
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of Earliest Event Reported) – June 27, 2003

LOCKHEED MARTIN CORPORATION
(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of Incorporation)

1-11437
(Commission File Number)

52-1893632
(IRS Employer
Identification No.)

6801 Rockledge Drive, Bethesda, Maryland
(Address of principal executive offices)

20817
(Zip Code)

(301) 897-6000
(Registrant's telephone number, including area code)

Not Applicable
(Former name or address, if changed since last report)

Item 5. Other Events

We are filing this Form 8-K to report the formation of Integrated Systems and Solutions (ISS), a new business segment. ISS was formed by combining two existing Lockheed Martin operating companies – Mission Systems (which was previously reported in the Systems Integration business segment) and Management & Data Systems (which was previously reported in the Space Systems business segment), along with our Advanced Concepts organization. This new business segment will leverage our existing and emerging capabilities to address customers' growing needs for integrated, network-centric solutions. With the formation of ISS, the Systems Integration business segment has been renamed "Electronic Systems." The Aeronautics and Technology Services business segments were unaffected by these changes.

The Corporation now operates in five principal business segments. Following is a brief description of the activities of each business segment:

- **Electronic Systems** – Engaged in the design, development, integration and production of high performance systems for undersea, shipboard, land, and airborne applications. Major product lines include missiles and fire control systems; air and theater missile defense systems; surface ship and submarine combat systems; anti-submarine and undersea warfare systems; avionics and ground combat vehicle integration; radars; platform integration services; homeland security systems; surveillance and reconnaissance systems; advanced aviation management, security and information technology solutions; simulation and training systems; and postal automation systems.
- **Aeronautics** – Engaged in design, research and development, systems integration, production and support of advanced military aircraft and related technologies. Its customers include the military services of the United States and allied countries throughout the world. Major products and programs include the F-16 multi-role fighter, F/A-22 air dominance and strike fighter, F-35 Joint Strike Fighter, Japanese F-2 combat aircraft, Korean T-50 advanced trainer, C-130 and C-130J tactical airlift aircraft, C-5 strategic airlift aircraft, and support for the F-117 stealth fighter and special mission and reconnaissance aircraft (e.g., Big Safari modifications, the P-3 Orion, S-3 Viking and U-2).
- **Space Systems** – Engaged in the design, development, engineering and production of satellites, missile defense systems and launch services. The satellite product line includes both government and commercial satellites. Missile defense systems include airborne and missile defense technologies and fleet ballistic missiles. Launch services include launches on Titan IV, Atlas and Proton launch vehicles, and also include the Space Shuttle's external tank. In addition, the segment has investments in joint ventures that are principally engaged in businesses that complement and enhance other activities of the segment.

- **Technology Services** – Engaged in a wide array of information management, engineering, scientific and logistic services to federal agencies and other customers. Major product lines include complete life-cycle software support; information systems development; information assurance and enterprise integration for the U.S. Department of Defense, civil government agencies and commercial customers; aircraft and engine maintenance and modification services; management, operation, maintenance, training, and logistics support for military, homeland security and civilian systems; launch, mission, and analysis services for military, classified and commercial satellites; engineering, science and information services for NASA; and research, development, engineering and science in support of nuclear weapons stewardship and naval reactor programs.
- **Integrated Systems and Solutions** – Engaged in the design, development, integration and management of network-centric solutions supporting the intelligence, surveillance and reconnaissance activities of the U.S. Department of Defense and other federal agencies. Focal point for the Corporation in providing an interconnected set of capabilities for gathering, processing, storing and delivery of on-demand information for mission management, modeling, and simulation. Also includes the capabilities to develop, test and demonstrate advanced collaborative operational concepts with our customers.

In the following tables of selected financial data by business segment, the total of the operating results of the principal business segments is reconciled to the corresponding consolidated amount. With respect to the caption “Operating profit,” the reconciling item “Unallocated corporate (expense) income, net” includes the FAS/CAS adjustment related to pensions, earnings and losses from equity investments (mainly telecommunications), interest income, costs for stock-based award programs, items not considered part of management’s evaluation of segment operating performance, and Corporate costs not allocated to the operating segments as well as other miscellaneous Corporate activities. For financial statement captions other than “Operating profit,” all activities other than those pertaining to the principal business segments are included on a line item entitled “Other.”

