

LOCKHEED MARTIN'S FIRST PROPOSAL

**Lockheed Martin Aeronautics Company
Marietta
And
International Association of Machinists and Aerospace Workers
Local 709, 1027, 2386**

February 16, 2018

Company Economic Proposal #1

In addition to all proposals tentatively agreed to date, below are the Company's proposals to modify the Agreement currently in effect. For any contract provision not mentioned, the Company proposes no change at this time:

Proposal # EU- Union EC- Company	Topic	Summary/Union Proposal	Company Proposal/Counter Bold – Updated Prop Language Strike – Previous Prop Language
EU-1	Pension	Increase to \$130 per month per year of Corporate service (past and future) and retroactive to January 1, 2018 with no reduction for early retirement and other pension related proposals	TBD – The Company is considering
EU-2	HCAP	Increase HCAP contributions to \$1000 per quarter.	<p>The Company counters the Union's proposal with the following:</p> <p>See Page 9 of Article XX</p> <p>Section 8. RETIREMENT AND SAVINGS PLAN</p> <p>B. Lockheed Martin Capital Accumulation Plan for Hourly Employees (HCAP).</p> <p>b. Company Contributions:</p> <ol style="list-style-type: none"> 1) Employees will receive a Company contribution in the amount of four hundred and ten dollars (\$410) per quarter to begin as soon as administratively practicable after ratification. 2) Employees will receive a Company contribution in the amount of four hundred and twenty dollars (\$420) per quarter beginning January 1, 2021.

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

**Lockheed Martin Aeronautics Company
Marietta
And
International Association of Machinists and Aerospace Workers
Local 709, 1027, 2386**

February 16, 2018

Company Economic Proposal #1

In addition to all proposals tentatively agreed to date, below are the Company's proposals to modify the Agreement currently in effect. For any contract provision not mentioned, the Company proposes no change at this time:

EU-3	HSP (401K)	Modify 401K to be allowed to follow the current maximum federal government allowances and increase employees matched contribution up to \$100 and increase company match to 100%.	<p>The Company counters the Union's proposal as follows:</p> <p>See Page 10 of Article XX</p> <p>Section 8. RETIREMENT AND SAVINGS PLANS</p> <p>C. Lockheed Martin Hourly Employee Savings Plan Plus (HSP).</p> <p>b. Company Matching Contributions. Before-tax, Roth and/or after-tax employee elective deferrals of up to eighty dollars (\$80) per week are subject to Company matching contributions at the rate of 50%.</p> <p>....</p>
EU-4	Basic Benefit Plan	Increase \$100/qtr. Employees hired after 3/1/05 increase to \$160/qtr.	<p>The Company maintains current company contribution</p> <p>See Page 10 of Article XX</p>
EU-5	Job Security	Subcontracting, Outsourcing, and Insourcing	Reject - The Company rejects the Union's proposal
EU-6	Job Security (Severance)	Employee severance after 1 year at \$1,000 per year (\$5,000 max) and 6 months Company paid medical coverage	Reject - The Company rejects the Union's proposal
EU-7	Vacation	Accrual	Reject - The Company rejects the Union's proposal
EU-8	Employee Benefits (Sick Leave)	Increase paid sick leave from 48 hours per year to 72 hours per year	Reject - The Company rejects the Union's proposal

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

**Lockheed Martin Aeronautics Company
Marietta
And
International Association of Machinists and Aerospace Workers
Local 709, 1027, 2386**

February 16, 2018

Company Economic Proposal #1

In addition to all proposals tentatively agreed to date, below are the Company's proposals to modify the Agreement currently in effect. For any contract provision not mentioned, the Company proposes no change at this time:

EU-9	Employee Benefits (MLK and Veterans Day)	MLK Day and Veterans Day as a paid Holiday	Reject - The Company rejects the Union's proposal
EU-10	Employee Benefits (Holiday Schedule)	Proposed holiday schedule	The Company has proposed in local discussions
EU-11	Bereavement	3 days paid bereavement leave	TBD – The Company is considering
EU- 12	Medical & Healthcare Coverage (HMO) (% premiums) (deductibles & out of pocket max)	Maintain current medical providers. Add Site specific HMO choices. Maintain current percentages for medical premiums. Maintain current calendar year deductibles & out of pocket maximums. Health Fund Company contributions equivalent to the deductible of chosen health plan	The Company counters the Union's proposal as follows: See Pages 1-2 of Article XX Section 1. MEDICAL PLANS A. Legacy Health Care Plans. ... a. Effective January 1, 2019, the Company will pay 80% of the premium cost of the medical plan selected. The employee will contribute 20% of the premium cost. b. Notwithstanding the above, effective, January 1, 2019, any increase to the premium cost of the medical plan selected will be borne by the employee such that the Company's maximum premium cost shall be equal to the actual dollar amount paid in 2018 by the Company for the medical plan selected. B. LM HealthWorks Plan. The LM HealthWorks medical plan currently offered as an option for all employees will be discontinued and no longer available as an option after December 31, 2018. C. High Deductible Health Plans. Effective January 1, 2019, the Corporate-wide High Deductible Health Plans (HDHP) will be offered to employees on the "same basis as" offered to non-bargaining unit

