

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

	<u>QUARTER ENDED DECEMBER 31,</u>		<u>YEAR ENDED DECEMBER 31,</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Net sales	\$ 10,841	\$ 10,840	\$ 41,862	\$ 39,620
Cost of sales	<u>9,717</u>	<u>9,809</u>	<u>37,628</u>	<u>36,186</u>
	1,124	1,031	4,234	3,434
Other income and expenses, net	<u>91</u>	<u>39</u>	<u>293</u>	<u>336</u>
Operating profit	1,215	1,070	4,527	3,770
Interest expense	87	85	352	361
Other non-operating income and expense, net	<u>54</u>	<u>64</u>	<u>193</u>	<u>183</u>
Earnings before income taxes	1,182	1,049	4,368	3,592
Income tax expense	<u>383</u>	<u>320</u>	<u>1,335</u>	<u>1,063</u>
Net earnings	<u>\$ 799</u>	<u>\$ 729</u>	<u>\$ 3,033</u>	<u>\$ 2,529</u>
Effective tax rate	<u>32.4%</u>	<u>30.5%</u>	<u>30.6%</u>	<u>29.6%</u>
Earnings per common share:				
Basic	\$ 1.94	\$ 1.72	\$ 7.29	\$ 5.91
Diluted	\$ 1.89	\$ 1.68	\$ 7.10	\$ 5.80
Average number of shares outstanding:				
Basic	412.3	423.4	416.0	428.1
Diluted	423.4	432.8	427.1	436.4
Common shares reported in stockholders' equity at December 31:			409.4	421.3

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

	QUARTER ENDED DECEMBER 31,			YEAR ENDED DECEMBER 31,		
	2007	2006	% Change	2007	2006	% Change
<u>Net sales:</u>						
Aeronautics	\$ 3,004	\$ 3,378	(11%)	\$ 12,303	\$ 12,188	1%
Electronic Systems	2,874	2,792	3%	11,143	10,519	6%
Information Systems & Global Services	2,835	2,672	6%	10,213	8,990	14%
Space Systems	2,128	1,998	7%	8,203	7,923	4%
Total net sales	\$ 10,841	\$ 10,840	- %	\$ 41,862	\$ 39,620	6%
<u>Operating profit:</u>						
Aeronautics	\$ 385	\$ 383	1%	\$ 1,476	\$ 1,221	21%
Electronic Systems	360	364	(1%)	1,410	1,264	12%
Information Systems & Global Services	275	227	21%	949	804	18%
Space Systems	236	187	26%	856	742	15%
Segment operating profit	1,256	1,161	8%	4,691	4,031	16%
Unallocated corporate expense, net	(41)	(91)		(164)	(261)	
	\$ 1,215	\$ 1,070	14%	\$ 4,527	\$ 3,770	20%
<u>Margins:</u>						
Aeronautics	12.8 %	11.3 %		12.0 %	10.0 %	
Electronic Systems	12.5	13.0		12.7	12.0	
Information Systems & Global Services	9.7	8.5		9.3	8.9	
Space Systems	11.1	9.4		10.4	9.4	
Total operating segments	11.6	10.7		11.2	10.2	
Total consolidated	11.2 %	9.9 %		10.8 %	9.5 %	

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

	<u>QUARTER ENDED DECEMBER 31,</u>		<u>YEAR ENDED DECEMBER 31,</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<u>Unallocated corporate (expense) / income, net</u>				
FAS/CAS pension adjustment	\$ (12)	\$ (69)	\$ (58)	\$ (275)
Unusual items, net	-	29	71	230
Stock compensation expense	(33)	(28)	(149)	(111)
Other, net	4	(23)	(28)	(105)
Unallocated corporate expense, net	\$ (41)	\$ (91)	\$ (164)	\$ (261)

	<u>QUARTER ENDED DECEMBER 31,</u>		<u>YEAR ENDED DECEMBER 31,</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<u>FAS/CAS pension adjustment</u>				
FAS 87 expense	\$ (169)	\$ (234)	\$ (687)	\$ (938)
Less: CAS costs	(157)	(165)	(629)	(663)
FAS/CAS pension adjustment - expense	\$ (12)	\$ (69)	\$ (58)	\$ (275)