The following segment information has been reclassified from amounts previously reported to reflect our new business segment. Accordingly, there has been no change in the operating results reported for our business segments or in total for the Corporation.

Selected Financial Data by Business Segment—
(Unaudited)

	Three Months Ended March 31,		Year Ended December 31,	
	2003	2002	2002	2001
<i>(In millions)</i>				
Net sales				
Electronic Systems	\$ 1,981	\$ 1,874	\$ 8,685	\$ 8,079
Aeronautics	2,088	1,334	6,471	5,355
Space Systems	1,528	1,389	5,287	5,040
Technology Services	687	670	3,104	2,763
Integrated Systems & Solutions	772	695	3,015	2,731
	<u>7,056</u>	<u>5,962</u>	<u>26,562</u>	<u>23,968</u>
Operating segments				
Other	3	4	16	22
	<u>3</u>	<u>4</u>	<u>16</u>	<u>22</u>
Total	\$ 7,059	\$ 5,966	\$ 26,578	\$ 23,990
Operating profit				
Electronic Systems	\$ 183	\$ 191	\$ 875	\$ 816
Aeronautics	145	92	448	329
Space Systems	104	78	279	243
Technology Services	48	37	177	114
Integrated Systems & Solutions	72	50	241	207
	<u>552</u>	<u>448</u>	<u>2,020</u>	<u>1,709</u>
Segment operating profit				
Unallocated corporate (expense) income, net ^(a)	(47)	26	(862)	(602)
FAS 142 adoption impact	—	—	—	(274)
	<u>(47)</u>	<u>26</u>	<u>(862)</u>	<u>(876)</u>
Reconciling items subtotal				
	<u>(47)</u>	<u>26</u>	<u>(862)</u>	<u>(876)</u>
Total	\$ 505	\$ 474	\$ 1,158	\$ 833
Margins				
Electronic Systems	9.2%	10.2%	10.1%	10.1%
Aeronautics	6.9%	6.9%	6.9%	6.1%
Space Systems	6.8%	5.6%	5.3%	4.8%
Technology Services	7.0%	5.5%	5.7%	4.1%
Integrated Systems & Solutions	9.3%	7.2%	8.0%	7.6%
Total operating segments	7.8%	7.5%	7.6%	7.1%

^(a) See notes 2, 6, 8 and 9 to the consolidated financial statements included in our 2002 Annual Report on Form 10-K for information on the unusual items included in “Unallocated corporate (expense) income, net” for years ended December 31, 2002 and 2001.

Selected Financial Data by Business Segment (continued) –
(Unaudited)

	Three Months Ended March 31,		Year Ended December 31,	
	2003	2002	2002	2001
<i>(In millions)</i>				
<u>Depreciation and amortization of property, plant and equipment</u>				
Electronic Systems	\$ 37	\$ 34	\$ 153	\$ 142
Aeronautics	21	20	74	84
Space Systems	27	26	108	123
Technology Services	11	9	36	22
Integrated Systems & Solutions	7	7	34	31
Operating segments	103	96	405	402
Other	5	7	28	23
Total	\$ 108	\$ 103	\$ 433	\$ 425
<u>Amortization of intangible assets other than goodwill</u>				
Electronic Systems	\$ 12	\$ 12	\$ 49	\$ 47
Aeronautics	12	12	50	51
Space Systems	2	2	7	8
Technology Services	2	2	7	5
Integrated Systems & Solutions	3	3	12	13
Operating segments	31	31	125	124
Other	—	—	—	30
Total	\$ 31	\$ 31	\$ 125	\$ 154
<i>(In millions)</i>				
<u>Backlog</u>				
Electronic Systems	\$ 16,018	\$ 15,500	\$ 16,034	\$ 15,333
Aeronautics	38,415	38,502	35,477	36,149
Space Systems	12,160	11,061	10,701	11,001
Technology Services	4,412	5,070	4,617	5,116
Integrated Systems & Solutions	3,580	3,714	3,556	3,670
Total	\$ 74,585	\$ 73,847	\$ 70,385	\$ 71,269

Selected Financial Data by Business Segment (continued) –
(Unaudited)