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

**Lockheed Martin Aeronautics Company
Marietta
And
International Association of Machinists and Aerospace Workers
Local 709, 1027, 2386**

February 16, 2018

Company Economic Proposal #1

In addition to all proposals tentatively agreed to date, below are the Company's proposals to modify the Agreement currently in effect. For any contract provision not mentioned, the Company proposes no change at this time:

		<p>Add Kaiser as an option to all employees</p>	<p>employees. For employees hired or rehired on or after March 3, 2014, the High Deductible Health Plans will be the only option available.</p> <ul style="list-style-type: none"> a. Effective January 1, 2019, the Company will pay 87% of the premium cost of the medical plan selected. The employee will contribute 13% of the premium cost. b. Employees enrolled in a High Deductible Health Plan for the first time will receive a one-time Company contribution to a Health Savings Account (HSA). The contribution for employee-only coverage is \$500. The contribution for employee plus one or more coverage is \$1,000. <p>....</p>
--	--	---	---

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

**Lockheed Martin Aeronautics Company
Marietta
And
International Association of Machinists and Aerospace Workers
Local 709, 1027, 2386**

February 16, 2018

Company Economic Proposal #1

In addition to all proposals tentatively agreed to date, below are the Company's proposals to modify the Agreement currently in effect. For any contract provision not mentioned, the Company proposes no change at this time:

EU-13	Medical & Healthcare Coverage (Dental)	Basic Plan increase maximum to \$2,000 and Comprehensive Plan increase maximum \$2,500 Vision Plans	<p>The Company counters the Union's proposal as follows:</p> <p>See Pages 2-3 of Article XX</p> <p>Section 2. DENTAL PLANS</p> <p>A. The Comprehensive Dental Plan, Comprehensive Plus Dental Plan and Managed Dental Plan currently offered as options for all employees will be discontinued and no longer available as options after December 31, 2018.</p> <p>B. Effective January 1, 2019, the Dental Plan Core, Dental Plan Enhanced and Dental Plan HMO (where available) will be offered to employees on the "same basis as" offered to non-bargaining unit employees.</p> <p style="padding-left: 40px;">a. Effective January 1, 2019, the Company will pay 80% of the premium cost of the Dental Plan Core or the Dental Plan HMO, if selected. If the employee selects Dental Plan Enhanced, the employee is responsible for any additional premium costs between the selected plan and the Dental Plan Core.</p> <p>III. VISION PLANS</p> <p>A. The Vision 24 Plan and the Vision 12 Plan currently offered as options for all employees will be discontinued and no longer available as options after December 31, 2018.</p> <p>B. Effective January 1, 2019, the Vision Core and the Vision Plan Enhanced will be offered to employees on the "same basis as" offered to non-bargaining unit employees.</p> <p style="padding-left: 40px;">a. Effective January 1, 2019, the Company will pay 80% of the premium cost of the Vision Plan Core. If the employee selects Vision Plan Enhanced, the employee is responsible for any additional premium costs between the selected plan and the Vision Plan Core.</p>
-------	--	--	---

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

**Lockheed Martin Aeronautics Company
Marietta
And
International Association of Machinists and Aerospace Workers
Local 709, 1027, 2386**

February 16, 2018
Company Economic Proposal #1

In addition to all proposals tentatively agreed to date, below are the Company's proposals to modify the Agreement currently in effect. For any contract provision not mentioned, the Company proposes no change at this time:

