

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

	<u>THREE MONTHS ENDED SEPTEMBER 30,</u>		<u>NINE MONTHS ENDED SEPTEMBER 30,</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Net sales	\$ 11,095	\$ 9,605	\$ 31,021	\$ 28,780
Cost of sales	<u>9,949</u>	<u>8,802</u>	<u>27,911</u>	<u>26,377</u>
	1,146	803	3,110	2,403
Other income and expenses, net	<u>17</u>	<u>48</u>	<u>202</u>	<u>281</u>
Earnings from operations	1,163	851	3,312	2,684
Interest income	<u>35</u>	<u>54</u>	<u>139</u>	<u>135</u>
Earnings before interest expense and taxes	1,198	905	3,451	2,819
Interest expense	<u>79</u>	<u>90</u>	<u>265</u>	<u>276</u>
Earnings before income taxes	1,119	815	3,186	2,543
Income tax expense	<u>353</u>	<u>186</u>	<u>952</u>	<u>743</u>
Net earnings	<u>\$ 766</u>	<u>\$ 629</u>	<u>\$ 2,234</u>	<u>\$ 1,800</u>
Effective tax rate	<u>31.5%</u>	<u>22.8%</u>	<u>29.9%</u>	<u>29.2%</u>
Earnings per common share:				
Basic	\$ 1.85	\$ 1.48	\$ 5.35	\$ 4.19
Diluted	\$ 1.80	\$ 1.46	\$ 5.21	\$ 4.12
Average number of shares outstanding:				
Basic	413.5	424.3	417.2	429.7
Diluted	424.5	431.9	428.5	436.8
Common shares reported in stockholders' equity at September 30:			410.9	421.6

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

	<u>THREE MONTHS ENDED SEPTEMBER 30,</u>			<u>NINE MONTHS ENDED SEPTEMBER 30,</u>		
	<u>2007</u>	<u>2006</u>	<u>% Change</u>	<u>2007</u>	<u>2006</u>	<u>% Change</u>
<u>Net sales:</u>						
Aeronautics	\$ 3,342	\$ 2,983	12%	\$ 9,299	\$ 8,810	6%
Electronic Systems	2,827	2,576	10%	8,269	7,727	7%
Information Systems & Global Services	2,713	2,191	24%	7,378	6,318	17%
Space Systems	2,213	1,855	19%	6,075	5,925	3%
Total net sales	\$ 11,095	\$ 9,605	16%	\$ 31,021	\$ 28,780	8%
<u>Segment operating profit:</u>						
Aeronautics	\$ 414	\$ 316	31%	\$ 1,091	\$ 838	30%
Electronic Systems	349	278	26%	1,057	906	17%
Information Systems & Global Services	247	205	20%	679	580	17%
Space Systems	222	176	26%	622	558	11%
Segment operating profit	1,232	975	26%	3,449	2,882	20%
Unallocated corporate (expense) / income , net	(34)	(70)		2	(63)	
Earnings before interest expense and taxes	\$ 1,198	\$ 905	32%	\$ 3,451	\$ 2,819	22%
<u>Margins:</u>						
Aeronautics	12.4 %	10.6 %		11.7 %	9.5 %	
Electronic Systems	12.3	10.8		12.8	11.7	
Information Systems & Global Services	9.1	9.4		9.2	9.2	
Space Systems	10.0	9.5		10.2	9.4	
Total operating segments	11.1 %	10.2 %		11.1 %	10.0 %	
Total consolidated	10.8 %	9.4 %		11.1 %	9.8 %	

LOCKHEED MARTIN CORPORATION
Selected Financial Data
Unaudited
(In millions, except per share data)

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2007	2006	2007	2006
Summary of unallocated corporate (expense) / income, net				
FAS/CAS pension adjustment	\$ (18)	\$ (70)	\$ (46)	\$ (206)
Unusual items, net	-	15	71	185
Stock compensation expense	(34)	(26)	(116)	(83)
Other, net	18	11	93	41
Unallocated corporate (expense) / income, net	\$ (34)	\$ (70)	\$ 2	\$ (63)

