowered Space Systems' margins in the quarter when compared to 2001.

In 2001, the nonrecurring and unusual item reflected a gain on the sale of surplus real estate.

Aeronautics
($ millions)

	1st Quarter	
	2002	2001

Net sales	$1,334	$855
EBIT	$107	$87
Margin	8.0%	10.2%

Net sales for the Aeronautics segment increased by 56 percent for the quarter ended March 31, 2002 from the comparable 2001 period. The majority of the increase in sales for the quarter was attributable to higher volume on the F-22 program. Additionally, there were two C-130J's delivered in the first quarter of 2002 as contrasted with no deliveries in the respective 2001 period. Increased development activities on international F-16 programs and the F-35 Joint Strike Fighter program, as well as volume increases on C-130 support activities and other aeronautical programs, also contributed to the growth in sales. These increases were partially offset by decreased volume on F-16 support activities.

Aeronautics EBIT increased by 23 percent for the quarter when compared to the same period of 2001. The increase in EBIT was primarily attributable to the improved performance on tactical combat aircraft production programs. Aeronautics' lower margin was attributable to programs in development. The net change in C-130J deliveries did not impact EBIT for the comparative periods due to the previously reported suspension of earnings recognition on the program.

Technology Services
($ millions)

	1st Quarter	
	2002	2001
Net sales	$670	$584
EBIT	$40	$35
Margin	6.0%	6.0%

Net sales for the Technology Services segment increased by 15 percent for the first quarter of 2002 when compared to the same period of 2001. The increase in sales was primarily attributable to organic growth in the segment's government information technology programs and sales from the December 2001 acquisition of OAO Corporation. This combined increase in sales was partially offset by declines in volume on commercial information technology and military aircraft programs.

EBIT for the segment increased by 14 percent for the quarter when compared to the same period of 2001. The increase in EBIT was primarily attributable to the changes in volumes previously discussed and improved performance in the commercial information technology line of business.

Corporate and Other
($ millions)

	1st Quarter	
	2002	2001
EBIT	($14)	($143)
Nonrecurring and unusual item	0	100
Impact of SFAS No. 142	0	69
Pro forma EBIT	($14)	$26

Pro forma EBIT for the Corporate and Other segment decreased by $40 million as compared to the first quarter of 2001. The decrease is primarily the result of lower interest income and an increase in corporate expenses, primarily in stock-based compensation costs, partially offset by increased equity earnings from investments.

In 2001 the nonrecurring and unusual item included the impairment of the Corporation's investment in Americom Asia-Pacific. Also the Corporation now reflects all goodwill amortization for periods prior to January 1, 2002 and the effect of extending Aeronautics' contract intangible asset related to the F-16 program in Corporate and Other's pro forma EBIT.

First Quarter 2002 Achievements

* Successfully launched 1 Proton, 1 Titan IV, and 2 Atlas launch vehicles during the quarter.

* Launched the 95th consecutive successful Trident II D5 Fleet Ballistic Missile.

* The unique lift-fan propulsion system of the F-35 Joint Strike Fighter STOVL variant won the prestigious Collier Trophy.

* Lockheed Martin's Pike County Operations facility in Troy, Ala., won the 2002 Shingo Prize for excellence in manufacturing.

* Delivered 5 F-16 and 2 C-130J aircraft during the quarter.

* Awarded a $1.3 billion contract for 13 F-22 Raptor Air Dominance Fighters & Related Program Activities.

* The Hellenic government selected the C-27J for its new Medium Range Transport Aircraft (MRTA) program.

* Awarded the initial increment of a $420 million contract modification to develop the SPY-IE prototype tactical radar.

* The Patriot Advanced Capability-3 (PAC-3) Missile successfully intercepted and destroyed an incoming Tactical Ballistic Missile during Operational Testing. Additionally, Lockheed Martin received a $300 million contract for continued production of the PAC-3 Missile.

* Received an $80 million contract to produce laser-guided bomb kits, marking the first time since the inception of the Paveway II program that a second supplier was chosen to make laser guidance kits.

* Successfully delivered the 5,000th Longbow Hellfire Missile to the U.S. Army and the United Kingdom and the 300th Close Combat Tactical Trainer to the U.S. Army.