EU-14	<p>Medical & Healthcare Coverage (MERMP Lifetime Max)</p> <p>(MERMP Contribution)</p>	<p>MERMP lifetime max increase to \$70,000;</p> <p>Company contributions of \$500.00 for single and \$1,000 for family</p>	<p>The Company counters the Union's proposal as follows:</p> <p>See Pages 8-9 of Article XX</p> <p>Section 7. RETIREE MEDICAL</p> <p>C. Over-Age 65 Retirees.</p> <p>a. Over-Age 65 employees retiring on or after March 5, 2018 and prior to July 1, 2018 are eligible for the Medicare Eligible Retiree Medical Plan (MERMP) which supplements coverage under Medicare. Additionally, employees are eligible for a Senior HMO Plan, if available in the locality.</p> <p>b. MERMP Lifetime Maximum Benefit. Effective January 1, 2019, the lifetime dollar maximum payable under the MERMP is \$50,000 for all future retirees eligible for the MERMP.</p> <p>c. Contribution Formula. ...</p> <p>The over-age 65 Medicare eligible retiree's basic monthly contribution is \$40 for Single Coverage and \$80 for Family Coverage. The maximum monthly Company subsidy is \$330 for Single Coverage and \$660 for Family Coverage. The contribution formula is as follows:</p> <p>d. Private Medicare Exchange Retiree Medical Coverage. Effective June 30, 2018, the MERMP and Senior HMOs will be discontinued for future over-age 65 retirees. Over-age 65 employees eligible for retiree medical insurance who commence retirement on or after July 1, 2018 will be eligible to participate in the over-age 65 healthcare option(s) on the "same basis as" offered to non-bargaining unit over-age 65 retirees on an identical design basis.</p> <p>1) Company Subsidy. The Company subsidy for Retiree Medical Coverage will be in the form of a credit to a Health Reimbursement Arrangement (HRA) in the amount of \$900 annually (\$75 per month) per enrolled retiree and \$900 annually (\$75 per month) per enrolled spouse.</p>
-------	---	--	---

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

**Lockheed Martin Aeronautics Company
Marietta
And
International Association of Machinists and Aerospace Workers
Local 709, 1027, 2386**

February 16, 2018

Company Economic Proposal #1

In addition to all proposals tentatively agreed to date, below are the Company's proposals to modify the Agreement currently in effect. For any contract provision not mentioned, the Company proposes no change at this time:

EU-15	Medical & Healthcare Coverage (STD)	\$1000 per week benefit up to 27 weeks unless provided by State SDI.	<p>The Company counters the Union's proposal as follows:</p> <p>See Page 3 of Article XX</p> <p>Section 5. OTHER PLANS</p> <p style="padding-left: 40px;">C. Short Term Disability Insurance. The Company provides short-term disability coverage of seventy (70%) percent of weekly earnings to a maximum of \$370 per week. For leaves commencing on or after July 1, 2018, the maximum will increase to \$380 per week. All other provisions of short-term disability coverage shall be within the Company's discretion.</p>
EU-16	Medical & Healthcare Coverage (Hearing Aid)	Maximum coverage expenses per hearing aid per ear will be \$2000 annually.	<p>Counter – See various Company medical plan designs (See Exhibit 1)</p>
EU-17	Medical & Healthcare Coverage (Life and AD&D)	Increase to \$75,000	<p>The Company counters the Union's proposal as follows:</p> <p>See Page 3 of Article XX</p> <p>Section 5. OTHER PLANS</p> <p style="padding-left: 40px;">A. Life and Accidental Death Insurance.</p> <p style="padding-left: 80px;">a. All employees receive Basic Life Insurance coverage of \$38,000. Effective January 1, 2019, the amount will increase to \$40,000 for employees who are actively at work on or after January 1, 2019.</p> <p style="padding-left: 80px;">b. All employees receive Accidental Death Insurance coverage of \$38,000. Effective January 1, 2019, the amount will increase to \$40,000 for employees who are actively at work on or after January 1, 2019.</p>
EU-18	Retirement Benefits (Early retiree coverage)	Increase company contribution to \$10,000 annually for single coverage and	<p>The Company maintains current company contribution</p> <p>See Page 7 of Article XX</p>

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

**Lockheed Martin Aeronautics Company
Marietta
And
International Association of Machinists and Aerospace Workers
Local 709, 1027, 2386**

February 16, 2018

Company Economic Proposal #1

In addition to all proposals tentatively agreed to date, below are the Company's proposals to modify the Agreement currently in effect. For any contract provision not mentioned, the Company proposes no change at this time:

