

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

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	June 29, 2008 ^(a)	June 24, 2007 ^(a)	June 29, 2008 ^(a)	June 24, 2007 ^(a)
Net sales	\$ 11,039	\$ 10,651	\$ 21,022	\$ 19,926
Cost of sales	9,848	9,597	18,762	17,962
	1,191	1,054	2,260	1,964
Other income and expenses, net	172	110	281	185
Operating profit	1,363	1,164	2,541	2,149
Interest expense	92	93	179	186
Other non-operating income (expense), net	34	67	27	104
Earnings before income taxes	1,305	1,138	2,389	2,067
Income tax expense	423	360	777	599
Net earnings	\$ 882	\$ 778	\$ 1,612	\$ 1,468
Effective tax rate	32.4%	31.6%	32.5%	29.0%
Earnings per common share:				
Basic	\$ 2.21	\$ 1.87	\$ 4.00	\$ 3.50
Diluted	\$ 2.15	\$ 1.82	\$ 3.90	\$ 3.42
Average number of shares outstanding				
Basic	399.3	416.7	402.9	419.1
Diluted	409.5	426.5	413.2	429.1
Common shares reported in stockholders' equity at quarter end:			393.9	412.0

(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)

	THREE MONTHS ENDED			SIX MONTHS ENDED		
	June 29, 2008	June 24, 2007	% Change	June 29, 2008	June 24, 2007	% Change
<u>Net sales</u>						
Aeronautics	\$ 2,884	\$ 3,136	(8) %	\$ 5,691	\$ 5,957	(4) %
Electronic Systems	3,095	2,927	6	5,884	5,442	8
Information Systems & Global Services	2,858	2,520	13	5,362	4,665	15
Space Systems	2,202	2,068	6	4,085	3,862	6
Total net sales	\$ 11,039	\$ 10,651	4	\$ 21,022	\$ 19,926	6
<u>Operating profit</u>						
Aeronautics	\$ 366	\$ 378	(3) %	\$ 689	\$ 677	2 %
Electronic Systems	409	387	6	775	704	10
Information Systems & Global Services	272	231	18	502	429	17
Space Systems	268	214	25	499	399	25
Segment operating profit	1,315	1,210	9	2,465	2,209	12
Unallocated corporate income (expense), net	48	(46)		76	(60)	
	\$ 1,363	\$ 1,164	17	\$ 2,541	\$ 2,149	18
<u>Margins:</u>						
Aeronautics	12.7 %	12.1 %		12.1 %	11.4 %	
Electronic Systems	13.2	13.2		13.2	12.9	
Information Systems & Global Services	9.5	9.2		9.4	9.2	
Space Systems	12.2	10.3		12.2	10.3	
Total operating segments	11.9 %	11.4 %		11.7 %	11.1 %	
Total consolidated	12.3 %	10.9 %		12.1 %	10.8 %	

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

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	June 29, 2008	June 24, 2007	June 29, 2008	June 24, 2007
Unallocated corporate income (expense), net				
FAS/CAS pension adjustment	\$ 32	\$ (14)	\$ 64	\$ (28)
Unusual items, net	85	25	101	71
Stock compensation expense	(40)	(33)	(75)	(82)
Other, net	(29)	(24)	(14)	(21)
Unallocated corporate income (expense), net	\$ 48	\$ (46)	\$ 76	\$ (60)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	June 29, 2008	June 24, 2007	June 29, 2008	June 24, 2007
FAS/CAS pension adjustment				
FAS 87 expense	\$ (115)	\$ (172)	\$ (231)	\$ (343)
Less: CAS costs	(147)	(158)	(295)	(315)
FAS/CAS pension adjustment - income (expense)	\$ 32	\$ (14)	\$ 64	\$ (28)

	THREE MONTHS ENDED JUNE 29, 2008			SIX MONTHS ENDED JUNE 29, 2008		
	Operating profit	Net earnings	Earnings per share	Operating profit	Net earnings	Earnings per share
Unusual Items - 2008						
Earnings associated with prior years' land sales	\$ 85	\$ 56	\$ 0.14	\$ 85	\$ 56	\$ 0.14
Partial recognition of the deferred gain from the 2006 sale of LKEI and ILS	-	-	-	16	10	0.02
	\$ 85	\$ 56	\$ 0.14	\$ 101	\$ 66	\$ 0.16

	THREE MONTHS ENDED JUNE 24, 2007			SIX MONTHS ENDED JUNE 24, 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	\$ 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
	\$ 25	\$ 16	\$ 0.04	\$ 71	\$ 105	\$ 0.25

LOCKHEED MARTIN CORPORATION

Selected Financial Data

Unaudited

(In millions)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	June 29, 2008	June 24, 2007	June 29, 2008	June 24, 2007
<u>Depreciation and amortization of plant and equipment</u>				
Aeronautics	\$ 43	\$ 40	\$ 85	\$ 79
Electronic Systems	66	49	120	94
Information Systems & Global Services	17	16	33	31
Space Systems	37	28	73	57
Segments	163	133	311	261
Unallocated corporate expense, net	12	14	24	27
Total depreciation and amortization	\$ 175	\$ 147	\$ 335	\$ 288

