Lockheed Martin Announces Third Quarter 2007 Results

- * Third quarter earnings per share up 23% to \$1.80; Year-to-date earnings per share up 26% to \$5.21
- * Third quarter net earnings up 22% to \$766 million; Year-to-date net earnings up 24% to \$2.2 billion
- * Third quarter net sales up 16% to \$11.1 billion; Year-to-date net sales up 8% to \$31.0 billion
- * Cash from operations of \$935 million for the quarter; \$3.8 billion year- to-date
- * Increasing outlook for 2007 earnings per share and providing initial 2008 financial outlook

PRNewswire-FirstCall BETHESDA, Md.

Lockheed Martin Corporation today reported third quarter 2007 net earnings of \$766 million (\$1.80 per diluted share), compared to \$629 million (\$1.46 per diluted share) in 2006. Net sales were \$11.1 billion, a 16% increase over third quarter 2006 sales of \$9.6 billion. Cash from operations for the third quarter of 2007 was \$935 million, compared to \$652 million in 2006.

Net earnings for the nine months ended September 30, 2007 were \$2.2 billion (\$5.21 per share), compared to \$1.8 billion (\$4.12 per share) in 2006. Net sales for the nine months ended September 30, 2007 were \$31.0 billion, compared to \$28.8 billion in 2006. Cash from operations for the nine months ended September 30, 2007 was \$3.8 billion, compared to \$3.5 billion in 2006.

"In the third quarter we achieved double-digit growth in sales and operating earnings for every business segment, as well as double digit EPS growth for the corporation." said Bob Stevens, Lockheed Martin Chairman, President and CEO. "These results reflect the outstanding efforts of our talented workforce and leadership team, both of which are responsible for delivering consistently strong operational and financial performance."

Summary Reported Results and Financial Outlook

The following table presents the Corporation's results for the quarter and year-to-date periods ended September 30, in accordance with generally accepted accounting principles (GAAP):

REPORTED RES		3rd Qı	uarter	Year-to-Date
(In millions, exception per share data)	2007	2006	2007	2006
Net sales	\$11,095	\$ 9,605	\$31,021	\$28,780
Segment operatin Segment operatin profit \$ Unallocated corponet:	g 1,232	\$975	\$3,449	\$2,882
FAS/CAS pension adjustment Unusual items, ne Stock compensati	(18) et	(70) 15	(46) 71	(206) 185
expense Other, net	(34) 18	(26) 11	(116) 93	(83) 41
Earnings before interest expense	10			
and taxes	\$1,198	\$905	\$3,451	\$2,819
Net earnings	\$766	\$629	\$2,234	\$1,800
Diluted earnings p share	er \$1.80	\$1.46	\$5.21	\$4.12
Cash from operati	ions \$9	35 \$6	652 \$ 3,8	321 \$3,450

The following table and other sections of this press release contain forward-looking statements, which are based on the Corporation's current expectations. Actual results may differ materially from those projected. See the "Forward-Looking Statements" discussion contained in this press release.

2007 FINANCIAL OUTLOOK 2007 Projections (In millions, except per share

data and percentages) Current Update July 2007

Net sales \$41,000 - \$41,750 \$41,000 - \$41,750

Segment operating profit:

Segment operating profit \$4,500 - \$4,600 \$4,500 - \$4,600

Unallocated corporate, net 1:

FAS/CAS pension adjustment (60) (60) Unusual items, net 70 70

Stock compensation expense (145)

Other, net 100 70

Earnings before interest

expense and taxes \$4,465 - \$4,565 \$4,435 - \$4,535

Diluted earnings per share \$6.70 - \$6.85 \$6.65 - \$6.80 Cash from operations \$>/= \$4,200 \$>/= \$4,200

ROIC ~ 20 % > 19.5 %

(1)All amounts approximate

The \$0.05 increase in projected 2007 earnings per share primarily is attributable to a reduction in unallocated expense.