		\$20,000 for family coverage	
EU-19	Retirement Benefits ("Opt-out" of early retiree medical coverage)	For those early retirees who "opt out" of Early Retiree Medical Coverage, the Company will provide that the equivalent amount of the Company Medical subsidy will be paid directly to the retiree in their monthly retirement benefits	Reject - The Company rejects the Union's proposal
EU-20	ARP	ARP Increase from \$.25 to \$1.00 every three months	Reject - The Company rejects the Union's proposal
EU-21	Promotion	Promotions rate of pay increased to \$1.00 or to min of classification, whichever is greater	Reject - The Company rejects the Union's proposal
EU-22	Shift Differential and Odd Work Week	Increase swing shift premium to \$2.00 and grave yard shift to \$1.00	Reject - The Company rejects the Union's proposal
EU-23	Field Duty	Employees traveling on work related assignments receive additional \$4.00	Reject - The Company rejects the Union's proposal

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

**Lockheed Martin Aeronautics Company
Marietta
And
International Association of Machinists and Aerospace Workers
Local 709, 1027, 2386**

February 16, 2018

Company Economic Proposal #1

In addition to all proposals tentatively agreed to date, below are the Company's proposals to modify the Agreement currently in effect. For any contract provision not mentioned, the Company proposes no change at this time:

EU-24	Overtime	<p>No forced overtime</p> <p>Increase in-week & Saturday overtime rates from ½ to 2 times rate of pay; Sunday overtime from 2 to 3 times rate of pay</p> <p>In-week and 6th day overtime paid at 2x rate of pay</p> <p>7th day & Holiday overtime paid at 3x rate of pay</p>	Reject - The Company rejects the Union's proposal
EU-25	GWI (Increases)	Wage Increases (6%, 5%, 5%, 6%, 6%)	<p>The Company counters the Union's wage proposal as follows:</p> <p>Year 1: 1.5% Lump Sum Year 2: 1.5 % General Wage Increase Year 3: 1.5 % General Wage Increase Year 4: 1.5 % General Wage Increase Year 5: 1.5% Lump Sum</p>
EU-26	GWI (Applied to min/max)	All GWI's are to be applied to the minimums and maximums of labor grades and in grade positions of all	Defer to local discussions

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

**Lockheed Martin Aeronautics Company
Marietta
And
International Association of Machinists and Aerospace Workers
Local 709, 1027, 2386**

February 16, 2018

Company Economic Proposal #1

In addition to all proposals tentatively agreed to date, below are the Company's proposals to modify the Agreement currently in effect. For any contract provision not mentioned, the Company proposes no change at this time:

		employees	
EU-27	COLA Supplements	Increased \$1,200 to \$2,000 from \$800	Refer to Company proposal EC-1
EU-28	Lead Pay	Increase lead pay from \$.50 to \$2.00	Defer to local discussions
EU-29	Airframe or Power Plant License Holders	Paid additional \$1.00 per hour per license	Defer to local discussions
EU-30	Parachute Riggers License Holders	Paid additional \$2.00 per hour	Defer to local discussions
EU-31	Grievances	Remove restrictions on union grievances	Reject - The Company rejects the Union's proposal
EC-1	COLA Supplements & COLA	Eliminate	The Company proposes to delete current Article VIII, Section 4 and Article VIII, Section 3 regarding COLA and COLA Supplements in its entirety (including any other COLA references in the current collective bargaining agreement).
EC-2	Benefits	Continuation of health benefits Codify current practice	The Company proposes to codify current practice in Article XX as follows: See page 3 of Article XX Section 4. HEALTH INSURANCE CONTINUATION B. If laid-off, active medical coverage for employee and eligible dependents will continue for thirty-one (31) days at no cost to the employee.

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

**Lockheed Martin Aeronautics Company
Marietta
And
International Association of Machinists and Aerospace Workers
Local 709, 1027, 2386**

February 16, 2018

Company Economic Proposal #1

In addition to all proposals tentatively agreed to date, below are the Company's proposals to modify the Agreement currently in effect. For any contract provision not mentioned, the Company proposes no change at this time:

EC-3	Benefits	Business Travel Accident	<p>The Company proposes the following:</p> <p>See page 3 of Article XX</p> <p>Section 5. OTHER PLANS B. Business Travel Accident Plan. The Lockheed Martin Business Travel Accident Plan will automatically be extended to employees covered by this Agreement on a "same basis as" plan design as offered to non-bargaining unit employees. This change will be made as soon as administratively practicable.</p>
EC-4	Benefits	Group Universal Life	<p>The Company proposes to codify current practice in Article XX as follows:</p> <p>See page 4 of Article XX</p> <p>Section 5. OTHER PLANS D. Group Universal Life (GUL) Insurance. ... Employees may elect coverage options of one (1x) times up to six (6x) times Annual Base Pay.</p>
EC-5	Benefits	Dependent Optional Term Life Codify current practice	<p>The Company proposes to codify current practice in Article XX as follows:</p> <p>See page 4 of Article XX</p> <p>Section 5. OTHER PLANS E. Dependent Optional Term Life (DOTL) Insurance. The Company offers Dependent Optional Term Life (DOTL) Insurance. The employee pays 100% of the cost.</p> <p style="margin-left: 40px;">a. Spouse. An employee may elect coverage for a spouse at coverage levels equal to one (1x), two (2x), or three (3x) times employee's Annual Base Pay. ...</p> <p style="margin-left: 40px;">b. Dependent Children. An employee may elect coverage for any eligible dependent child(ren) at coverage levels of \$5,000, \$10,000 or \$25,000.</p>