	March 31,		December 31,	
	2003	2002	2002	2001
(In millions)				
Assets				
Electronic Systems	\$ 8,645	\$ 8,618	\$ 8,697	\$ 8,685
Aeronautics	2,858	2,921	2,835	3,017
Space Systems	3,120	3,953	3,147	3,952
Technology Services	1,725	1,963	1,634	1,911
Integrated Systems & Solutions	2,085	2,176	2,070	2,183
Operating segments	18,433	19,631	18,383	19,748
Other	6,582	8,148	7,375	7,906
Total	\$ 25,015	\$ 27,779	\$ 25,758	\$ 27,654
Goodwill				
Electronic Systems	\$ 5,075	\$ 5,075	\$ 5,075	\$ 5,075
Space Systems	453	453	453	453
Technology Services	541	532	541	532
Integrated Systems & Solutions	1,311	1,311	1,311	1,311
Total	\$ 7,380	\$ 7,371	\$ 7,380	\$ 7,371
Customer advances and amounts in excess of costs incurred				
Electronic Systems	\$ 953	\$ 910	\$ 816	\$ 766
Aeronautics	2,128	2,325	2,408	2,406
Space Systems	1,352	1,631	1,238	1,701
Technology Services	21	4	19	15
Integrated Systems & Solutions	72	119	57	114
Operating segments	4,526	4,989	4,538	5,002
Other	—	—	4	—
Total	\$ 4,526	\$ 4,989	\$ 4,542	\$ 5,002

Selected Financial Data by Business Segment (continued) –
(Unaudited)

	Quarter Ended			
	December 31, 2002	September 30, 2002	June 30, 2002	March 31, 2002
	<i>(In millions)</i>			
Net sales				
Electronic Systems	\$ 2,729	\$ 2,045	\$ 2,037	\$ 1,874
Aeronautics	1,922	1,668	1,547	1,334
Space Systems	1,313	1,342	1,243	1,389
Technology Services	947	776	711	670
Integrated Systems & Solutions	863	709	748	695
	<u>7,774</u>	<u>6,540</u>	<u>6,286</u>	<u>5,962</u>
Operating segments				
Other	6	2	4	4
	<u>6</u>	<u>2</u>	<u>4</u>	<u>4</u>
Total	\$ 7,780	\$ 6,542	\$ 6,290	\$ 5,966
Operating profit				
Electronic Systems	\$ 276	\$ 212	\$ 196	\$ 191
Aeronautics	139	107	110	92
Space Systems	66	71	64	78
Technology Services	55	44	41	37
Integrated Systems & Solutions	56	61	74	50
	<u>592</u>	<u>495</u>	<u>485</u>	<u>448</u>
Segment operating profit				
Unallocated corporate (expense) income, net ^(a)	(1,010)	81	41	26
	<u>(1,010)</u>	<u>81</u>	<u>41</u>	<u>26</u>
Total	\$ (418)	\$ 576	\$ 526	\$ 474
Margins				
Electronic Systems	10.1%	10.4%	9.6%	10.2%
Aeronautics	7.2%	6.4%	7.1%	6.9%
Space Systems	5.0%	5.3%	5.1%	5.6%
Technology Services	5.8%	5.7%	5.8%	5.5%
Integrated Systems & Solutions	6.5%	8.6%	9.9%	7.2%
Total operating segments	7.6%	7.6%	7.7%	7.5%

^(a) See notes 6, 8 and 9 to the consolidated financial statements included in our 2002 Annual Report on Form 10-K for information on the unusual items included in “Unallocated corporate (expense) income, net.”

Selected Financial Data by Business Segment (continued) –
(Unaudited)

