Lockheed Martin Voluntary Executive Separation Program To Lower Cost Structure

Hundreds of executives apply for early-exit incentives

Lockheed Martin Corporation today announced the results of a program begun in July to lower overhead and improve affordability by reducing the number of leaders at the vice president and director levels.

Under the Voluntary Executive Separation Program (VESP), more than 600 company executives - about 25 percent of the total executive population - applied to accept financial incentives to leave the company. When fully implemented, the program will yield substantial savings in 2011 and on a recurring basis in 2012 and beyond. The executive reductions will help align the number of senior leaders with the overall decline of about 10,000 in the employee population since the beginning of last year, cut overhead costs and management layers, and increase the Corporation's speed and agility in meeting commitments.

"The VESP program will enable us to achieve significant cost savings and a leaner management structure at a time when our customers have an urgent need for more affordable solutions to the global security challenges they face," said Lockheed Martin Chairman and CEO Bob Stevens. "We're grateful to the executives who will be leaving, because we built this Corporation on their leadership and dedicated service. The new reality of our business environment does not in any way detract from the respect and success they earned."

The program is the latest in a series of continuous initiatives aimed at refining strategic alignment while enhancing performance and lowering costs to keep pace with evolving customer realities and global security challenges. Other affordability actions this year have included a major business reorganization, the planned divestiture of two business units, and significant reductions in international trade show participation and advertising.

In addition to reducing overhead costs, the program is expected to create opportunities for talented individuals to take on broader assignments to continue to grow their careers.

Headquartered in Bethesda, Md., Lockheed Martin is a global security company that employs about 136,000 people worldwide and is principally engaged in the research, design, development, manufacture, integration and sustainment of advanced technology systems, products and services. The Corporation's 2009 sales from continuing operations were $44.5 billion.

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