

LOCKHEED MARTIN CORPORATION
Consolidated Condensed Statement of Earnings
Unaudited
(In millions, except per share data and percentages)

	QUARTER ENDED	
	March 30, 2008 ^(a)	March 25, 2007 ^(a)
Net sales	\$ 9,983	\$ 9,275
Cost of sales	<u>8,914</u>	<u>8,365</u>
	1,069	910
Other income and expenses, net	<u>109</u>	<u>75</u>
Operating profit	1,178	985
Interest expense	87	93
Other non-operating income (expense), net	<u>(7)</u>	<u>37</u>
Earnings before income taxes	1,084	929
Income tax expense	<u>354</u>	<u>239</u>
Net earnings	<u>\$ 730</u>	<u>\$ 690</u>
Effective tax rate	<u>32.7%</u>	<u>25.7%</u>
Earnings per common share:		
Basic	\$ 1.80	\$ 1.64
Diluted	\$ 1.75	\$ 1.60
Average number of shares outstanding:		
Basic	406.6	421.4
Diluted	416.8	432.1
Common shares reported in stockholders' equity at quarter end:	399.7	417.3

(a) It is our practice to close our books and records on the Sunday prior to the end of the calendar quarter. The interim financial statements and tables of financial information included herein are labeled based on that convention.

LOCKHEED MARTIN CORPORATION
Net Sales, Segment Operating Profit and Margins
Unaudited
(In millions, except percentages)

	QUARTER ENDED		
	March 30, 2008	March 25, 2007	% Change
<u>Net sales:</u>			
Aeronautics	\$ 2,807	\$ 2,821	(0%)
Electronic Systems	2,789	2,515	11%
Information Systems & Global Services	2,504	2,145	17%
Space Systems	1,883	1,794	5%
Total net sales	\$ 9,983	\$ 9,275	8%
<u>Operating profit:</u>			
Aeronautics	\$ 323	\$ 299	8%
Electronic Systems	366	317	15%
Information Systems & Global Services	230	198	16%
Space Systems	231	185	25%
<i>Segment operating profit</i>	1,150	999	15%
Unallocated corporate income (expense), net	28	(14)	
	\$ 1,178	\$ 985	20%
<u>Margins:</u>			
Aeronautics	11.5 %	10.6 %	
Electronic Systems	13.1	12.6	
Information Systems & Global Services	9.2	9.2	
Space Systems	12.3	10.3	
Total operating segments	11.5	10.8	
Total consolidated	11.8 %	10.6 %	

LOCKHEED MARTIN CORPORATION

Selected Financial Data

Unaudited

(In millions, except per share data)

	QUARTER ENDED	
	<u>March 30, 2008</u>	<u>March 25, 2007</u>
<u>Unallocated corporate income (expense), net</u>		
FAS/CAS pension adjustment	\$ 32	\$ (14)
Unusual items, net	16	46
Stock compensation expense	(35)	(49)
Other, net	15	3
Unallocated corporate income (expense), net	<u>\$ 28</u>	<u>\$ (14)</u>

	QUARTER ENDED	
	<u>March 30, 2008</u>	<u>March 25, 2007</u>
<u>FAS/CAS pension adjustment</u>		
FAS 87 expense	\$ (116)	\$ (171)
Less: CAS costs	(148)	(157)
FAS/CAS pension adjustment - income / (expense)	<u>\$ 32</u>	<u>\$ (14)</u>

	QUARTER ENDED MARCH 30, 2008		
	<u>Operating profit</u>	<u>Net earnings</u>	<u>Earnings per share</u>
<u>Unusual Items - 2008</u>			
Partial recognition of the deferred gain from the 2006 sale of LKEI and ILS	\$ 16	\$ 10	\$ 0.02

	QUARTER ENDED MARCH 25, 2007		
	<u>Operating profit</u>	<u>Net earnings</u>	<u>Earnings per share</u>
<u>Unusual Items - 2007</u>			
Gain on sale of surplus land	\$ 25	\$ 16	\$ 0.04
Earnings from reversal of legal reserves	21	14	0.03
Benefit from closure of an IRS audit	-	59	0.14
	<u>\$ 46</u>	<u>\$ 89</u>	<u>\$ 0.21</u>

LOCKHEED MARTIN CORPORATION
Selected Financial Data
Unaudited
(In millions)

	QUARTER ENDED	
	March 30, 2008	March 25, 2007
<u>Depreciation and amortization of plant and equipment</u>		
Aeronautics	\$ 42	\$ 39
Electronic Systems	54	45
Information Systems & Global Services	16	15
Space Systems	36	29
Segments	148	128
Unallocated corporate expense, net	12	13
Total depreciation and amortization	\$ 160	\$ 141