* Achieved the full integration of OAO Corporation into the Technology Services business segment.

Conference call: Lockheed Martin will webcast the earnings conference call (listen-only mode) at 11 a.m. E.D.T. on April 23, 2002. A live audio broadcast will be available on the Investor Relations page of the company's web site at http://www.lockheedmartin.com/investor . An on-demand replay of the webcast will be available following the call and will continue for 30 days.

SAFE HARBOR

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. Sometimes these statements will contain words such as "anticipates," "expects," "plans," "projects," "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.

Our actual financial results will likely be different from those projected due to the inherent nature of projections and may be better or worse than projected. Given these uncertainties, you should not rely on forward-looking statements. 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 forward-looking statements, and the estimates and assumptions associated with them, after the date of this press release to reflect the occurrence of subsequent events, changed circumstances or changes in our expectations.

In addition to the factors set forth in our 2001 Form 10-K and other more recent filings with the Securities and Exchange Commission (http://www.sec.gov/), the following factors could affect our forward-looking statements: our 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 both domestically and internationally; changes in government or customer priorities due to program reviews or revisions to strategic objectives (including changes in priorities to respond to recent terrorist acts or to improve homeland security); difficulties in developing and producing operationally advanced technology systems; the competitive environment; economic business and political conditions domestically and internationally (including economic disruption caused by recent terrorist acts); program performance and the timing of contract payments; the timing and customer acceptance of product deliveries and launches; the level of returns on pension and retirement plan assets, and the outcome of contingencies (including completion of any acquisitions and divestitures, litigation and environmental remediation efforts). Our ability to monetize assets or businesses placed in discontinued operations will depend upon market and economic conditions, negotiation of acceptable terms with prospective purchasers and other factors, and may require receipt of regulatory or governmental approvals. Realization of the value of the Corporation's investments in equity securities, or related equity earnings for a given period, may be affected by the investee's ability to obtain adequate funding and execute its business plan, general market conditions, industry considerations specific to the investee's business, and/or other factors. These are only some of the numerous factors that may affect the forward-looking statements contained in this press release.

LOCKHEED MARTIN CORPORATION
Consolidated Results(1)
Preliminary and Unaudited
(In millions, except per share data and percentages)

	QUARTER ENDED MARCH 31,		
	2002	2001	% Change
Net Sales	$5,966	$4,747	26%
Earnings before Interest and Taxes	$474	$393	21%
Interest Expense	$148	$197	(25%)
Pre-tax Earnings	$326	$196	66%
Income Tax Expense	$102	$70	46%
Effective Tax Rate	31%	36%	N/M
Earnings from Continuing Operations	$224	$126	78%
Loss from Discontinued Operations 2	($6)	($21)	N/M
Net Earnings	$218	$105	108%
Basic Earnings (Loss) Per Share:			
Earnings from Continuing Operations	$0.51	$0.30	70%
Loss from Discontinued Operations(2)	(0.01)	(0.05)	N/M
Earnings Per Share	$0.50	$0.25	100%
Average Basic Shares Outstanding	437.4	423.3	
Diluted Earnings (Loss) Per Share:			
Earnings from Continuing Operations	$0.50	$0.30	67%
Loss from Discontinued Operations(2)	(0.01)	(0.05)	N/M
Earnings Per Share	$0.49	$0.25	96%
Average Diluted Shares Outstanding	444.7	427.8	

(1) On January 1, 2002, the Corporation adopted SFAS No. 142, "Accounting for Goodwill and Other Intangible Assets", which eliminates the amortization of goodwill. As part of its adoption of SFAS No. 142, the Corporation extended the estimated remaining useful life of Aeronautics' contract intangibles related to the F-16 program from 6 to 10 years. Consolidated results for 2001 are consistent with previous disclosures, however, segment results have been adjusted for the adoption of SFAS No. 142.

(2) On December 7, 2001, the Corporation announced that it would exit its global telecommunications services business. Includes discontinued operations of LMGT (World Systems, Mobile Communications, Lockheed Martin Intersputnik, and COMSAT International) and Lockheed Martin IMS Corporation (sold in July 2001).