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2007	2006	2007	2006
FAS/CAS pension adjustment				
FAS 87 expense	\$ (175)	\$ (236)	\$ (518)	\$ (704)
Less: CAS costs	(157)	(166)	(472)	(498)
FAS/CAS pension adjustment - expense	\$ (18)	\$ (70)	\$ (46)	\$ (206)

	THREE MONTHS ENDED SEPTEMBER 30, 2007			NINE MONTHS ENDED SEPTEMBER 30, 2007		
	Operating profit	Net earnings	Earnings per share	Operating profit	Net earnings	Earnings per share
Unusual Items - 2007						
Gain on sale of interest in Comsat International	\$ -	\$ -	\$ -	\$ 25	\$ 16	\$ 0.04
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
	\$ -	\$ -	\$ -	\$ 71	\$ 105	\$ 0.25

	THREE MONTHS ENDED SEPTEMBER 30, 2006			NINE MONTHS ENDED SEPTEMBER 30, 2006		
	Operating profit (loss)	Net earnings (loss)	Earnings (loss) per share	Operating profit (loss)	Net earnings (loss)	Earnings (loss) per share
Unusual Items - 2006						
Gain on sales of surplus land	\$ 31	\$ 20	\$ 0.05	\$ 51	\$ 33	\$ 0.08
Benefit from IRS claims for export tax benefits	-	62	0.14	-	62	0.14
Debt exchange expenses	(16)	(11)	(0.03)	(16)	(11)	(0.03)
Gain on sale of interest in Inmarsat	-	-	-	127	83	0.19
Gain on Space Imaging sale	-	-	-	23	15	0.03
	\$ 15	\$ 71	\$ 0.16	\$ 185	\$ 182	\$ 0.41

LOCKHEED MARTIN CORPORATION
Selected Financial Data
Unaudited
(In millions)

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<u>Depreciation and amortization of plant and equipment</u>				
Aeronautics	\$ 42	\$ 39	\$ 121	\$ 112
Electronic Systems	56	48	150	135
Information Systems & Global Services	21	14	52	43
Space Systems	33	30	90	95
Segments	152	131	413	385
Unallocated corporate expense, net	14	14	41	44
Total depreciation and amortization	\$ 166	\$ 145	\$ 454	\$ 429

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<u>Amortization of purchased intangibles</u>				
Aeronautics	\$ 12	\$ 12	\$ 38	\$ 37
Electronic Systems	6	12	22	34
Information Systems & Global Services	13	11	42	31
Space Systems	2	3	6	7
Segments	33	38	108	109
Unallocated corporate expense, net	3	2	9	9
Total amortization of purchased intangibles	\$ 36	\$ 40	\$ 117	\$ 118

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

	<u>SEPTEMBER 30,</u> 2007	<u>DECEMBER 31,</u> 2006
<u>Assets</u>		
Cash and cash equivalents	\$ 3,094	\$ 1,912
Short-term investments	335	381
Receivables	4,937	4,595
Inventories	1,387	1,657
Deferred income taxes	834	900
Other current assets	487	719
Total current assets	<u>11,074</u>	<u>10,164</u>
Property, plant and equipment, net	4,071	4,056
Goodwill	9,369	9,250
Purchased intangibles, net	502	605
Prepaid pension asset	250	235
Deferred income taxes	1,736	1,487
Other assets	2,785	2,434
Total assets	<u>\$ 29,787</u>	<u>\$ 28,231</u>
<u>Liabilities and Stockholders' Equity</u>		
Accounts payable	\$ 1,964	\$ 2,221
Customer advances and amounts in excess of costs incurred	4,272	3,856
Other accrued expenses	3,551	3,442
Current maturities of long-term debt	104	34
Total current liabilities	<u>9,891</u>	<u>9,553</u>
Long-term debt, net	4,303	4,405
Accrued pension liabilities	3,555	3,025
Other postretirement and other noncurrent liabilities	4,610	4,364
Stockholders' equity	7,428	6,884
Total liabilities and stockholders' equity	<u>\$ 29,787</u>	<u>\$ 28,231</u>
Total debt-to-capitalization ratio:	37%	39%

