

BETHESDA, Maryland, January 22, 2009 – Lockheed Martin Corporation (NYSE: LMT) today reported fourth quarter 2008 net earnings of \$823 million (\$2.05 per diluted share), compared to \$799 million (\$1.89 per diluted share) in 2007. Net sales were \$11.1 billion, a 3% increase from fourth quarter 2007 sales of \$10.8 billion. Cash from operations for the fourth quarter of 2008 was \$1.0 billion.

Corporate Highlights

Financial Performance:

Full Year Change: Sales 2%; EPS 11%.
2008 Margin 12.0%.

Cash/Debt Activities:

- **24** consecutive quarters of positive cash from operations; **36** of last **38** quarters.
- Cash from operations for the quarter and twelve months ended December 31, 2008, was \$1.0 billion and \$4.4 billion respectively.
- At December 31, 2008, the Corporation had \$2.2 billion in cash and short-term investments.
- The Corporation continued to execute its balanced cash deployment strategy during 2008 by:
 - Returning \$3.7 billion to shareholders via share repurchases and dividends during 2008;
 - Repurchasing 6.7 million shares at a cost of \$575 million in the quarter and 29.0 million shares at a cost of \$2.9 billion in the year;
 - Paying cash dividends of \$227 million in the quarter and \$737 million in the year;
 - Retiring \$1.0 billion of long-term debt in the third quarter as a result of the floating rate convertible debt redemption and a total of \$1.1 billion during the year;
 - Making capital expenditures of \$423 million during the quarter and \$926 million in 2008;
 - Investing \$38 million in the quarter and \$233 million during the year for acquisition and investment activities;
 - Making discretionary payments of \$229 million in the fourth quarter to pre-fund the Corporation's current estimate of the 2009 funding requirements for its defined benefit pension plan trust (\$109 million) and retiree medical plan trust (\$120 million).

4Q 2008 Business Area Highlights

Aeronautics:

Full Year Change: Sales (7%); Segment Earnings (3%). 2008 Segment Margin 12.5%.

- | Deliveries | QTR | YTD | Inception to Date |
|------------|-----|-----|-------------------|
| F-22 | 6 | 23 | 133 |
| F-16 | 5 | 28 | 4,417 |
| C-130 | 3 | 12 | 2,325 |
- The Lockheed Martin-led F-22 team was awarded the F-22 **FASTeR** (Follow-on Agile Sustainment for the Raptor) contract;
 - Received a \$156 million contract to provide the P-3 Aircraft Service Life Extension Program (**ASLEP**) for the Canadian Forces' CP-140 aircraft fleet;
 - **F-35 Lightning II** achieved significant milestones flying supersonic for the first time and beginning in-flight integration and verification of the mission systems suite thereby launching another stage of risk reduction.

Electronic Systems:

Full Year Change: Sales 4%; Segment Earnings 7%. 2008 Segment Margin 13.0%.

- The nation's first **Littoral Combat Ship**, USS Freedom (LCS 1), was commissioned by the U.S. Navy;
- Received separate follow-on production contracts totaling \$1.4 billion for the combat-proven **PAC-3** Missile; the Guided Multiple Launch Rocket System (**GMLRS**) and the High Mobility Artillery Rocket System (**HIMARS**) — the PAC-3 order includes missiles for the UAE, the program's first Middle East customer;
- Received a \$147.5 million contract to provide the U.S. Coast Guard three HC-144A Ocean Sentry aircraft and five Mission System Pallets;
- Received a \$147 million contract from the U.S. Air Force for additional **Sniper®** Advanced Targeting Pods (ATPs);
- Selected by the U.S. Army and U.S. Marine Corps as one of three companies to continue development of the Joint Light Tactical Vehicle (**JLTV**) program.

Information Systems & Global Services:

Full Year Change: Sales 14%; Segment Earnings 13%. 2008 Segment Margin 9.3%.

- Selected to perform the Facilities Development and Operations Contract (**FDOC**) at the Johnson Space Center — the contract is worth \$667.3 million and includes options that could raise the value to \$977 million if exercised;
- Selected by the U.S. Department of Energy to compete for future task orders under its Energy Savings Performance Contracts;
- Among five companies selected by the U.S. Department of Education to provide development services for the Office of Federal Student Aid (FSA).

Space Systems:

Full Year Change: Sales (2%); Segment Earnings 11%. 2008 Segment Margin 11.9%.

- Selected by NASA to build the next-generation Geostationary Operational Environmental Satellite R-Series (**GOES-R**) for the National Oceanic and Atmospheric Administration (NOAA) — the total estimated value of the basic contract including options is \$1.09 billion;
- Awarded a contract by the Broadcasting Satellite System Corporation (B-SAT) and SKY Perfect JSAT Corporation of Japan to build their next geostationary broadcasting and telecommunications satellite;
- The first Space Based Infrared System (**SBIRS**) Highly Elliptical Orbit (HEO) payload and ground system, built by a Lockheed Martin team, was certified for operations by U.S. Strategic Command.

Full Year (\$M)

Sales

2008	\$42,731
2007	41,862
2006	39,620
2005	37,213

Backlog

2008 (Y/E)	\$80,900
2007 (Y/E)	76,700
2006 (Y/E)	75,900
2005 (Y/E)	74,825

EPS (\$ per share)

2008	\$ 7.86
2007	7.10
2006	5.80
2005	4.10

Debt Balance *

2008 (Y/E)	\$ 3,805
2007 (Y/E)	4,407
2006 (Y/E)	4,439
2005 (Y/E)	4,986

Cash from Operations

2008	\$ 4,421
2007	4,238
2006	3,765
2005	3,204

Share Repurchases

2008	\$ 2,931
2007	2,127
2006	2,104
2005	1,222

Dividends Paid

(\$ per share)	
2008	\$ 1.83
2007	1.47
2006	1.25
2005	1.05

Share Price

(\$ per share)	
2008 (Y/E)	\$ 84.08
2007 (Y/E)	105.26
2006 (Y/E)	92.07
2005 (Y/E)	63.63

**Principal, net of unamortized discount*

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