

**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	QTR	YTD	Inception to Date
<b>F-22</b>	6	10	120
<b>F-16</b>	7	16	4,405
<b>C-130</b>	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 II**s 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**;
- Awarded Undefined Contract Authorizations from the U.S. government for the production of 24 Advanced **F-16** Block 52 aircraft for Morocco and six **HC/MC-130Js** for the U.S. Air Force.

### 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)

### Sales

2008 (YTD)	\$21,022
2007	41,862
2006	39,620
2005	37,213

### Backlog

2008 (YTD)	\$74,500
2007 (Y/E)	76,700
2006 (Y/E)	75,900
2005 (Y/E)	74,825

### EPS (\$ per share)

2008 (YTD)	\$ 3.90
2007	7.10
2006	5.80
2005	4.10

### Debt Balance \*

2008 (YTD)	\$ 4,804
2007 (Y/E)	4,407
2006 (Y/E)	4,439
2005 (Y/E)	4,986

### Cash from Operations

2008 (YTD)	\$ 2,373
2007	4,241
2006	3,783
2005	3,194

### Share Repurchases

2008 (YTD)	\$ 1,955
2007	2,127
2006	2,104
2005	1,222

### Dividends Paid

(\$ per share)	
2008 (YTD)	\$ 0.84
2007	1.47
2006	1.25
2005	1.05

### Share Price

(\$ per share)	
2008 (YTD)	\$ 99.62
2007 (Y/E)	105.26
2006 (Y/E)	92.07
2005 (Y/E)	63.63

*YTD is for period ended or as of 6/29/08*

*\*Principal, net of unamortized discount*

### Investor Relations:

- **Jerry Kircher**  
(301) 897-6584
- **Shamala Littlefield**  
(301) 897-6455