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	June 29, 2008	June 24, 2007	June 29, 2008	June 24, 2007
<u>Amortization of purchased intangibles</u>				
Aeronautics	\$ 13	\$ 13	\$ 26	\$ 26
Electronic Systems	1	5	6	16
Information Systems & Global Services	10	14	23	29
Space Systems	-	2	2	4
Segments	24	34	57	75
Unallocated corporate expense, net	3	3	6	6
Total amortization of purchased intangibles	\$ 27	\$ 37	\$ 63	\$ 81

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

	JUNE 29, 2008	DECEMBER 31, 2007
<u>Assets</u>		
Cash and cash equivalents	\$ 3,214	\$ 2,648
Short-term investments	96	333
Receivables	5,218	4,925
Inventories	1,623	1,718
Deferred income taxes	724	756
Other current assets	433	560
Total current assets	11,308	10,940
Property, plant and equipment, net	4,256	4,320
Goodwill	9,484	9,387
Purchased intangibles, net	409	463
Prepaid pension asset	322	313
Deferred income taxes	849	760
Other assets	2,833	2,743
Total assets	\$ 29,461	\$ 28,926
<u>Liabilities and Stockholders' Equity</u>		
Accounts payable	\$ 1,993	\$ 2,163
Customer advances and amounts in excess of costs incurred	4,208	4,254
Other accrued expenses	4,054	3,350
Current maturities of long-term debt	1,001	104
Total current liabilities	11,256	9,871
Long-term debt, net	3,803	4,303
Accrued pension liabilities	1,431	1,192
Other postretirement and other noncurrent liabilities	3,637	3,755
Stockholders' equity	9,334	9,805
Total liabilities and stockholders' equity	\$ 29,461	\$ 28,926
Total debt-to-capitalization ratio:	34%	31%

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

	SIX MONTHS ENDED	
	June 29, 2008	June 24, 2007
<u>Operating Activities</u>		
Net earnings	\$ 1,612	\$ 1,468
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	335	288
Amortization of purchased intangibles	63	81
Stock-based compensation	75	82
Excess tax benefit on stock compensation	(43)	(61)
Changes in operating assets and liabilities:		
Receivables	(266)	(618)
Inventories	95	282
Accounts payable	(176)	(94)
Customer advances and amounts in excess of costs incurred	(3)	720
Other	681	738
Net cash provided by operating activities	2,373	2,886
<u>Investing Activities</u>		
Expenditures for property, plant and equipment	(274)	(254)
Sale of short-term investments, net	237	52
Acquisitions of businesses / investments in affiliates	(88)	(136)
Divestiture of investment in affiliate	-	26
Other	40	(11)
Net cash used for investing activities	(85)	(323)
<u>Financing Activities</u>		
Repurchases of common stock	(1,930)	(1,394)
Issuances of common stock and related amounts	117	193
Excess tax benefit on stock compensation	43	61
Common stock dividends	(340)	(295)
Issuance of long-term debt and related costs	491	-
Repayments of long-term debt	(103)	(32)
Net cash used for financing activities	(1,722)	(1,467)
Net increase in cash and cash equivalents	566	1,096
Cash and cash equivalents at beginning of period	2,648	1,912
Cash and cash equivalents at end of period	\$ 3,214	\$ 3,008

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

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total Stockholders' Equity
Balance at January 1, 2008	\$ 409	\$ -	\$ 11,247	\$ (1,851)	\$ 9,805
Net earnings			1,612		1,612
Common stock dividends (a)			(508)		(508)
Stock-based awards and ESOP activity	4	341			345
Repurchases of common stock (b)	(19)	(341)	(1,595)		(1,955)
Other comprehensive income				35	35
Balance at June 29, 2008	<u>\$ 394</u>	<u>\$ -</u>	<u>\$ 10,756</u>	<u>\$ (1,816)</u>	<u>\$ 9,334</u>

(a) Includes dividends (\$0.42 per share) declared and paid in the first and second quarters. This amount also includes a dividend (\$0.42 per share) that was declared on June 26, 2008 and is payable on September 26, 2008 to shareholders of record on September 2, 2008.

(b) The Corporation repurchased 7.3 million shares for \$770 million during the second quarter. Year-to-date, the Corporation has repurchased 18.6 million common shares for \$2.0 billion. The Corporation has 14.1 million shares remaining under its share repurchase program as of June 29, 2008.

LOCKHEED MARTIN CORPORATION
Operating Data
Unaudited
(In millions)

	June 29, 2008	December 31, 2007
<u>Backlog</u>		
Aeronautics	\$ 25,800	\$ 26,300
Electronic Systems	19,700	21,200
Information Systems & Global Services	11,900	11,800
Space Systems	17,100	17,400
Total	\$ 74,500	\$ 76,700

	<u>THREE MONTHS ENDED</u>		<u>SIX MONTHS ENDED</u>	
<u>Aircraft Deliveries</u>	<u>June 29, 2008</u>	<u>June 24, 2007</u>	<u>June 29, 2008</u>	<u>June 24, 2007</u>
F-16	7	12	16	21
F-22	6	7	10	10
C-130J	3	3	6	5