2008 OUTLOOK

(In millions, except per share data and

percentages) 2008 Projection

Net sales \$41,250 - \$42,750

Segment operating profit:

Segment operating profit \$4,675 - \$4,800

Unallocated corporate, net 1: FAS/CAS pension adjustment 40

Unusual items --

Stock compensation expense (170)

Other, net 100

Earnings before interest expense

and taxes \$4,645 - \$4,770

Diluted earnings per share \$6.95 - \$7.15 Cash from operations >/= \$4,000 ROIC >/= 18%

(1)All amounts approximate

The outlook for 2008 earnings before interest expense and taxes and earnings per share assumes that the Corporation's 2008 non-cash FAS/CAS pension adjustment will be calculated using a discount rate of 6.25%, and the actual return on plan assets in 2007 will be 8.50%. The 2008 non-cash FAS/CAS pension adjustment and related assumptions will not be finalized until year- end 2007, consistent with the Corporation's pension plan measurement date. The Corporation will update its FAS/CAS pension adjustment, as necessary, when it announces 2007 year-end financial results.

It is the Corporation's practice not to incorporate adjustments in to its outlook projections for proposed acquisitions, divestitures, joint ventures, or other unusual activities until such transactions have been consummated.

Balanced Cash Deployment Strategy

Cash flow from operations was \$935 million for the quarter and \$3.8 billion for the nine months ended September 30, 2007. The Corporation continued to execute its balanced cash deployment strategy during 2007 as follows:

- * repurchased 4.2 million shares at a cost of \$411 million in the quarter and 18.6 million shares at a cost of \$1.8 billion in the nine month period;
- * paid cash dividends totaling \$145 million in the third quarter and \$440 million in the nine month period;
- * made capital expenditures of \$226 million during the quarter and \$480

- million during the nine month period;
- * paid \$189 million in the guarter and \$325 million in the nine month period for acquisition and joint venture activities; and
- * repaid \$32 million of long-term debt in the nine month period.

Seament Results

The Corporation operates in four principal business segments: Aeronautics; Electronic Systems; Information Systems & Global Services (IS&GS); and Space Systems.

For segment reporting purposes, the Corporation has defined segment operating profit as earnings before interest expense and income taxes. Consistent with the manner in which the Corporation's business segment operating performance is evaluated, unusual items are excluded from segment results and included in "Unallocated corporate (expense) income, net." See the Corporation's 2006 Form 10-K for a description of "Unallocated corporate (expense) income, net," including the FAS / CAS pension adjustment. Schedule "C" of the financial attachments to this release contains the current year values for the various components of "Unallocated corporate (expense) income, net."

The following table presents the operating results of the business segments and reconciles these amounts to the Corporation's consolidated financial results.

(\$ millions)	3rd 2007		ter 06		Year 07		
Net sales Aeronautics Electronic Syste	ems	2,827	2,	576	8,	269	7,727
IS&GS Space Systems							
Total net sales	\$ 11	,095	\$9,6	605	\$ 31	,021	\$ 28,780
Segment operati							
Aeronautics Electronic System					\$1,09		
IS&GS	24	7	205				
Space Systems Segment oper		222	1.	76	62	22	558
profit	•	Ş	975	3,4	149	2,88	32
Unallocated corp	orate, n	et (3	4)	(70))	2	(63)
Earnings before expense and tax		\$1,198	3 \$	905	\$3	3,451	\$2,819

The following discussion compares the segment operating results for the quarter and nine months ended September 30, 2007 to the same periods in 2006.

Aeronautics

(\$ millions)	3rd C	Quarter	Year-t	o-Date
	2007	2006	2007	2006
Net sales	\$3,342	\$2,983	\$9,299	\$8,810
Operating profit	\$414	\$316	\$1,091	1 \$838
Operating marg	in 12.4	4% 10.	.6% 11	.7% 9.5%

Net sales for Aeronautics increased by 12% for the quarter and 6% for the nine months ended September 30, 2007 from the comparable 2006 periods. Sales increased in all three lines of business in both periods. The increase in Combat Aircraft was primarily due to higher volume on the F-22, F-16 and F-35 programs. The increase in Air Mobility was primarily due to higher volume on the C-130J and other air mobility programs. The increase in Other Aeronautics Programs was mainly due to higher volume in sustainment services activities.