	<u>QUARTER ENDED DECEMBER 31, 2007</u>			<u>YEAR ENDED DECEMBER 31, 2007</u>		
	<u>Operating profit</u>	<u>Net earnings</u>	<u>Earnings per share</u>	<u>Operating profit</u>	<u>Net earnings</u>	<u>Earnings per share</u>
<u>Unusual Items - 2007</u>						
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

	<u>QUARTER ENDED DECEMBER 31, 2006</u>			<u>YEAR ENDED DECEMBER 31, 2006</u>		
	<u>Operating profit</u>	<u>Net earnings</u>	<u>Earnings per share</u>	<u>Operating profit (loss)</u>	<u>Net earnings (loss)</u>	<u>Earnings (Loss) per share</u>
<u>Unusual Items - 2006</u>						
Earnings from expiration of AES transaction indemnification	\$ 29	\$ 19	\$ 0.04	\$ 29	\$ 19	\$ 0.04
Gain on sales of surplus land	-	-	-	51	33	0.08
Benefit from IRS claims for export tax benefits	-	-	-	-	62	0.14
Debt related expenses	-	-	-	-	(11)	(0.03)
Gain on sale of interest in Inmarsat	-	-	-	127	83	0.19
Gain on Space Imaging sale	-	-	-	23	15	0.03
	\$ 29	\$ 19	\$ 0.04	\$ 230	\$ 201	\$ 0.45

LOCKHEED MARTIN CORPORATION
Selected Financial Data
Unaudited
(In millions)

	QUARTER ENDED DECEMBER 31,		YEAR ENDED DECEMBER 31,	
	2007	2006	2007	2006
<u>Depreciation and amortization of plant and equipment</u>				
Aeronautics	\$ 60	\$ 42	\$ 181	\$ 154
Electronic Systems	77	55	227	190
Information Systems & Global Services	16	22	68	65
Space Systems	46	37	136	132
Segments	199	156	612	541
Unallocated corporate expense, net	13	15	54	59
Total depreciation and amortization	\$ 212	\$ 171	\$ 666	\$ 600

	QUARTER ENDED DECEMBER 31,		YEAR ENDED DECEMBER 31,	
	2007	2006	2007	2006
<u>Amortization of purchased intangibles</u>				
Aeronautics	\$ 12	\$ 13	\$ 50	\$ 50
Electronic Systems	5	13	27	47
Information Systems & Global Services	13	15	55	46
Space Systems	3	2	9	9
Segments	33	43	141	152
Unallocated corporate expense, net	3	3	12	12
Total amortization of purchased intangibles	\$ 36	\$ 46	\$ 153	\$ 164

	QUARTER ENDED DECEMBER 31,		YEAR ENDED DECEMBER 31,	
	2007	2006	2007	2006
<u>Other non-operating income and expense, net</u>				
Interest income	\$ 54	\$ 64	\$ 193	\$ 199
Debt related expenses	-	-	-	16
Total other non-operating income and expense, net	\$ 54	\$ 64	\$ 193	\$ 183

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

	<u>DECEMBER 31,</u> <u>2007</u>	<u>DECEMBER 31,</u> <u>2006</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 2,648	\$ 1,912
Short-term investments	333	381
Receivables	4,925	4,595
Inventories	1,718	1,657
Deferred income taxes	756	900
Other current assets	<u>560</u>	<u>719</u>
Total current assets	10,940	10,164
Property, plant and equipment, net	4,320	4,056
Goodwill	9,387	9,250
Purchased intangibles, net	463	605
Prepaid pension asset	313	235
Deferred income taxes	760	1,487
Other assets	<u>2,743</u>	<u>2,434</u>
Total assets	<u>\$ 28,926</u>	<u>\$ 28,231</u>
<u>Liabilities and Stockholders' Equity</u>		
Accounts payable	\$ 2,163	\$ 2,221
Customer advances and amounts in excess of costs incurred	4,254	3,856
Other accrued expenses	3,350	3,442
Current maturities of long-term debt	<u>104</u>	<u>34</u>
Total current liabilities	9,871	9,553
Long-term debt, net	4,303	4,405
Accrued pension liabilities	1,192	3,025
Other postretirement and other noncurrent liabilities	3,755	4,364
Stockholders' equity	<u>9,805</u>	<u>6,884</u>
Total liabilities and stockholders' equity	<u>\$ 28,926</u>	<u>\$ 28,231</u>
Total debt-to-capitalization ratio:	<u>31%</u>	<u>39%</u>