	Quarter Ended			
	December 31, 2002	September 30, 2002	June 30, 2002	March 31, 2002
<i>(In millions)</i>				
<u>Depreciation and amortization of property, plant and equipment</u>				
Electronic Systems	\$ 44	\$ 38	\$ 37	\$ 34
Aeronautics	14	21	19	20
Space Systems	33	19	30	26
Technology Services	11	8	8	9
Integrated Systems & Solutions	15	6	6	7
Operating segments	117	92	100	96
Other	7	8	6	7
Total	\$ 124	\$ 100	\$ 106	\$ 103
<u>Amortization of intangible assets other than goodwill</u>				
Electronic Systems	\$ 12	\$ 13	\$ 12	\$ 12
Aeronautics	13	12	13	12
Space Systems	1	2	2	2
Technology Services	2	1	2	2
Integrated Systems & Solutions	3	3	3	3
Total	\$ 31	\$ 31	\$ 32	\$ 31
<i>(In millions)</i>				
<u>Assets</u>				
Electronic Systems	\$ 8,697	\$ 8,635	\$ 8,550	\$ 8,618
Aeronautics	2,835	2,752	2,915	2,921
Space Systems	3,147	3,256	3,743	3,953
Technology Services	1,634	1,811	1,881	1,963
Integrated Systems & Solutions	2,070	2,049	2,050	2,176
Operating segments	18,383	18,503	19,139	19,631
Other	7,375	10,416	9,192	8,148
Total	\$ 25,758	\$ 28,919	\$ 28,331	\$ 27,779

Selected Financial Data by Business Segment (continued) –
(Unaudited)

	December 31, 2002	September 30, 2002	June 30, 2002	March 31, 2002
	<i>(In millions)</i>			
Goodwill				
Electronic Systems	\$ 5,075	\$ 5,075	\$ 5,075	\$ 5,075
Space Systems	453	453	453	453
Technology Services	541	532	532	532
Integrated Systems & Solutions	1,311	1,311	1,311	1,311
Total	\$ 7,380	\$ 7,371	\$ 7,371	\$ 7,371
Customer advances and amounts in excess of costs incurred				
Electronic Systems	\$ 816	\$ 822	\$ 863	\$ 910
Aeronautics	2,408	2,785	2,494	2,325
Space Systems	1,238	1,398	1,586	1,631
Technology Services	19	4	2	4
Integrated Systems & Solutions	57	131	123	119
Operating segments	4,538	5,140	5,068	4,989
Other	4	—	—	—
Total	\$ 4,542	\$ 5,140	\$ 5,068	\$ 4,989

Item 7. Financial Statements and Exhibits

(c) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Lockheed Martin Corporation's Press Release dated June 27, 2003
99.2	Lockheed Martin Corporation's Investor Relations' Website Charts

Item 9. Regulation FD Disclosure and Results of Operations and Financial Condition

The following information is being furnished under Item 12 of Form 8-K, "Results of Operations and Financial Condition," and is included under this Item 9 in accordance with SEC Release No. 33-8216 (March 27, 2003).

On June 27, 2003, Lockheed Martin Corporation announced the formation of a new business segment. The press release is furnished as Exhibit 99.1 to this Form and is incorporated herein by reference.

In connection with its press release announcing the formation of the new business segment, Lockheed Martin Corporation will post certain charts on its Investor Relations Website providing a breakdown of the Corporation's previously disclosed forecast of sales and operating profit among the Corporation's five segments, including the newly formed ISS segment. The website charts are furnished under Item 9 as Exhibit 99.2 to this Form and are incorporated herein by reference.

LOCKHEED MARTIN CORPORATION

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

LOCKHEED MARTIN CORPORATION

(Registrant)

Date: June 27, 2003

By: /s/ RAJEEV BHALLA

Rajeev Bhalla
Vice President and Controller
(Chief Accounting Officer)

Information**LOCKHEED MARTIN CREATES NEW BUSINESS AREA**

*‘Integrated Systems and Solutions’Leverages Existing Expertise;
Increases Focus On Customer’s Mission Effectiveness*

BETHESDA, MD, June 27, 2003 – Lockheed Martin [NYSE: LMT] today announced the formation of a fifth business area that will leverage its existing and emerging capabilities to address customers’ growing need for highly integrated systems and solutions.

“As our customers continue to seek new ways to integrate many disparate systems,” said Lockheed Martin Chairman and CEO Vance Coffman, “they recognize the need for a worldwide interconnected set of information capabilities for gathering, processing, storing and delivering on-demand information and, as a result, are moving toward a more ‘network-centric’—as opposed to ‘platform-centric’—concept of operations. Further, they are looking for ways to synthesize data from all of these systems to get a clearer picture of what’s going on in any given situation—on the battlefield or otherwise—so they can make faster, more informed decisions. Specifically, they want speed, agility, flexibility and simultaneity of action,” Coffman added.