LOCKHEED MARTIN CORPORATION
Segment Results Including Nonrecurring and Unusual Items(1)

Preliminary and Unaudited
(In millions, except percentages)

	QUARTER ENDED MARCH 31,		
	2002	2001	% Change
Systems Integration			
Net Sales	$2,088	$1,880	11%
Segment EBIT	$219	$216	1%
Margins	10.5%	11.5%	
Depreciation and Amortization	$48	$49	
Space Systems(2)			
Net Sales	$1,870	$1,422	32%
Segment EBIT	$122	$198	(38%)
Margins	6.5%	13.9%	
Depreciation and Amortization	$36	$34	
Aeronautics			
Net Sales	$1,334	$855	56%
Segment EBIT	$107	$87	23%
Margins	8.0%	10.2%	
Depreciation and Amortization	$32	$32	
Technology Services(2)			
Net Sales	$670	$584	15%
Segment EBIT	$40	$35	14%
Margins	6.0%	6.0%	
Depreciation and Amortization	$11	$4	
Corporate and Other(2)			
Segment EBIT	($14)	($143)	N/M
Impact of SFAS No. 142 adoption	-	$69	
Depreciation and Amortization	$7	$6	

(1) As part of its adoption of SFAS No. 142, the Corporation now reports all goodwill amortization for periods prior to January 1, 2002 in the Corporate and Other Segment. Previously, goodwill amortization for the first quarter 2001 had been reported as follows: Systems Integration $43 million, Space Systems $10 million, Technology Services $3 million and Corporate and Other $5 million. Additionally, the Corporation extended the useful life of Aeronautics' contract intangibles related to the F-16 program from 6 to 10 years. This change reduces Aeronautics' annual amortization of contract intangibles by $30 million, or $7.5 million a quarter. Consistent with the treatment of goodwill, the impact of this contract intangible amortization change is reflected in the Corporate and Other segment for periods prior to January 1, 2002.

(2) On December 7, 2001, the Corporation announced that it would exit its global telecommunications services business. The Corporation reassigned LMGT's Systems and Technology line of business, and COMSAT General business to the Space segment, LMGT's Enterprise Solutions -- US to the Technology Services segment and LMGT's telecommunications equity investments to the Corporate and Other segment. Prior period amounts have been reclassified to conform to the new reporting structure.

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

	QUARTER ENDED MARCH 31,		
	2002	2001	% Change
Systems Integration			
Net Sales	$2,088	$1,880	11%
Segment EBIT	$219	$216	1%
Margins	10.5%	11.5%	

Depreciation and Amortization	$48	$49	

Space Systems			
Net Sales	$1,870	$1,422	32%
Segment EBIT	$122	$87	40%
Margins	6.5%	6.1%	
Depreciation and Amortization	$36	$34	

Aeronautics			
Net Sales	$1,334	$855	56%
Segment EBIT	$107	$87	23%
Margins	8.0%	10.2%	
Depreciation and Amortization	$32	$32	

Technology Services			
Net Sales	$670	$584	15%
Segment EBIT	$40	$35	14%
Margins	6.0%	6.0%	
Depreciation and Amortization	$11	$4	

Corporate and Other			
Segment EBIT	($14)	$26	N/M
Depreciation and Amortization	$7	$6	

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

	QUARTER ENDED MARCH 31,	
	2002	2001
Earnings from Continuing Operations	$224	$126
Nonrecurring and Unusual Items in Continuing Operations		
(Gain) on Sales of Surplus Real Estate	-	(72)
Loss on Americom Asia-Pacific Investment	-	65
Total	-	(7)
Effect of SFAS No. 142 on 2001 Continuing Operations	-	53
Pro Forma Earnings(1)	$224	$172
Pro Forma Effective Tax Rate	31%	32%
Earnings Per Share from Continuing Operations	$0.50	$0.30
Nonrecurring and Unusual Items in Continuing Operations		
(Gain) on Sales of Surplus Real Estate	-	(0.17)
Loss on Americom Asia-Pacific Investment	-	0.15
Total	-	(0.02)
Effect of SFAS No. 142 on 2001 Continuing Operations	-	0.12
Pro Forma Earnings Per Share(1)	$0.50	$0.40

(1) Excludes nonrecurring and unusual items and adjusts for the adoption of SFAS No. 142 as of January 1, 2001.