	QUARTER ENDED	
	March 30, 2008	March 25, 2007
<u>Amortization of purchased intangibles</u>		
Aeronautics	\$ 13	\$ 13
Electronic Systems	5	11
Information Systems & Global Services	13	15
Space Systems	2	2
Segments	33	41
Unallocated corporate expense, net	3	3
Total amortization of purchased intangibles	\$ 36	\$ 44

LOCKHEED MARTIN CORPORATION
Consolidated Condensed Balance Sheet
Unaudited
(In millions, except percentages)

	<u>MARCH 30,</u> <u>2008</u>	<u>DECEMBER 31,</u> <u>2007</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 2,799	\$ 2,648
Short-term investments	148	333
Receivables	5,413	4,925
Inventories	1,619	1,718
Deferred income taxes	732	756
Other current assets	469	560
Total current assets	<u>11,180</u>	10,940
Property, plant and equipment, net	4,258	4,320
Goodwill	9,399	9,387
Purchased intangibles, net	428	463
Prepaid pension asset	317	313
Deferred income taxes	824	760
Other assets	2,743	2,743
Total assets	<u><u>\$ 29,149</u></u>	<u><u>\$ 28,926</u></u>
<u>Liabilities and Stockholders' Equity</u>		
Accounts payable	\$ 1,906	\$ 2,163
Customer advances and amounts in excess of costs incurred	4,258	4,254
Other accrued expenses	3,606	3,350
Current maturities of long-term debt	104	104
Total current liabilities	<u>9,874</u>	9,871
Long-term debt, net	4,803	4,303
Accrued pension liabilities	1,311	1,192
Other postretirement and other noncurrent liabilities	3,794	3,755
Stockholders' equity	9,367	9,805
Total liabilities and stockholders' equity	<u><u>\$ 29,149</u></u>	<u><u>\$ 28,926</u></u>
Total debt-to-capitalization ratio:	<u><u>34%</u></u>	<u><u>31%</u></u>

LOCKHEED MARTIN CORPORATION
Consolidated Condensed Statement of Cash Flows
Unaudited
(In millions)

	QUARTER ENDED	
	March 30, 2008	March 25, 2007
<u>Operating Activities</u>		
Net earnings	\$ 730	\$ 690
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	160	141
Amortization of purchased intangibles	36	44
Changes in operating assets and liabilities:		
Receivables	(483)	(281)
Inventories	99	285
Accounts payable	(257)	(131)
Customer advances and amounts in excess of costs incurred	4	195
Other	593	539
Net cash provided by operating activities	882	1,482
<u>Investing Activities</u>		
Expenditures for property, plant and equipment	(104)	(84)
Sale of short-term investments, net	185	85
Acquisitions of businesses / investments in affiliates	(11)	(95)
Other	1	79
Net cash provided by (used for) investing activities	71	(15)
<u>Financing Activities</u>		
Issuances of common stock and related amounts	64	149
Repurchases of common stock	(1,185)	(733)
Common stock dividends	(172)	-
Issuance of long-term debt and related costs	491	-
Repayments of long-term debt	-	(17)
Net cash used for financing activities	(802)	(601)
Net increase in cash and cash equivalents	151	866
Cash and cash equivalents at beginning of period	2,648	1,912
Cash and cash equivalents at end of period	\$ 2,799	\$ 2,778

LOCKHEED MARTIN CORPORATION
Consolidated Condensed Statement of Stockholders' Equity
Unaudited
(In millions)

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance at January 1, 2008	\$ 409	\$ -	\$ 11,247	\$ (1,851)	\$ 9,805
Net earnings			730		730
Common stock dividends (a)			(172)		(172)
Stock-based awards and ESOP activity	2	174			176
Repurchases of common stock (b)	(11)	(174)	(1,000)		(1,185)
Other comprehensive income				13	13
Balance at March 30, 2008	<u>\$ 400</u>	<u>\$ -</u>	<u>\$ 10,805</u>	<u>\$ (1,838)</u>	<u>\$ 9,367</u>

(a) Includes dividends (\$0.42 per share) declared and paid in the first quarter.

(b) The Corporation repurchased 11.3 million shares of its common stock for \$1.2 billion during the first quarter. The Corporation has 21.4 million shares remaining under its share repurchase program as of March 30, 2008.

LOCKHEED MARTIN CORPORATION

Operating Data

Unaudited

(In millions)

	MARCH 30, 2008	DECEMBER 31, 2007
<u>Backlog</u>		
Aeronautics	\$ 25,300	\$ 26,300
Electronic Systems	20,300	21,200
Information Systems & Global Services	12,200	11,800
Space Systems	16,900	17,400
Total	\$ 74,700	\$ 76,700

QUARTER ENDED

<u>Aircraft Deliveries</u>	<u>March 30, 2008</u>	<u>March 25, 2007</u>
F-16	9	9
C-130J	3	2