In order to provide these network-centric, effects-based operations—in which superior information technology determines the size, scope, speed and flexibility of response to a given scenario—Lockheed Martin is focusing its formidable strengths in this arena.

Two existing Lockheed Martin operating companies—Management & Data Systems based in Valley Forge, Pa., and Mission Systems, based in Gaithersburg, Md.—will join with the Corporation’s Advanced Concepts organization to form the new Lockheed Martin Integrated Systems and Solutions (ISS) business area.

ISS will concentrate unique technology and highly specialized talent—including experts in space, air and ground systems—within a single organization, enhancing Lockheed Martin’s ability to provide customers the horizontally integrated, system-of-systems capabilities they seek. The new business area will draw upon the Corporation’s proven expertise in the areas of Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR), strategic architectural design and integration, mission management, and modeling and simulation.

— more —

ISS will also serve as a focal point for the Corporation to define, create, direct and coordinate overarching architectures and systems and, as such, will drive strategy formulation, research and development, strategic teaming and new business capture. Additionally, it will provide a single interface for customers with joint and network-centric operations.

Headquartered in Gaithersburg, Md., the ISS business area will be led by Albert Smith, currently Executive Vice President of the Corporation's Space Systems business area, and will employ approximately 11,000 people at major facilities in Valley Forge, Pa.; Gaithersburg, Md.; Fairfax, Va.; San Jose, San Diego and Santa Maria, Calif.; Colorado Springs and Denver, Co.; and Phoenix, Ariz. Smith will be succeeded by G. Thomas Marsh, who currently serves as President and General Manager of the Space & Strategic Missiles unit of the Space Systems Company.

"The Corporation recognizes the importance of having an integrated ability to develop and deliver 'true' system-of-systems capabilities to our customers," Coffman said. "While our military focus is clear, the tenets of a robustly networked force to improve shared situational awareness, facilitate collaboration and fuel fundamentally new operating concepts is equally applicable to homeland security and non-DoD challenges and needs. Our goal in creating this new business area is to dramatically increase mission effectiveness for our customers and generate profitable growth for our shareholders."

Lockheed Martin has strong capabilities in C4ISR architectures, systems and platforms. In Operation Iraqi Freedom, for instance, the Theater Battle Management Core System (TBMCS)—a Lockheed Martin-developed system—integrated intelligence, surveillance and reconnaissance assets at the Combined Air Operations Center and U.S. Central Command headquarters. The TBMCS system effectively linked the C4ISR systems of the U.S. Air Force and Navy, including land elements, to provide a seamless operational picture. The Corporation also brings unprecedented levels of available IT resources to this initiative—with some 30,000 IT professionals corporatewide and 12 business units having achieved the highest levels of software engineering maturity.

With the formation of ISS, Lockheed Martin's Systems Integration business area will be renamed Electronic Systems. The names of the remaining three business areas—Aeronautics, Space Systems and Technology Services—are unchanged.

Lockheed Martin has filed a Form 8-K with the Securities and Exchange Commission (SEC) reclassifying historical data to conform to its new organizational structure. The Corporation's financial forecast, as reported in the April 22, 2003 earnings news release, is unchanged by the new segment presentation. A breakdown of the forecasted information provided in the April release by the new business segments is posted on Lockheed Martin's Web site at <http://www.lockheedmartin.com/investor> and has been furnished to the SEC on the Form 8-K.

— more —

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.

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For additional information, visit our website:
<http://www.lockheedmartin.com>

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,” “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 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 Operation Enduring Freedom, 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; the competitive environment; economic business and political conditions domestically and internationally; program performance and the timing of contract payments; the timing and customer acceptance of product deliveries and launches; the Corporation’s ability to achieve or realize savings for its customers or ourselves through the Corporation’s 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). The Corporation’s ability to monetize assets or businesses placed in discontinued operations will depend upon market and economic conditions, 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

Business Area Realignment

June 27, 2003

Chart 1

Lockheed Martin

Business Area Realignment

June 27, 2003

Chart 1

Safe Harbor Statement



Our presentation today may contain “forward-looking” statements about our expectations or forecasts of future events. These statements can be affected by subsequent events, known or unknown risks and uncertainties, or inaccurate assumptions. Some of the factors that may cause our statements to differ materially include: the timing and availability of future government awards; customer budgetary constraints; our ability to achieve cost savings; program performance; general economic, business and regulatory conditions and other factors. We are not obligated (and disclaim any duty) to update or correct forward-looking statements to reflect new developments. You should read our SEC filings, including our 2002 Form 10-K and 2003 Form 10-Q, for more information on the types of risks and other factors that could adversely affect these statements.

