Lockheed Martin Agrees To Acquire Pacific Architects And Engineers Incorporated

Acquisition Complements Lockheed Martin's Capabilities in Outsourced Support Services for Government Customers

Lockheed Martin Corporation , today announced it has entered into a definitive agreement to acquire Pacific Architects and Engineers Incorporated (PAE), a California-based provider of services that support military readiness, peacekeeping missions, nation building activities, personnel recruitment and training, and disaster relief services. Terms of the cash transaction were not disclosed.

Founded in 1955, PAE has more than 6,000 employees, most of whom support customer operations in over 30 countries. Their customers are primarily U.S. Government Agencies and international aid organizations.

PAE's largest service segment is facilities operations and maintenance, including a full spectrum of base operations support services it provides for the U.S. Department of State, the U.S. Armed Services, the U.S. Department of Defense Education Activity (DoDEA), as well as Canada's Department of National Defence and New Zealand's Ministry of Defence. PAE also provides logistics and air field and air terminal management for the U.S. Air Force, U.S. Navy, and the United Nations. For the U.S. Department of State, PAE is responsible for specialized operations and maintenance, logistics, and related services at several U.S. embassies overseas, and for personnel placement and training programs.

"PAE has been successful in leveraging its role as missions evolve from military readiness to peacekeeping, and finally nation building activities," said Bob Stevens, Lockheed Martin Chairman, President and Chief Executive Officer. "This acquisition is consistent with our focus on balanced profitable growth and complements our existing capabilities by providing significant domain expertise in outsourced support services that serve the growing demands of our customers."

"This is an exciting new chapter for PAE," said Allen E. Shay, Chairman, President and CEO of PAE. "The synergies created by this combination will significantly benefit our customers, business partners, and employees. With access to greater resources, more expansive operational flexibility, and a broader spectrum of services, we will be better positioned to address our customers' expanding, specialized, and ever-evolving needs. Lockheed Martin undoubtedly shares our commitment to performance excellence, ethics, and integrity, our promise to partner with our customers, and our dedication to providing rapid response and quality services. I strongly believe this combination strategically positions PAE to continue our track record of success, and provides our employees with enhanced opportunities for professional growth."

The new organization known as PAE, a Lockheed Martin Company, will be a wholly-owned subsidiary of the Corporation. It will be part of the Information & Technology Services segment of the Corporation. The acquisition, which is expected to close in September 2006, is subject to closing conditions including regulatory approvals.

Headquartered in Bethesda, Md., Lockheed Martin employs about 135,000 people worldwide and is principally engaged in the research, design, development, manufacture, integration and sustainment of advanced technology systems, products, and services. The corporation reported 2005 sales of $37.2 billion.

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LOCKHEED MARTIN Safe Harbor Statement / Forward-Looking Statements: Some of the statements contained in this press release may be considered "forward- looking statements" under the federal securities laws. Forward-looking statements include, but are not limited to statements regarding the timing and likelihood of closing. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Potential risks and uncertainties include, but are not limited to, our ability to successfully integrate acquired businesses, obtain regulatory approval, achieve desired synergies, and other risks and uncertainties detailed from time to time in Lockheed Martin's filings with the Securities and Exchange Commission. All information in this release is as of August 17, 2006. Lockheed Martin disclaims any duty to update forward-looking statements to reflect subsequent events, actual results or changes in expectations.

SOURCE: Lockheed Martin Corporation

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