Segment operating profit for Aeronautics increased by 31% for the guarter and 30% for the nine months ended September 30, 2007 from the comparable 2006 periods. During the quarter, operating profit increases in Combat Aircraft more than offset declines in Air Mobility. In Combat Aircraft, the growth was mainly due to higher volume and improved performance on the F-22 and F-16 programs. The decrease in Air Mobility was attributable to C-130J support activities. For the nine month period, operating profit increased in Combat Aircraft due to higher volume and improved performance on the F-22 and F-16 programs, and Air Mobility increased due to improved performance on C-130 and other Air Mobility programs.

Electronic Systems

```
($ millions) 3rd Quarter Year-to-Date 2007 2006 2007 2006

Net sales $2,827 $2,576 $8,269 $7,727

Operating profit $349 $278 $1,057 $906

Operating margin 12.3% 10.8% 12.8% 11.7%
```

Net sales for Electronic Systems increased by 10% for the quarter and 7% for the nine months ended September 30, 2007 from the comparable 2006 periods. During the quarter, sales increases at Missiles & Fire Control (M&FC) and Maritime Systems & Sensors (MS2) were partially offset by declines at Platform, Training & Energy (PT&E).

The increases were primarily driven by higher volume in air defense programs and fire control systems at M&FC and radar and undersea systems at MS2. The declines at PT&E were mainly due to lower volume in distribution technologies activities. For the nine months ended September 30, 2007, sales increased in all three lines of business: M&FC due to higher volume in air defense programs and fire control systems; MS2 mainly due to undersea and radar systems activities; and PT&E primarily due to platform integration activities.

Segment operating profit for Electronic Systems increased by 26% for the quarter and 17% for the nine months ended September 30, 2007 from the comparable 2006 periods. Operating profit increased for all three lines of business in both periods: M&FC mainly due to higher volume and improved performance in fire control programs; MS2 due to improved performance on tactical systems activities; and PT&E primarily due to higher volume and improved performance on platform integration activities.

Information Systems & Global Services

(\$ millions)	3rd	Quarter	Υ	'ear-to-D	ate
	2007	2006	2007	200	16
Net sales	\$2,713	\$2,19	1 \$7	,378	\$6,318
Operating profit	\$24	7 \$20)5 \$	679	\$580
Operating marg	in 9.	1% 9	.4%	9.2%	9.2%

Net sales for IS&GS increased by 24% for the quarter and 17% for the nine months ended September 30, 2007 from the comparable 2006 periods. Sales increased in all three lines of business for the quarter and nine month periods. Global Services' growth was principally due to the acquisition of Pacific Architects and Engineers Inc. (PAE) in September 2006. The increase in Mission Solutions was primarily driven by higher volume in missions & combat support solutions activities and mission services. The increase in Information Systems was due to organic growth in information technology and the acquisition of Management Systems Designers Inc. (MSD) in February 2007.

Segment operating profit for IS&GS increased by 20% for the quarter and 17% for the nine months ended September 30, 2007 from the comparable 2006 periods. Operating profit increased for the quarter in Mission Solutions and Global Services, while Information Systems was relatively unchanged between periods. The increase in Mission Solutions was primarily driven by higher volume in mission & combat support solutions and aviation solutions activities. The increase in operating profit at Global Services was mainly due to the PAE acquisition. For the nine month period, operating profit increased in all three lines of business. Mission Solutions and Global Services operating profit increased primarily due to the activities described above. Information Systems growth was primarily due to higher volume of systems integration activities and the acquisition of MSD.