Chart 2

Safe Harbor Statement

Our presentation today may contain “forward-looking” statements about our expectations or forecasts of future events. These statements can be affected by subsequent events, known or unknown risks and uncertainties, or inaccurate assumptions. Some of the factors that may cause our statements to differ materially include: the timing and availability of future government awards; customer budgetary constraints; our ability to achieve cost savings; program performance; general economic, business and regulatory conditions and other factors. We are not obligated (and disclaim any duty) to update or correct forward-looking statements to reflect new developments. You should read our SEC filings, including our 2002 Form 10-K and 2003 Form 10-Q, for more information on the types of risks and other factors that could adversely affect these statements.

Chart 2

Consolidated Growth Projections



	<u>% Change 2003 vs. 2002</u>	<u>% Change 2004 vs. 2003</u>
Sales	+ 8-12 %	+ ~ 5 %
Segment EBIT	+ 14-19 %	+ 5-10 %
Segment Margins	+ ~ 50 bps	+ 10-50 bps

Unchanged From Prior Guidance

Chart 3

Consolidated Growth Projections

	<u>% Change 2003 vs. 2002</u>	<u>% Change 2004 vs. 2003</u>
Sales	+ 8-12%	+ ~ 5%
Segment EBIT	+ 14-19%	+ 5-10%
Segment Margins	+ ~ 50 bps	+ 10-50 bps

Unchanged From Prior Guidance

Chart 3

Guidance By Business Area



- ***Electronic Systems***
- ***Aeronautics***
- ***Space Systems***
- ***Technology Services***
- ***Integrated Systems and Solutions***

Chart 4

Guidance By Business Area

- Electronic Systems
- Aeronautics
- Space Systems
- Technology Services
- Integrated Systems and Solutions

Chart 4

Electronic Systems



	Actuals*		Estimate	
	2001	2002	2003	2004
Sales	\$8.1B	\$8.7B	\$8.8-9.1B	\$9.2-9.5B
Operating EBIT	816M	875M	870-895M	890-915M
Operating Margins	10.1%	10.1%	9.5-10.0%	9.5-10.0%

** Actuals Reflect Results Reported for the Former Systems Integration Business Area After Adjusting for Realigned Businesses (See SEC Form 8-K Filed June 27, 2003)*

Chart 5

Electronic Systems

	Actuals*		Estimate	
	2001	2002	2003	2004
Sales	\$8.1B	\$8.7B	\$8.8-9.1B	\$9.2-9.5B
Operating EBIT	816M	875M	870-895M	890-915M
Operating Margins	10.1%	10.1%	9.5-10.0%	9.5-10.0%

* Actuals Reflect Results Reported for the Former Systems Integration Business Area After Adjusting for Realigned Businesses (See SEC Form 8-K Filed June 27, 2003)

Chart 5

Aeronautics



	<u>Actuals</u>		<u>Estimate</u>	
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Sales	\$5.4B	\$6.5B	\$8.4-8.9B	\$8.9-9.4B
Operating EBIT	329M	448M	600-650M	725-775M
Operating Margins	6.1%	6.9%	7.0-7.5%	8.0-8.5%
<u>Deliveries</u>				
F-16	24	21	65-70	65-70
C-130J	15	8	12-14	12-14

Unchanged From Prior Guidance

Chart 6

Aeronautics

	<u>Actuals</u>		<u>Estimate</u>	
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Sales	\$5.4B	\$6.5B	\$8.4-8.9B	\$8.9-9.4B
Operating EBIT	329M	448M	600-650M	725-775M
Operating Margins	6.1%	6.9%	7.0-7.5%	8.0-8.5%
Deliveries				
F-16	24	21	65-70	65-70
C-130J	15	8	12-14	12-14

