Lockheed Martin F-35 Program Adjustments Designed To Ensure Steady Transition To Production

250 LAYOFFS PLANNED FOR APRIL; POSSIBLY 650 FOR THE YEAR

More than halfway through its 12-year development phase, with most engineering work complete, the Lockheed Martin F-35 Lightning II program is transitioning from design to production. Mid-course adjustments to staffing and manufacturing will begin in April as part of the program plan to produce and field the F-35 within its budget, and support the Lightning II's robust warfighting capabilities.

In line with longstanding plans for this stage of the F-35 program, approximately 850 positions -- primarily engineering-related -- will be transitioned off the program during 2008, with as many as 200 of those workers likely to be placed in other company jobs or offset by voluntary layoffs. The first 250 layoffs will take place in April. Lockheed Martin intends to achieve a portion of the 850 total reduction through normal attrition, voluntary layoffs and job placement within the corporation. Sixty-day notice and outplacement services will be provided to persons who are laid off. Most of the staffing transitions will occur at Lockheed Martin's Fort Worth site.

"Implementing our plans in this pivotal year will help ensure that we can realize the full potential of the Lightning II to benefit our customers, company, community and workforce," said June Shrewsbury, executive vice president of Company Integration. "We have a structured process for handling these kinds of transitions. For those who can't be placed internally, we will provide 60 days' notice, outplacement services and severance benefits as applicable. Our objective is to make the transitions as smooth as possible as we support all those impacted," she said.

"It's important to note that this transition has always been part of our program plan. Many of our SDD design tasks are complete and we're getting ready to accelerate on the production side. The F-35 program continues to operate within its System Development and Demonstration budgets and the program is technically stable," said Dan Crowley, Lockheed Martin executive vice president and F-35 program general manager.

"Given where we are in the maturity of the development program, it is time to adjust our staffing needs. Unfortunately, we're going to lose some very talented and capable people," said Crowley. "The people on the F-35 team are doing an outstanding job for the military men and women who will ultimately fly this aircraft into harm's way. We would prefer to retain every employee, but we must keep pace with the funding profiles and the program plan."

Crowley said the ongoing adjustments are historically consistent with aircraft development programs of this size. "The F-35 program is farther along in its risk reduction efforts than comparable aircraft programs have been at this stage of their existence."

Other adjustments affect the manufacturing and test plan for the F-35, which recently completed its first year of flight test. An F-35 program review conducted midway through the 12-year System Development and Demonstration (SDD) phase concluded that two preproduction F-35 test aircraft will no longer be needed because of simulation and laboratory fidelity, including the CATBird flying avionics test bed and extensive flight testing of the first F-35. Thirteen flight-test and six ground-test aircraft continue to be part of the SDD stage. The changes have been endorsed by the U.S. Department of Defense.

Lockheed Martin is developing the F-35 with its principal industrial partners, Northrop Grumman and BAE Systems.

Headquartered in Bethesda, Md., Lockheed Martin employs about 140,000 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 2007 sales of $41.9 billion.

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