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

NINE MONTHS ENDED SEPTEMBER 30,

	<u>2007</u>	<u>2006</u>
<u>Operating Activities</u>		
Net earnings	\$ 2,234	\$ 1,800
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	571	547
Changes in operating assets and liabilities:		
Receivables	(332)	(87)
Inventories	274	(109)
Accounts payable	(264)	(95)
Customer advances and amounts in excess of costs incurred	412	608
Other	926	786
Net cash provided by operating activities	<u>3,821</u>	<u>3,450</u>
<u>Investing Activities</u>		
Expenditures for property, plant and equipment	(480)	(453)
Sale of short-term investments, net	46	34
Acquisitions of businesses / investments in affiliates	(325)	(1,083)
Divestitures of investments in affiliates	26	180
Other	(43)	88
Net cash used for investing activities	<u>(776)</u>	<u>(1,234)</u>
<u>Financing Activities</u>		
Issuances of common stock and related amounts	414	688
Repurchases of common stock	(1,805)	(1,918)
Common stock dividends	(440)	(389)
Premium and transaction costs for debt exchange	-	(353)
Repayments of long-term debt	(32)	(200)
Net cash used for financing activities	<u>(1,863)</u>	<u>(2,172)</u>
Net increase in cash and cash equivalents	1,182	44
Cash and cash equivalents at beginning of period	<u>1,912</u>	<u>2,244</u>
Cash and cash equivalents at end of period	<u>\$ 3,094</u>	<u>\$ 2,288</u>

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, 2007	\$ 421	\$ 755	\$ 9,269	\$ (3,561)	\$ 6,884
Adoption of FIN 48 (a)			31		31
Net earnings			2,234		2,234
Common stock dividends (b)			(614)		(614)
Stock-based awards and ESOP activity	9	716			725
Repurchases of common stock (c)	(19)	(1,471)	(315)		(1,805)
Other comprehensive income				(27)	(27)
Balance at September 30, 2007	<u>\$ 411</u>	<u>\$ -</u>	<u>\$ 10,605</u>	<u>\$ (3,588)</u>	<u>\$ 7,428</u>

(a) On January 1, 2007 the Corporation adopted Financial Accounting Standards Board Interpretation No. 48 (FIN 48), "Accounting for Uncertainty in Income Taxes". The cumulative effect of adopting the provisions of FIN 48 was a non-cash increase to opening retained earnings of \$31 million.

(b) Includes dividends (\$0.35 per share) declared and paid in the first, second and third quarters. This amount also includes a dividend (\$0.42 per share) that was declared on September 27, 2007 and is payable on December 28, 2007 to shareholders of record on December 3, 2007.

(c) The Corporation repurchased 4.2 million shares of its common stock for \$411 million during the third quarter. Year-to-date, the Corporation has repurchased 18.6 million common shares for \$1.8 billion. The Corporation has 35.7 million shares remaining under its share repurchase program at the end of the third quarter of 2007.

LOCKHEED MARTIN CORPORATION

Operating Data

Unaudited

(In millions)

	<u>SEPTEMBER 30,</u> <u>2007</u>	<u>DECEMBER 31,</u> <u>2006</u>
<u>Backlog</u>		
Aeronautics	\$ 25,600	\$ 26,900
Electronic Systems	20,100	19,700
Information Systems & Global Services	11,200	10,500
Space Systems	15,800	18,800
Total	\$ 72,700	\$ 75,900

	<u>THREE MONTHS ENDED SEPTEMBER 30,</u>		<u>NINE MONTHS ENDED SEPTEMBER 30,</u>	
<u>Aircraft Deliveries</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
F-16	11	17	32	47
F-22	7	4	17	19
C-130J	4	3	9	8