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

	YEAR ENDED DECEMBER 31,	
	<u>2007</u>	<u>2006</u>
<u>Operating Activities</u>		
Net earnings	\$ 3,033	\$ 2,529
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	819	764
Changes in operating assets and liabilities:		
Receivables	(324)	94
Inventories	(57)	(530)
Accounts payable	(66)	217
Customer advances and amounts in excess of costs incurred	394	475
Other	442	234
Net cash provided by operating activities	4,241	3,783
<u>Investing Activities</u>		
Expenditures for property, plant and equipment	(940)	(893)
Sale of short-term investments, net	48	48
Acquisitions of businesses / investments in affiliates	(337)	(1,122)
Divestitures of businesses / investments in affiliates	26	180
Other	(2)	132
Net cash used for investing activities	(1,205)	(1,655)
<u>Financing Activities</u>		
Issuances of common stock and related amounts	474	756
Repurchases of common stock	(2,127)	(2,115)
Common stock dividends	(615)	(538)
Premium and transaction costs for debt exchange	-	(353)
Repayments of long-term debt	(32)	(210)
Net cash used for financing activities	(2,300)	(2,460)
Net increase (decrease) in cash and cash equivalents	736	(332)
Cash and cash equivalents at beginning of period	1,912	2,244
Cash and cash equivalents at end of period	\$ 2,648	\$ 1,912

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			3,033		3,033
Common stock dividends (b)			(615)		(615)
Stock-based awards and ESOP activity	10	879			889
Repurchases of common stock (c)	(22)	(1,634)	(471)		(2,127)
Other comprehensive income (d)				1,710	1,710
Balance at December 31, 2007	<u>\$ 409</u>	<u>\$ -</u>	<u>\$ 11,247</u>	<u>\$ (1,851)</u>	<u>\$ 9,805</u>

- (a) The Corporation adopted Financial Accounting Standards Board Interpretation No. 48 (FIN 48), "Accounting for Uncertainty in Income Taxes" on January 1, 2007. 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 and a dividend (\$0.42 per share) paid in the fourth quarter.
- (c) The Corporation repurchased 3.0 million shares of its common stock for \$322 million during the fourth quarter. During the year, the Corporation repurchased 21.6 million common shares for \$2.1 billion. The Corporation has 32.7 million shares remaining under its share repurchase program as of the end of 2007.
- (d) At December 31, 2007, the Corporation recognized a non-cash, after-tax increase of stockholder's equity of approximately \$1.7 billion, as a result of the required remeasurement of the pension plans. The increase was primarily the result of increasing the discount rate assumption from 5.875% at December 31, 2006 to 6.375% at December 31, 2007.

LOCKHEED MARTIN CORPORATION

Operating Data

Unaudited

(In millions)

	<u>DECEMBER 31,</u> <u>2007</u>	<u>DECEMBER 31,</u> <u>2006</u>
<u>Backlog</u>		
Aeronautics	\$ 26,300	\$ 26,900
Electronic Systems	21,200	19,700
Information Systems & Global Services	11,800	10,500
Space Systems	17,400	18,800
Total	\$ 76,700	\$ 75,900

	<u>QUARTER ENDED DECEMBER 31,</u>		<u>YEAR ENDED DECEMBER 31,</u>	
<u>Aircraft Deliveries</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
F-16	9	20	41	67
F-22	7	8	24	27
C-130J	3	4	12	12

LOCKHEED MARTIN CORPORATION

Proforma Consolidated Condensed Statement of Earnings (a)

Unaudited

(In millions, except per share data and percentages)