Space Systems

(\$ millions)	3rc	d Qua	arter	Y	ear-to-	Date	
	2007	20	06	2007	200	06	
Net sales	\$2,2	13	\$1,85	55 \$	6,075	\$5,925	5
Operating profit	\$	222	\$1	76	\$622	\$558	
Operating margin		10.0	%	9.5 %	10.2	% 9.	4 %

Net sales for Space Systems increased by 19% for the quarter and 3% for the nine months ended September 30, 2007 from the comparable 2006 periods. For both periods, the sales increases were primarily driven by growth in Satellites and Strategic & Defensive Missile Systems (S&DMS), which were partially offset by declines in Space Transportation. In Satellites, higher sales in the quarter were driven by increases in both commercial and government satellite activities. For the nine month period, higher volume in government satellite activities more than offset decreases in commercial satellite activities. There were two commercial satellite deliveries in the third

quarter and three in the nine month period of 2007 compared to one delivery in the third quarter and four in the nine month period of 2006. The S&DMS growth during the quarter and nine month periods was primarily driven by higher volume in strategic missile programs. The sales decline in Space Transportation during 2007 was expected given the divestiture of the International Launch Services business and the formation of the United Launch Alliance L.L.C. (ULA) joint venture in the fourth quarter of 2006. The Corporation no longer records sales on Atlas launch vehicles and related support to the U.S. Government, as ULA is accounted for under the equity method of accounting.

Segment operating profit for Space Systems increased by 26% for the quarter and 11% for the nine months ended September 30, 2007 from the comparable 2006 periods. For both periods, operating profit increases in Satellites and S&DMS activities more than offset declines in Space Transportation. In Satellites, the operating profit increase for the quarter and nine month period was primarily attributable to higher volume and improved performance on government satellite activities and improved performance on commercial satellite activities. The S&DMS growth was primarily driven by higher volume and improved performance on strategic missile programs. In Space Transportation, the decline in operating profit during 2007 from the three and nine month periods of 2006 was mainly due to a charge recognized by ULA in the third quarter of 2007 for an asset impairment on the Delta II medium lift launch vehicles. The decline also reflects benefits recognized in 2006 from risk reduction activities, including the definitization of the Evolved Expendable Launch Vehicle Launch Capabilities contract, and other performance improvements on the Atlas program, with no similar items recognized in the comparable period in 2007. The decline in Space Transportation operating profit was partially offset in both periods by higher volume on the Orion program.

Unallocated Corporate (Expense) Income, Net

(\$ millions)	3rd C	Quarter	Yea	r-to-Date
	2007	2006	2007	2006
FAS/CAS pensi	on			
adjustment	\$(18)	\$(70)	\$(46)	\$(206)
Unusual items,	net	15	71	185
Stock compens	ation			
expense	(34)	(26)	(116)	(83)
Other, net	18	11	93	41
Unallocated cor	porate			
(expense) incor	ne, net \$	(34) \$	(70)	\$2 \$(63)

The FAS/CAS pension adjustment (calculated as the difference between FAS 87 expense and the CAS cost amounts) decreased in 2007 compared to 2006. This decrease is consistent with the Corporation's previously disclosed assumptions used to compute these amounts.

Certain items are excluded from segment results as part of senior management's evaluation of segment operating performance. There were no unusual items in the third quarter of 2007. For purposes of segment reporting, the following unusual items were included in "Unallocated Corporate income (expense), net" for the third quarter of 2006 and nine month periods ended September 30, 2007 and 2006:

2007 --

- * A second quarter gain, net of state income taxes, of \$25 million related to the sale of the Corporation's remaining 20% interest in Comsat International;
- * A first quarter gain, net of state income taxes, of \$25 million related to the sale of land; and
- * First quarter earnings, net of state income taxes, of \$21 million related to the reversal of legal reserves from the settlement of certain litigation claims.

These items, coupled with the income tax benefit of \$59 million (\$0.14 per share) described in the Income Taxes discussion below, increased net earnings by \$105 million (\$0.25 per share) during the nine months ended September 30, 2007.