Unchanged From Prior Guidance

Chart 6

Space Systems



	Actuals*		Estimate	
	2001	2002	2003	2004
Sales	\$5.0B	\$5.3B	\$5.2-5.6B	\$5.2-5.6B
Operating EBIT	243M	279M	335-385M	335-385M
Operating Margins	4.8%	5.3%	~ 6.5%	~ 6.5%
Atlas and Proton Launches	6	9	5 - 8	5 - 8

* Actuals Adjusted for Realigned Businesses (See SEC Form 8-K Filed June 27, 2003)

Chart 7

Space Systems

	Actuals*		Estimate	
	2001	2002	2003	2004
Sales	\$5.0B	\$5.3B	\$5.2-5.6B	\$5.2-5.6B
Operating EBIT	243M	279M	335-385M	335-385M
Operating Margins	4.8%	5.3%	~ 6.5%	~ 6.5%
Atlas and Proton Launches	6	9	5-8	5-8

* Actuals Adjusted for Realigned Businesses (See SEC Form 8-K Filed June 27, 2003)

Chart 7

Technology Services



	<u>Actuals</u>		<u>Estimate</u>	
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Sales	\$2.8B	\$3.1B	\$3.1-3.4B	\$3.4-3.8B
Operating EBIT	114M	177M	210-235M	240-280M
Operating Margins	4.1%	5.7%	6.5-7.0%	7.0-7.5%

Unchanged From Prior Guidance

Chart 8

Technology Services

	<u>Actuals</u>		<u>Estimate</u>	
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Sales	\$2.8B	\$3.1B	\$3.1-3.4B	\$3.4-3.8B
Operating EBIT	114M	177M	210-235M	240-280M
Operating Margins	4.1%	5.7%	6.5-7.0%	7.0-7.5%

Unchanged From Prior Guidance

Chart 8

Integrated Systems and Solutions



	Actuals*		Estimate	
	2001	2002	2003	2004
Sales	\$2.7B	\$3.0B	\$3.1-3.4B	\$3.2-3.5B
Operating EBIT	207M	241M	245-270M	255-280M
Operating Margins	7.6%	8.0%	~ 8.0%	8.0-8.5%

** Actuals Reflect Results of Realigned Businesses Previously Reported in the Former Systems Integration and Space Businesses Areas (See SEC Form 8-K Filed June 27, 2003)*

Chart 9

Integrated Systems and Solutions

	Actuals*		Estimate	
	2001	2002	2003	2004
Sales	\$2.7B	\$3.0B	\$3.1-3.4B	\$3.2-3.5B
Operating EBIT	207M	241M	245-270M	255-280M
Operating Margins	7.6%	8.0%	~ 8.0%	8.0-8.5%

** Actuals Reflect Results of Realigned Businesses Previously Reported in the Former Systems Integration and Space Businesses Areas (See SEC Form 8-K Filed June 27, 2003)*

Chart 9

Unallocated Corporate Income / (Expense) (\$M)



	Actuals		Estimate	
	2001	2002	2003	2004
FAS/CAS Adjustment	\$360	\$243	(\$305)	(\$400) - (\$550)
Equity Income	} 11	} 7	} (30)	} 25 - (25)
Interest Income				
Stock Plan / Other				
Total	\$371	\$250	(\$335)	(\$375) - (\$575)

Unchanged From Prior Guidance

Chart 10

Unallocated Corporate Income / (Expense)

(\$ M)

	Actuals		Estimate	
	2001	2002	2003	2004
FAS/CAS Adjustment	\$360	\$243	(\$305)	(\$400)-(\$550)
Equity Income	} 11	} 7	} (30)	} 25-(25)
Interest Income				
Stock Plan /Other				
Total	\$371	\$250	(\$335)	(\$375)-(\$575)

Unchanged From Prior Guidance

Chart 10

Outlook Summary

(\$M)

2003

2004

Sales Growth	8 - 12%	~ 5%
EBIT – Op's	\$2,300 - \$2,400	\$2,500 - \$2,600
E.P.S.	\$2.20 - \$2.30	N/A
FAS/CAS Adjustment	~ (\$305)	(\$400) - (\$550)
Other Unallocated	(\$30)	\$25 - (\$25)
Depreciation	\$475	\$525
Intangible Amortization	\$125	\$125
Interest Expense	~ \$510	~ \$490
Federal Tax Rate	31 - 32%	31 - 32%
Average Shares	~ 455M	~ 465M
Cash From Operations	≥ \$1,500	≥ \$1,700
Capital Expenditures	~ \$700	~ \$700