	QUARTER ENDED			QUARTER ENDED			
	March 31, 2007	June 30, 2007	September 30, 2007	March 31, 2006	June 30, 2006	September 30, 2006	December 31, 2006
Net sales	\$ 9,275	\$ 10,651	\$ 11,095	\$ 9,214	\$ 9,961	\$ 9,605	\$ 10,840
Cost of sales	8,365	9,597	9,949	8,454	9,121	8,802	9,809
	910	1,054	1,146	760	840	803	1,031
Other income and expenses, net	75	110	17	170	63	64	39
Operating profit	985	1,164	1,163	930	903	867	1,070
Interest expense	93	93	79	94	92	90	85
Other non-operating income and expense, net	37	67	35	41	40	38	64
Earnings before income taxes	929	1,138	1,119	877	851	815	1,049
Income tax expense	239	360	353	286	271	186	320
Net earnings	<u>\$ 690</u>	<u>\$ 778</u>	<u>\$ 766</u>	<u>\$ 591</u>	<u>\$ 580</u>	<u>\$ 629</u>	<u>\$ 729</u>
Effective tax rate	<u>25.7%</u>	<u>31.6%</u>	<u>31.5%</u>	<u>32.6%</u>	<u>31.8%</u>	<u>22.8%</u>	<u>30.5%</u>
Earnings per common share:							
Basic	\$ 1.64	\$ 1.87	\$ 1.85	\$ 1.36	\$ 1.35	\$ 1.48	\$ 1.72
Diluted	\$ 1.60	\$ 1.82	\$ 1.80	\$ 1.34	\$ 1.34	\$ 1.46	\$ 1.68
Average number of shares outstanding:							
Basic	421.4	416.7	413.5	436.0	428.8	424.3	423.4
Diluted	432.1	426.5	424.5	441.3	433.7	431.9	432.8

(a) In the fourth quarter of 2007, interest income was reclassified from segment operating profit and unallocated corporate (expense) income, net to "Other non-operating income and expense, net" to conform to the 2007 consolidated condensed statement of earnings presentation. Schedules "I" through "N" of the attachments to this press release present historical unaudited pro forma data that has been reclassified to reflect this presentation.

LOCKHEED MARTIN CORPORATION**Proforma Consolidated Condensed Statement of Earnings**

Unaudited

(In millions, except per share data and percentages)

	YEAR ENDED DECEMBER 31,	
	2006	2005
Net sales	\$ 39,620	\$ 37,213
Cost of sales	36,186	34,676
	3,434	2,537
Other income and expenses, net	336	316
Operating profit	3,770	2,853
Interest expense	361	370
Other non-operating income and expense, net	183	133
Earnings before income taxes	3,592	2,616
Income tax expense	1,063	791
Net earnings	\$ 2,529	\$ 1,825
Effective tax rate	29.6%	30.2%
Earnings per common share:		
Basic	\$ 5.91	\$ 4.15
Diluted	\$ 5.80	\$ 4.10
Average number of shares outstanding:		
Basic	428.1	440.3
Diluted	436.4	445.7

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

	QUARTER ENDED			QUARTER ENDED			
	March 31, 2007	June 30, 2007	September 30, 2007	March 31, 2006	June 30, 2006	September 30, 2006	December 31, 2006
Net sales (a):							
Aeronautics	\$ 2,821	\$ 3,136	\$ 3,342	\$ 2,823	\$ 3,004	\$ 2,983	\$ 3,378
Electronic Systems	2,515	2,927	2,827	2,453	2,698	2,576	2,792
Information Systems & Global Services	2,145	2,520	2,713	1,969	2,158	2,191	2,672
Space Systems	1,794	2,068	2,213	1,969	2,101	1,855	1,998
Total net sales	\$ 9,275	\$ 10,651	\$ 11,095	\$ 9,214	\$ 9,961	\$ 9,605	\$ 10,840
Operating profit:							
Aeronautics	\$ 299	\$ 378	\$ 414	\$ 250	\$ 272	\$ 316	\$ 383
Electronic Systems	317	387	346	306	318	276	364
Information Systems & Global Services	198	231	245	180	194	203	227
Space Systems	185	214	221	192	188	175	187
Segment operating profit	999	1,210	1,226	928	972	970	1,161
Unallocated corporate (expense) / income, net	(14)	(46)	(63)	2	(69)	(103)	(91)
	\$ 985	\$ 1,164	\$ 1,163	\$ 930	\$ 903	\$ 867	\$ 1,070
Margins:							
Aeronautics	10.6%	12.1%	12.4%	8.9%	9.1%	10.6%	11.3%
Electronic Systems	12.6	13.2	12.2	12.5	11.8	10.7	13.0
Information Systems & Global Services	9.2	9.2	9.0	9.1	9.0	9.3	8.5
Space Systems	10.3	10.3	10.0	9.8	8.9	9.4	9.4
Total operating segments	10.8	11.4	11.1	10.1	9.8	10.1	10.7
Total consolidated	10.6%	10.9%	10.5%	10.1%	9.1%	9.0%	9.9%