2006 --

- * A third quarter gain, net of state income taxes, of \$31 million related to the sale of land;
- * A third quarter charge, net of state income tax benefits, of \$16 million related to the debt exchange;
- * A second quarter gain, net of state income taxes, of \$20 million related to the sale of land;
- * A first quarter gain, net of state income taxes, of \$127 million from the sale of 21 million shares of Inmarsat; and
- * A first quarter gain, net of state income taxes, of \$23 million

These items, coupled with the income tax benefit of \$62 million (\$0.14 per share) described in the Income Taxes discussion below, increased our net earnings by \$71 million (\$0.16 per share) and \$182 million (\$0.41 per share) during the guarter and nine months ended September 30, 2006.

The increase in "Other, net" for the quarter and nine months ended September 30, 2007 is primarily attributable to other corporate activities including an increase in interest income recorded in both periods.

Income Taxes

The Corporation's effective income tax rates were 31.5% and 29.9% for the quarter and nine months ended September 30, 2007, and 22.8% and 29.2% for the comparable 2006 periods. The effective rates for all periods were lower than the statutory rate of 35% due to tax deductions for U.S. manufacturing activities and dividends related to our employee stock ownership plans. For 2007, income tax expense declined by \$59 million due to the completion of an IRS audit in the first quarter of 2007. Additionally, tax benefits related to export sales, including a \$62 million refund claim for additional benefits in prior years, reduced income tax expense in the third quarter of 2006.

Headquartered in Bethesda, Md., Lockheed Martin employs approximately 140,000 people worldwide and is principally engaged in the research, design, development, manufacture, integration and sustainment of advanced technology systems, products and services.

Website: www.lockheedmartin.com

Conference call: Lockheed Martin will webcast the earnings conference call (listen-only mode) at 11 a.m. E.D.T. on October 23, 2007. A live audio broadcast, including relevant charts, will be available on the Investor Relations page of the company's website at: http://www.lockheedmartin.com/investor.

FORWARD-LOOKING STATEMENTS

Statements in this release that are "forward-looking statements" are based on Lockheed Martin's current expectations and assumptions. Forward-looking statements in this release include estimates of future sales, earnings and cash flow. These statements are not guarantees of future performance and are subject to risks and uncertainties. Actual results could differ materially because of factors such as: the availability of government funding for our products and services both domestically and internationally; changes in government and customer priorities and requirements (including changes to respond to Department of Defense reviews, Congressional actions, budgetary constraints, cost-cutting initiatives, election cycles, terrorist threats and homeland security); the impact of continued military operations in Iraq and Afghanistan on funding for existing defense programs; the award or termination of contracts; return on pension plan assets, interest and discount rates and other changes that may impact pension plan assumptions; difficulties in developing and producing operationally advanced technology systems; the timing and customer acceptance of product deliveries; materials availability and performance by key suppliers, subcontractors and customers; charges from any future impairment reviews that may result in the recognition of losses and a reduction in the book value of goodwill or other long-term assets: variability in the earnings or losses recorded for joint ventures which we do not control and account for using the equity method of accounting; the future impact of legislation, changes in accounting, tax rules, or export policies; the future impact of acquisitions or divestitures, joint ventures or teaming arrangements; the outcome of legal proceedings and other contingencies (including lawsuits, government/regulatory investigations or audits, and environmental remediation efforts); the competitive environment for the Corporation's products and services; and economic, business and political conditions domestically and internationally.

These are only some of the factors that may affect the forward-looking statements contained in this press release. For further information regarding risks and uncertainties associated with Lockheed Martin's business, please refer to the Corporation's SEC filings, including the "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Risk Factors," and "Legal Proceedings" sections of the Corporation's 2006 annual report on Form 10-K, which may be obtained at the Corporation's website: http://www.lockheedmartin.com/.

It is the Corporation's policy to only update or reconfirm its financial outlook by issuing a press release. The Corporation generally plans to provide a forward-looking outlook as part of its quarterly earnings release but reserves the right to provide an outlook at different intervals or to revise its practice in future periods. All information in this release is as of October 22, 2007. Lockheed Martin undertakes no duty to update any forward-looking statement to reflect subsequent events, actual results or changes in the Corporation's expectations. We also disclaim any duty to comment upon or correct information that may be contained in reports published by investment analysts or others.