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

YEAR TO DATE MARCH 31,

	2002	2001
Pro Forma EBIT(1)	$474	$451
Pro Forma EBIT to Sales Margin	8.0%	9.5%
Amortization of Contract Intangibles	$31	$30
Depreciation and Amortization	$103	$95
Pro Forma EBITDA	$608	$576

(1) Excludes nonrecurring and unusual items and adjusts for the adoption of SFAS No. 142 as of January 1, 2001. Pro Forma results exclude goodwill amortization expense and include the effect of extending the remaining useful life of Aeronautics' contract intangible related to the F-16 program.

	MARCH 31, 2002	DECEMBER 31, 2001	MARCH 31, 2001
Backlog			
Systems Integration	$17,136	$17,027	$17,027
Space Systems	13,139	12,977	15,406
Aeronautics	38,502	36,149	17,484
Technology Services	5,070	5,116	5,236
Total	$73,847	$71,269	$55,153
Long-Term Debt			
Current maturities	$368	$89	$901
Long-Term	7,093	7,422	9,029
Total	$7,461	$7,511	$9,930
Cash and Cash Equivalents	$1,367	$912	$2,389
Stockholders' Equity	$6,861	$6,443	$7,260
Total Debt-to-Capital	52.1%	53.8%	57.8%
Total Debt-to-Capital (net of invested cash)	47.0%	50.6%	50.9%

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

	MARCH 31, 2002	DECEMBER 31, 2001
Assets		
Cash and cash equivalents	$1,367	$912
Accounts receivable	3,941	4,049
Inventories	3,149	3,140
Assets of businesses held for sale	541	638
Other current assets	2,065	2,039
Total current assets	11,063	10,778
Property, plant and equipment	2,979	2,991
Goodwill	7,371	7,371
Intangible assets, related to contracts and programs acquired	908	939
Other noncurrent assets	5,458	5,575
Total assets	$27,779	$27,654
Liabilities and Stockholders' Equity		
Other accrued expenses	$8,919	$9,213
Liabilities of businesses held for sale	382	387
Current maturities of long-term debt	368	89
Total current liabilities	9,669	9,689
Long-term debt	7,093	7,422

Post-retirement and other noncurrent liabilities	4,156	4,100
Stockholders' equity	6,861	6,443
Total liabilities and stockholders' equity	$27,779	$27,654

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

	QUARTER ENDED MARCH 31,	
	2002	2001
Operating Activities		
Earnings from continuing operations	$224	$126
Adjustments to reconcile earnings from continuing operations to net cash provided by operating activities:		
Depreciation and amortization	134	194
Changes in operating assets and liabilities	70	729
Net cash provided by operating activities	428	1,049
Investing Activities		
Expenditures for property, plant and equipment	(105)	(72)
Other	37	(59)
Net cash used for investing activities	(68)	(131)
Financing Activities		
Net decrease in short-term borrowings	-	(12)
Net repayments of debt	(58)	(17)
Issuance of common stock	201	43
Common stock dividends	(48)	(48)
Net cash provided by (used for) financing activities	95	(34)
Net increase in cash and cash equivalents	455	884
Cash and cash equivalents at beginning of period	912	1,505
Cash and cash equivalents at end of period	$1,367	$2,389

LOCKHEED MARTIN CORPORATION
Reconciliation of Performance Free Cash Flow
Preliminary and Unaudited
(In millions)

	QUARTER ENDED MARCH 31,	
	2002	2001
Net cash provided by continuing and discontinued operating activities	$428	$1,049
Expenditures for property, plant and equipment	(105)	(72)
Proceeds from disposals of property, plant and equipment	15	68
Income taxes paid on divested businesses	-	394
Performance Free Cash Flow	$338	$1,439

LOCKHEED MARTIN CORPORATION
Operating Data
QUARTER ENDED MARCH 31,

	2002	2001
Deliveries		
F-16	5	6
C-130J	2	-
Launches		
Atlas	2	-
Proton	1	-
Titan IV	1	1

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