BETHESDA, Maryland, July 22, 2008 – Lockheed Martin Corporation (NYSE: LMT) today reported second quarter 2008 net earnings of $882 million ($2.15 per diluted share), compared to $778 million ($1.82 per diluted share) in 2007. Net sales were $11.0 billion, a 4% increase over second quarter 2007 sales of $10.7 billion. Cash from operations for the second quarter of 2008 was $1.5 billion.

Corporate Highlights

Financial Performance:
Year-to-Date Growth:  Sales 6%; EPS 14%. YTD Margin 12.1%.

Cash/Debt Activities:
- 22 consecutive quarters of positive cash from operations; 34 of last 36 quarters.
- Cash from operations for the quarter and six months ended June 29, 2008, was $1.5 billion and $2.4 billion respectively.
- At June 29, 2008, the Corporation had $3.3 billion in cash and short-term investments.
- The Corporation continued to execute its balanced cash deployment strategy during the second quarter as follows:
  - Repurchased 7.3 million shares at a cost of $770 million in the quarter and 18.6 million shares at a cost of $2.0 billion year-to-date;
  - Paid cash dividends of $168 million in the quarter and $340 million year-to-date;
  - Made capital expenditures of $170 million during the quarter and $274 million during the first six months of the year;
  - Repaid $103 million of long-term debt in the quarter;
  - Invested $77 million in the quarter and $88 million during the first half of the year for acquisition and investment activities.
- Announced the planned redemption of the $1 billion in floating rate convertible debentures due 2033 on August 15, 2008.

2Q 2008 Business Area Highlights

Aeronautics:
Year-to-Date Change:  Sales (4%); Segment Earnings 2%. YTD Segment Margin 12.1%.
- Deliveries OTR YTD Inception to Date
  - F-22 6 10 120
  - F-16 7 16 4,405
  - F-130 3 6 2,319
- Achieved successful first flight of the short takeoff/vertical landing (STOVL) F-35B Lightning II, marking the first flight of an aircraft that will provide a combination of capabilities never before available: stealth, supersonic speed and STOVL basing flexibility;
- Authorized $2.2 billion for Lot 2 low-rate initial production of six conventional takeoff and landing (CTOL) F-35A Lightning IIs for the U.S. Air Force, with provisional approval to purchase six STOVL F-35Bs for the U.S. Marine Corps; $197 million for Lot 3 long-lead funding was also received for at least 18 additional F-35s;

Electronic Systems:
Year-to-Date Growth:  Sales 8%; Segment Earnings 10%. YTD Segment Margin 13.2%.
- Ascent, a joint venture of Lockheed Martin and VT Group, signed a contract, initially valued at $1.2 billion, to provide military flying training to the UK Armed Forces for the next 25 years;
- Awarded a U.S. Air Force contract valued at $107 million for a seventh production lot of the Joint Air-to-Surface Standoff Missiles (JASSM), the world’s first stealthy cruise missile;
- Awarded a $72 million contract from the Australian Rail Track Corporation for the Advanced Train Management System (ATMS), a new communications-based train management technology for Australia’s national interstate freight rail network;
- The Terminal High Altitude Area Defense (THAAD) Weapon System successfully detected, tracked, discriminated and intercepted a separating target in the mid endo-atmosphere;
- The Aegis Ballistic Missile Defense (BMD) Weapon System successfully intercepted a short-range unitary ballistic missile target in the terminal phase of its trajectory.

Information Systems & Global Services:
Year-to-Date Growth:  Sales 15%; Segment Earnings 17%. YTD Segment Margin 9.4%.
- Completed acquisition of Eagle Group International, LLC; Eagle Group provides logistics, information technology, training and healthcare services to the U.S. DoD;
- Awarded an initial $89 million multi-year information convergence contract from the U.S. Transportation Command (USTRANSCOM) and the Defense Logistics Agency (DLA) to help enhance the performance of the military’s distribution network.

Space Systems:
Year-to-Date Growth:  Sales 6%; Segment Earnings 25%. YTD Segment Margin 12.2%.
- The U.S. Air Force awarded a $1.46 billion contract to a team led by Lockheed Martin to build the next-generation Global Positioning System (GPS) Space System, known as GPS III;
- NASA’s Phoenix Mars Lander, built by Lockheed Martin, successfully landed on the red planet and began its mission of searching for environments suitable for microbial life and researching the history of water on Mars;
- The Lockheed Martin-built Trident II D5 missile achieved a record 122 successful test launches in a row — a record unmatched by any other large ballistic missile or space launch vehicle.

Full Year ($M)

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<th>2008 (YTD)</th>
<th>2007</th>
<th>2006</th>
<th>2005</th>
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<tbody>
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<td>Sales</td>
<td>$21,022</td>
<td>41,862</td>
<td>39,620</td>
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<td>Backlog</td>
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<td>EPS ($ per share)</td>
<td>2008 (YTD)</td>
<td>2007</td>
<td>2006</td>
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<td>$3.90</td>
<td>7.10</td>
<td>5.80</td>
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<td>Debt Balance</td>
<td>2008 (YTD)</td>
<td>2007</td>
<td>2006</td>
<td>2005</td>
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<td>$2,373</td>
<td>4,241</td>
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<td>Cash from Operations</td>
<td>2008 (YTD)</td>
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<td>2005</td>
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<td>$0.84</td>
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<td>Dividends Paid ($ per share)</td>
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<td>2006</td>
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<td>Share Price ($ per share)</td>
<td>2008 (YTD)</td>
<td>2007</td>
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<td>$99.62</td>
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*YTD is for period ended or as of 6/29/08
**Principal, net of unamortized discount

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