NON-GAAP PERFORMANCE MEASURES

The Corporation believes that reporting ROIC provides investors with greater visibility into how effectively Lockheed Martin uses the capital invested in its operations. The Corporation uses ROIC to evaluate multi-year investment decisions and as a long-term performance measure, and also uses ROIC as a factor in evaluating management performance for incentive compensation purposes. ROIC is not a measure of financial performance under generally accepted accounting principles, and may not be defined and calculated by other companies in the same manner. ROIC should not be considered in isolation or as an alternative to net earnings as an indicator of performance.

The Corporation calculates ROIC as follows:

Net earnings plus after-tax interest expense divided by average invested capital (stockholders' equity plus debt), after adjusting stockholders' equity by adding back minimum pension liability balances.

```
(In millions, except
                        2008
                                 2007
                                           2007
percentages)
                       Outlook
                                 Outlook
                                            Prior
                                              Combined
Net Earnings
                      Combined Combined
Interest Expense
(multiplied by 65%)(1) ]
                        Combined Combined
                                                 Combined
                   >/= $ 3,150 ~ $ 3,100 > $ 3,075
Return
Average debt (2,5)
                        Combined
                                    Combined
                                                 Combined
                    ]
Average equity (3,5)
                        Combined
                                    Combined
                                                 Combined
                    ]
Average Benefit Plan
                        Combined Combined
                                                Combined
Adjustments (4,5)
Average Invested Capital
                         </= $ 17,300 ~ $ 15,400 < $ 15,800
                                       ~ 20 %
Return on invested capital
                           >/= 18 %
                                                > 19.5 %
```

- (1)Represents after-tax interest expense utilizing the federal statutory rate of 35%.
- (2)Debt consists of long-term debt, including current maturities, and short-term borrowings (if any).
- (3)Equity includes non-cash adjustments, primarily for the minimum pension liability and the adoption of FAS 158 in 2006.
- (4)Average Benefit Plan Adjustments reflect the cumulative value of entries identified in our Statement of Stockholders' Equity under the captions "Minimum pension liability" and "Adoption of FAS 158."
- (5)Yearly averages are calculated using balances at the start of the year and at the end of each quarter.

LOCKHEED MARTIN CORPORATION

Consolidated Condensed Statement of Earnings Unaudited

Unaudited

(In millions, except per share data and percentages)

THREE MONTHS ENDED NINE MONTHS ENDED SEPTEMBER 30, SEPTEMBER 30, 2007 2006 2007 2006

Net sales \$11,095 \$9,605 \$31,021 \$28,780 Cost of sales 9,949 8,802 27,911 26,377 1,146 803 3,110 2,403

 Other income and expenses, net
 17
 48
 202
 281

 Earnings from operations
 1,163
 851
 3,312
 2,684

 Interest income
 35
 54
 139
 135

Earnings before interest expense and

taxes 1,198 905 3,451 2,819
Interest expense 79 90 265 276
Earnings before income taxes 1,119 815 3,186 2,543
Income tax expense 353 186 952 743
Net earnings \$766 \$629 \$2,234 \$1,800
Effective tax rate 31.5% 22.8% 29.9% 29.2%

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)

THREE MONTHS ENDED SEPTEMBER 30,

2007 2006 % Change

Net sales:

 Aeronautics
 \$3,342
 \$2,983
 12%

 Electronic Systems
 2,827
 2,576
 10%

Information Systems & Global

 Services
 2,713
 2,191
 24%

 Space Systems
 2,213
 1,855
 19%

Total net sales \$11,095 \$9,605 16%

Segment operating profit:

 Aeronautics
 \$414
 \$316
 31%

 Electronic Systems
 349
 278
 26%

Information Systems & Global

 Services
 247
 205
 20%

 Space Systems
 222
 176
 26%

Segment operating profit 1,232 975 26%

Unallocated corporate

(expense)/income, net (34) (70)

Earnings before interest

expense and taxes \$1,198 \$905 32%

Margins:

 Aeronautics
 12.4 %
 10.6 %

 Electronic Systems
 12.3
 10.8

Information Systems & Global

Services 9.1 9.4
Space Systems 10.0 9.5

Total operating segments 11.1 % 10.2 %

Total consolidated 10.8 % 9.4 %

NINE MONTHS ENDED SEPTEMBER 30,

2007 2006 % Change

Net sales:

 Aeronautics
 \$9,299
 \$8,810
 6%

 Electronic Systems
 8,269
 7,727
 7%

Information Systems & Global

 Services
 7,378
 6,318
 17%

 Space Systems
 6,075
 5,925
 3%

Total net sales \$31,021 \$28,780 8%

Segment operating profit:

 Aeronautics
 \$1,091
 \$838
 30%

 Electronic Systems
 1,057
 906
 17%

Information Systems & Global

 Services
 679
 580
 17%

 Space Systems
 622
 558
 11%

Segment operating profit 3,449 2,882 20%

Unallocated corporate

(expense)/income, net 2 (63)

Earnings before interest

expense and taxes \$3,451 \$2,819 22%

Margins:

 Aeronautics
 11.7 %
 9.5 %

 Electronic Systems
 12.8
 11.7

Information Systems & Global

 Services
 9.2
 9.2

 Space Systems
 10.2
 9.4

Total operating segments 11.1 % 10.0 %

Total consolidated 11.1 % 9.8 %

LOCKHEED MARTIN CORPORATION

Selected Financial Data

Unaudited

(In millions, except per share data)

THREE MONTHS ENDED NINE MONTHS ENDED

SEPTEMBER 30, 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 NINE MONTHS ENDED

SEPTEMBER 30, 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 NINE MONTHS ENDED SEPTEMBER 30, 2007 SEPTEMBER 30, 2007

Operating Net Earnings Operating Net Earnings profit earnings per share profit 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
SEPTEMBER 30, 2006
SEPTEMBER 30, 2006
SEPTEMBER 30, 2006

Operating Net Earnings Operating Net Earnings profit earnings (loss) profit earnings (loss) (loss) (loss) per share (loss) (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 0.14 tax benefits 62 0.14 62 Debt exchange expenses (16) (11) (0.03)(16)(11) (0.03)Gain on sale of interest in 0.19 Inmarsat 127 83 Gain on Space

LOCKHEED MARTIN CORPORATION Selected Financial Data

\$71

Unaudited (In millions)

Imaging sale

\$15

THREE MONTHS ENDED NINE MONTHS ENDED SEPTEMBER 30, SEPTEMBER 30, 2006 2007 2006

23

\$0.16 \$185

15

0.03

\$182 \$0.41

Depreciation and amortization of plant and equipment

\$42 \$39 \$121 Aeronautics \$112 Electronic Systems 56 48 150 135 Information Systems & Global Services 21 14 52 43 Space Systems 90 95 33 30 Segments 152 131 413 385 Unallocated corporate expense, net 14 41 44 14

Total depreciation and

amortization \$166 \$145 \$454 \$429

> THREE MONTHS ENDED NINE MONTHS ENDED SEPTEMBER 30, SEPTEMBER 30,

2007 2006 2007 2006

Amortization of purchased intangibles

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 2

Total amortization of purchased

intangibles \$40 \$117 \$118 \$36

LOCKHEED MARTIN CORPORATION Consolidated Condensed Balance Sheet Unaudited

(In millions, except percentages)

SEPTEMBER 30, DECEMBER 31, 2007 2006

Assets

Cash and cash equivalents \$3,094 \$1,912 Short-term investments 335 381 4,937 Receivables 4,595 1,657 Inventories 1,387 Deferred income taxes 834 900 Other current assets 719 487