Unchanged From Prior Guidance

Chart 11

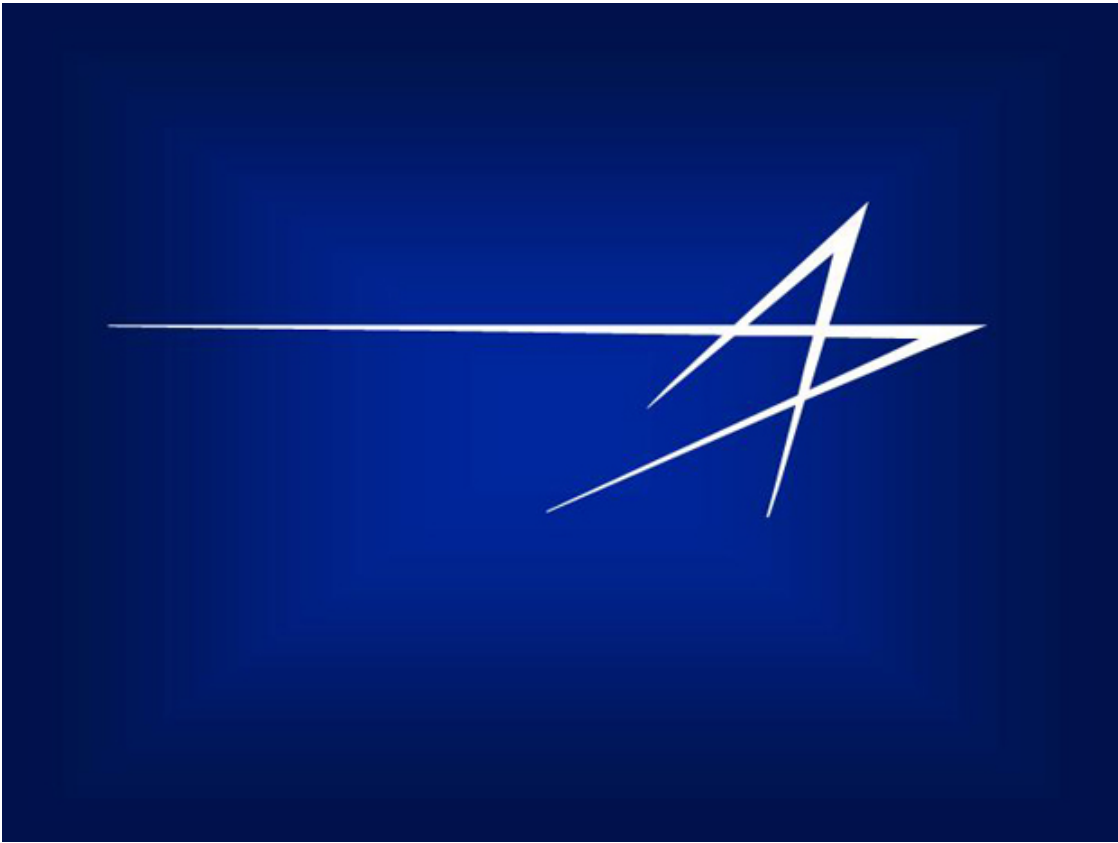
Outlook Summary

(\$ M)

	2003	2004
Sales Growth	8-12%	~ 5%
EBIT – Op's	\$2,300-\$2,400	\$2,500-\$2,600
E.P.S.	\$2.20-\$ 2.30	N/A
FAS/CAS Adjustment	~ (\$305)	(\$400)-(\$550)
Other Unallocated	(\$30)	\$25-(\$ 25)
Depreciation	\$475	\$525
Intangible Amortization	\$125	\$125
Interest Expense	~ \$510	~ \$490
Federal Tax Rate	31-32%	31-32%
Average Shares	~ 455M	~ 465M
Cash From Operations	³ \$1,500	³ \$1,700
Capital Expenditures	~ \$700	~ \$700

Unchanged From Prior Guidance

Chart 11



GRAPHIC