

BETHESDA, Maryland, October 21, 2008 – Lockheed Martin Corporation (NYSE: LMT) today reported third quarter 2008 net earnings of \$782 million (\$1.92 per diluted share), compared to \$766 million (\$1.80 per diluted share) in 2007. Net sales were \$10.6 billion, a 5% decrease from third quarter 2007 sales of \$11.1 billion. Cash from operations for the third quarter of 2008 was \$1.0 billion.

Corporate Highlights

Financial Performance:

Year-to-Date Growth: Sales 2%; EPS 12%.
YTD Margin 12.0%.

Cash/Debt Activities:

- **23** consecutive quarters of positive cash from operations; **35** of last **37** quarters.
- Cash from operations for the quarter and nine months ended September 28, 2008, was \$1.0 billion and \$3.4 billion respectively.
- At September 28, 2008, the Corporation had \$2.5 billion in cash and short-term investments.
- The Corporation continued to execute its balanced cash deployment strategy as follows:
 - Repurchased 3.7 million shares at a cost of \$401 million in the quarter and 22.3 million shares at a cost of \$2.4 billion year-to-date;
 - Authorized an additional 30 million shares under the existing share repurchase program;
 - Paid cash dividends of \$170 million in the quarter and \$510 million year-to-date;
 - Increased the quarterly dividend by 36% to \$0.57 per share, effective 12/01/08;
 - Made capital expenditures of \$229 million during the quarter and \$503 million during the nine month period;
 - Retired \$1.0 billion of long-term debt in the quarter and a total of \$1.1 billion year-to-date;
 - Invested \$107 million in the quarter and \$195 million during the nine month period for acquisition and investment activities.

3Q 2008 Business Area Highlights

Aeronautics:

Year-to-Date Change: Sales (7%); Segment Earnings (2%). YTD Segment Margin 12.4%.

- | Deliveries | QTR | YTD | Inception to Date |
|--------------|-----|-----|-------------------|
| F-22 | 7 | 17 | 127 |
| F-16 | 7 | 23 | 4,412 |
| C-130 | 3 | 9 | 2,322 |
- Awarded a \$394 million contract for four **C-130Js** plus training and spares for Qatar;
 - Awarded a \$129 million contract for 13 new wing sets for the U.S. Navy's **P-3 Orion** fleet;
 - The **F-22 Raptor** surpassed the 50,000 flight hours milestone while establishing new standards in capability and maturity;
 - The DoD recognized the **F-22** team with the 2008 Performance Based Logistics (PBL) Award;
 - **F-35A Lightning II** conventional takeoff and landing aircraft achieved its 50th flight while the **F-35B** short takeoff/vertical landing (STOVL) variant began a planned modification interval in preparation for STOVL-mode flight next year;
 - President Bush presented the Skunk Works® with the National Medal of Technology and Innovation.

Electronic Systems:

Year-to-Date Growth: Sales 5%; Segment Earnings 8%. YTD Segment Margin 13.1%.

- The Department of Defense notified Congress of the first potential international sale of the Terminal High Altitude Area Defense (**THAAD**) system to the United Arab Emirates;
- Selected by Canada for two long-term contracts valued at approximately \$1.9 billion to modernize 12 Halifax Class Navy frigates;
- Awarded the Defense Logistics Agency's Fleet Automotive Support Initiative-Global (**FASI-G**) contract to support land-based vehicle sustainment for all of the U.S. military's land-based vehicles over 10 years—indefinite delivery/indefinite quantity contract has a potential value of up to \$5.6 billion;
- Delivered the nation's first **Littoral Combat Ship**, Freedom (LCS 1), to the U.S. Navy;
- The **VH-71** presidential helicopter program achieved a major milestone when the first operational pilot production helicopter (PP-1) completed its maiden flight.

Information Systems & Global Services:

Year-to-Date Growth: Sales 13%; Segment Earnings 14%. YTD Segment Margin 9.3%.

- Selected by the Department of Energy to provide a broad range of site services for its Hanford site—potential total program value of \$3 billion over a 10-year period;
- Awarded a contract to manage the Integrated Hiring Operations and Personnel (**IHOP**) Program for the Transportation Security Administration (TSA) with a potential value of \$1.2 billion over eight years;
- Awarded one of 12 prime contracts under the U.S. Air Force's Future Flexible Acquisition & Sustainment Tool (**F2AST**) to compete for a maximum of \$6.9 billion under a 10-year acquisition contracting program;
- Awarded an approximately \$300 million contract to support the 2011 Census for England, Wales and Northern Ireland.

Space Systems:

Year-to-Date Change: Sales (1%); Segment Earnings 20%. YTD Segment Margin 12.4%.

- A team comprising Lockheed Martin, the University of Colorado and NASA's Goddard Space Flight Center was chosen to design, build and operate the spacecraft for the Mars Atmosphere and Volatile Evolution (**MAVEN**) program to analyze the upper atmosphere and past climate change on Mars—the total program value is \$485 million;
- The **Trident II D5** missile achieved the 124th consecutive successful test launch—a record unmatched by any other large ballistic missile or space launch vehicle.

Full Year (\$M)

Sales

2008 (YTD)	\$31,599
2007	41,862
2006	39,620
2005	37,213

Backlog

2008 (YTD)	\$76,000
2007 (Y/E)	76,700
2006 (Y/E)	75,900
2005 (Y/E)	74,825

EPS (\$ per share)

2008 (YTD)	\$ 5.82
2007	7.10
2006	5.80
2005	4.10

Debt Balance *

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

Cash from Operations

2008 (YTD)	\$ 3,406
2007	4,241
2006	3,783
2005	3,194

Share Repurchases

2008 (YTD)	\$ 2,356
2007	2,127
2006	2,104
2005	1,222

Dividends Paid

(\$ per share)	
2008 (YTD)	\$ 1.26
2007	1.47
2006	1.25
2005	1.05

Share Price

(\$ per share)	
2008 (YTD)	\$112.55
2007 (Y/E)	105.26
2006 (Y/E)	92.07
2005 (Y/E)	63.63

YTD is for period ended or as of 9/28/08

**Principal, net of unamortized discount*

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