



Lockheed Martin Agrees to Acquire ACS Federal Government Units and Sell Its Commercial IT Unit

August 1, 2003

BETHESDA, Md., Aug. 1 /PRNewswire-FirstCall/ -- Lockheed Martin (NYSE: LMT) announced today that it entered into definitive agreements to acquire ACS' (NYSE: ACS) federal government information technology (IT) business. Concurrently, ACS will acquire Lockheed Martin's commercial IT business. The agreements have been approved by the boards of directors of both companies. Net cash consideration to ACS will be \$551 million. The transactions are expected to be accretive upon closing to Lockheed Martin.

The acquisition of the ACS federal business expands Lockheed Martin's capabilities in business process outsourcing and managed services, enhancing its ability to support civil and defense government agencies. Lockheed Martin's federal IT business customers include the Departments of Defense, Interior, Labor and Veterans Affairs, the U.S. Congress and various intelligence agencies.

The divestiture of Lockheed Martin's commercial IT unit represents the latest action by the corporation to focus its portfolio on core customers and markets.

Revenues from ACS' divested federal business were approximately \$700 million for the year ended June 30, 2003. Lockheed Martin's sales for its divested commercial IT business in 2002 were approximately \$300 million.

The transaction affects multiple units of ACS, including civilian and defense components of the ACS Government Services organization. ACS' state and local government business is not included in the transaction. Approximately 5800 ACS employees will join Lockheed Martin as result of the transaction. Approximately 1000 Lockheed Martin employees will join ACS.

Vance Coffman, Chairman and Chief Executive Officer of Lockheed Martin, said, "These transactions represent a positive step in the execution of our disciplined growth strategy and reinforce the focus on our core businesses. It is clearly a real benefit to both Lockheed Martin and ACS as we achieve better alignment of our business portfolios. We are very happy to welcome employees of ACS as we expand our service offerings to our Department of Defense, intelligence and civil agency customers. We'd also like to thank our commercial IT employees for their valued service to Lockheed Martin and wish them well as they join the exciting ACS team."

"This is a terrific win-win transaction for both companies," said Jeff Rich, Chief Executive Officer of ACS. "Lockheed Martin is a premier player in the federal market and ACS is a premier player in the commercial market."

These transactions are subject to normal government approvals, including review under the Hart-Scott-Rodino Antitrust Improvements Act and satisfaction of other customary closing conditions. Each transaction is also conditional on the other transaction closing. It is expected that the transactions will close in the fourth quarter of 2003.

Headquartered in Bethesda, Md., Lockheed Martin employs about 125,000 people worldwide and is principally engaged in the research, design, development, manufacture and integration of advanced technology systems, products and services. The corporation reported 2002 sales of \$26.6 billion.

ACS is a Fortune 500 company with more than 40,000 employees supporting operations in nearly 100 countries and provides business process and information technology outsourcing solutions to world-class commercial clients.

LOCKHEED MARTIN SAFE HARBOR STATEMENT: 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," "guidance," "assumes," and other similar words. These statements are not guarantees of the Corporation's future performance and are subject to risks, uncertainties and other important factors that could cause the Corporation's actual performance or achievements to be materially different from those the Corporation may project.

The Corporation's 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 the Corporation's estimates and assumptions only as of the date that they were made. The Corporation expressly disclaims 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 the Corporation's expectations.

In addition to the factors set forth in the Corporation's 2002 Form 10-K and first quarter 2003 Form 10-Q filed with the Securities and Exchange Commission (www.sec.gov), the following factors could affect the Corporation's forward-looking statements: 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 in response to terrorist threats or to improve homeland security); difficulties in developing and producing operationally advanced technology systems; the level of returns on pension and retirement plan assets; charges from any future SFAS 142 review; the competitive environment; economic business and political conditions domestically and internationally; program performance; the timing and customer acceptance of product deliveries; performance issues with key suppliers and subcontractors; the Corporation's ability to achieve or realize savings for its customers or itself through its global cost-cutting program and other financial management programs; and the outcome of contingencies (including completion of any acquisitions and divestitures, litigation and environmental remediation efforts). These are only some of the numerous factors that may affect the forward-looking statements

contained in this press release.

Web Sites:

Lockheed Martin: www.lockheedmartin.com
ACS: www.acs-inc.com

SOURCE Lockheed Martin

-0-

08/01/2003

/CONTACT: Media: Tom Jurkowsky, +1-301-897-6352, or Jeff Adams, +1-301-897-6308, or Investor Relations: James R. Ryan, +1-301-897-6584, or Randa Middleton, +1-301-897-6455, all of Lockheed Martin; or Media: Lesley Pool, +1-214-841-8028, or Investor Relations: Warren Edwards, +1-214-841-8082, both of ACS/

/Company News On-Call: <http://www.prnewswire.com/gh/cnoc/comp/534163.html>/
/Web site: <http://www.lockheedmartin.com> <http://www.sec.gov>
<http://www.acs-inc.com/>

(LMT ACS)

CO: Lockheed Martin; ACS
ST: Maryland
IN: ARO CPR
SU: TNM

MV-JA

-- DCF005 --

7390 08/01/2003 08:00 EDT <http://www.prnewswire.com>