(a) Net sales unchanged from previously disclosed amounts

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

	<u>YEAR ENDED DECEMBER 31,</u>	
	<u>2006</u>	<u>2005</u>
<u>Net sales (a):</u>		
Aeronautics	\$ 12,188	\$ 12,349
Electronic Systems	10,519	9,811
Information Systems & Global Services	8,990	8,233
Space Systems	7,923	6,820
Total net sales	<u>\$ 39,620</u>	<u>\$ 37,213</u>
<u>Operating profit:</u>		
Aeronautics	\$ 1,221	\$ 1,018
Electronic Systems	1,264	1,078
Information Systems & Global Services	804	720
Space Systems	742	605
Segment operating profit	<u>4,031</u>	<u>3,421</u>
Unallocated corporate expense, net	(261)	(568)
	<u>\$ 3,770</u>	<u>\$ 2,853</u>
<u>Margins:</u>		
Aeronautics	10.0%	8.2%
Electronic Systems	12.0	11.0
Information Systems & Global Services	8.9	8.7
Space Systems	9.4	8.9
Total operating segments	10.2	9.2
Total consolidated	9.5%	7.7%

(a) Net sales unchanged from previously disclosed amounts

LOCKHEED MARTIN CORPORATION

Proforma Unallocated Corporate (Expense) / Income, net and Other Non-Operating Income and Expense, net

Unaudited

(In millions, except percentages)

	QUARTER ENDED			QUARTER ENDED			
	March 31, 2007	June 30, 2007	September 30, 2007	March 31, 2006	June 30, 2006	September 30, 2006	December 31, 2006
<u>Unallocated corporate (expense) / income, net:</u>							
FAS/CAS pension adjustment	\$ (14)	\$ (14)	\$ (18)	\$ (68)	\$ (68)	\$ (70)	\$ (69)
Unusual items, net	46	25	-	150	20	31	29
Stock compensation expense	(49)	(33)	(34)	(30)	(27)	(26)	(28)
Other, net	3	(24)	(11)	(50)	6	(38)	(23)
Unallocated corporate (expense) / income, net	\$ (14)	\$ (46)	\$ (63)	\$ 2	\$ (69)	\$ (103)	\$ (91)
<u>Other non-operating income and expense, net</u>							
Interest income	\$ 37	\$ 67	\$ 35	\$ 41	\$ 40	\$ 54	\$ 64
Debt related expenses	-	-	-	-	-	16	-
Total other non-operating income and expense, net	\$ 37	\$ 67	\$ 35	\$ 41	\$ 40	\$ 38	\$ 64

LOCKHEED MARTIN CORPORATION**Proforma Unallocated Corporate (Expense) / Income, net and Other Non-Operating Income and Expense, net**

Unaudited

(In millions, except percentages)

	YEAR ENDED DECEMBER 31,	
	2006	2005
<u>Unallocated corporate (expense) / income, net:</u>		
FAS/CAS pension adjustment	\$ (275)	\$ (626)
Unusual items, net	230	173
Stock compensation expense	(111)	-
Other, net	(105)	(115)
Unallocated corporate expense, net	\$ (261)	\$ (568)
<u>Other non-operating income and expense, net</u>		
Interest income	\$ 199	\$ 143
Debt related expenses	16	10
Total other non-operating income and expense, net	\$ 183	\$ 133