Total current assets 11,074 10,164

Purchased intangibles, net Prepaid pension asset Deferred income taxes Other assets	4,272 3,856 3,551 3,442
Total current liabilities	9,891 9,553
Long-term debt, net Accrued pension liabilities Other postretirement and other noncliabilities 4,6° Stockholders' equity	
Total liabilities and stockholders' equity \$29,	787 \$28,231
Total debt-to-capitalization ratio:	37% 39%
LOCKHEED MARTIN CORPORATION Consolidated Condensed Statement Unaudited (In millions) NINE MONTE	
2007	7 2006
2007	2006
Operating Activities Net earnings Adjustments to reconcile net earning to net cash provided by operating a Depreciation and amortization Changes in operating assets and linear Receivables Inventories Accounts payable Customer advances and amounts excess of costs incurred	\$2,234 \$1,800 gs ctivities: 571 547 abilities: (332) (87) 274 (109) (264) (95)
Operating Activities Net earnings Adjustments to reconcile net earning to net cash provided by operating a Depreciation and amortization Changes in operating assets and linear Receivables Inventories Accounts payable Customer advances and amounts excess of costs incurred	\$2,234 \$1,800 gs ctivities: 571 547 abilities: (332) (87) 274 (109) (264) (95) s in 412 608 26 786
Operating Activities Net earnings Adjustments to reconcile net earning to net cash provided by operating as Depreciation and amortization Changes in operating assets and line Receivables Inventories Accounts payable Customer advances and amounts excess of costs incurred Other 9: Net cash provided by operating activities Expenditures for property, plant and Sale of short-term investments, net Acquisitions of businesses / investmin affiliates (3) Divestitures of investments in affiliate	\$2,234 \$1,800 gs ctivities: 571 547 abilities: (332) (87) 274 (109) (264) (95) s in 412 608 26 786 vities 3,821 3,450 equipment (480) (453) 46 34 ents 25) (1,083)
Operating Activities Net earnings Adjustments to reconcile net earning to net cash provided by operating as Depreciation and amortization Changes in operating assets and line Receivables Inventories Accounts payable Customer advances and amounts excess of costs incurred Other 9: Net cash provided by operating activities Expenditures for property, plant and Sale of short-term investments, net Acquisitions of businesses / investmin affiliates (3) Divestitures of investments in affiliate	\$2,234 \$1,800 gs ctivities: 571 547 abilities: (332) (87) 274 (109) (264) (95) s in 412 608 26 786 vities 3,821 3,450 equipment (480) (453) 46 34 ents 25) (1,083) es 26 180 43
Operating Activities Net earnings Adjustments to reconcile net earning to net cash provided by operating as Depreciation and amortization Changes in operating assets and line Receivables Inventories Accounts payable Customer advances and amounts excess of costs incurred Other Net cash provided by operating activities Expenditures for property, plant and Sale of short-term investments, net Acquisitions of businesses / investmin affiliates (3) Divestitures of investments in affiliat Other	\$2,234 \$1,800 gs ctivities: 571 547 abilities: (87) 274 (109) (264) (95) s in 412 608 26 786 vities 3,821 3,450 equipment (480) (453) 46 34 ents 25) (1,083) es 26 180 13) 88 s (776) (1,234) ated amounts 414 688 (1,805) (1,918) (440) (389)

(1,863)

(2,172)

Net cash used for financing activities

Net increase in cash and cash equivalents 1,182 44 Cash and cash equivalents at beginning of

period 1,912 2,244

Cash and cash equivalents at end of period \$3,094 \$2,288

LOCKHEED MARTIN CORPORATION

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

Accumulated

Additional Other Total

Common Paid-In Retained Comprehensive Stockholders'

Stock Capital Earnings Loss 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 \$411 \$- \$10,605 \$(3,588) \$7,428

- (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)

SEPTEMBER 30, DECEMBER 31,

2007 2006

Backlog

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

THREE MONTHS ENDED NINE MONTHS ENDED

SEPTEMBER 30, SEPTEMBER 30, 2007 2006 2007 2006 11 17 32 47 7 4 17 19 F-16 7 4 4 3 F-22 C-130J 9 8

First Call Analyst: FCMN Contact:

Aircraft Deliveries

SOURCE: Lockheed Martin

Web site: http://www.lockheedmartin.com/investor

http://www.lockheedmartin.com/

https://news.lockheedmartin.com/2007-10-23-Lockheed-Martin-Announces-Third-Quarter-2007-Results