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

**Lockheed Martin Aeronautics Company
Marietta
And
International Association of Machinists and Aerospace Workers
Local 709, 1027, 2386**

February 16, 2018

Company Economic Proposal #1

In addition to all proposals tentatively agreed to date, below are the Company's proposals to modify the Agreement currently in effect. For any contract provision not mentioned, the Company proposes no change at this time:

EC-6	Benefits	Special Accident Insurance Codify current practice	<p>The Company proposes to codify current practice in Article XX as follows:</p> <p>See Page 4 of Article XX</p> <p>Section 5. OTHER PLANS</p> <p>F. Special Accident Insurance. The Company offers Special Accident Insurance. The employee pays 100% of the cost.</p> <ul style="list-style-type: none"> a. Self. An employee may elect coverage with options of \$25,000, \$50,000, \$100,000, \$200,000, \$300,000, \$400,000 or \$500,000. Amounts in excess of \$300,000 cannot exceed (10x) times Annual Base Pay. b. Spouse. An employee may elect coverage for a spouse with options of \$10,000, \$25,000, \$50,000, \$100,000, \$150,000, \$200,000 or \$250,000. c. Dependent Child(ren). An employee may elect coverage for eligible dependent child(ren) in the amounts of \$10,000, \$25,000 or \$50,000.
EC-7	Benefits	Flexible Spending Accounts	<p>The Company proposes to codify current practice in Article XX as follows:</p> <p>See Pages 4 of Article XX</p> <p>Section 5. OTHER PLANS</p> <p>G. Flexible Spending Accounts. The Company offers access to the following Flexible Spending Accounts which may be used to pay for eligible expenses using pre-tax dollars. Flexible Spending Accounts are governed by IRS regulations and are subject to change.</p> <ul style="list-style-type: none"> a. Health Care Spending Account (HCSA). The minimum calendar year contribution is \$100. b. Dependent Care Spending Account (DCSA). The minimum calendar year contribution is \$100.

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

**Lockheed Martin Aeronautics Company
Marietta
And
International Association of Machinists and Aerospace Workers
Local 709, 1027, 2386**

February 16, 2018

Company Economic Proposal #1

In addition to all proposals tentatively agreed to date, below are the Company's proposals to modify the Agreement currently in effect. For any contract provision not mentioned, the Company proposes no change at this time:

EC-8	New Hires and Annual Enrollment	Default Coverage (Medical, Dental, Vision)	<p>The Company proposes the following:</p> <p>See pages 4-6 of Article XX</p> <p>Section 7. General Provisions</p> <p>A. New Hires – See Chart on page 5</p> <p>B. 2019 - All Employees – “No Coverage”</p> <p>C. 2020 and Subsequent Years – All Employees – See Chart on pages 5-6</p>
EC-9	Healthcare Legislation and Taxation	Mutual Agreement	See Attachment A for proposed Mutual Agreement on Healthcare Legislation and Taxation

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

**ARTICLE XX
BENEFITS**

Delete Article 6, Section 7 and create a new Article with the following language:

Section 1. MEDICAL PLANS

- A. **Legacy Health Care Plans.** The Blue Cross Blue Shield of Georgia HMO, United HealthCare of Mississippi HMO and the Aetna West Virginia POS will be available where currently offered to employees hired prior to March 3, 2014.
- a. Effective January 1, 2019, the Company will pay **80%** of the premium cost of the medical plan selected. The employee will contribute **20%** of the premium cost.
 - b. Notwithstanding the above, effective, January 1, 2019, any increase to the premium cost of the medical plan selected will be borne by the employee such that the Company's maximum premium cost shall be equal to the actual dollar amount paid in **2018** by the Company for the medical plan selected.
- B. **LM HealthWorks Plan.** The LM HealthWorks medical plan currently offered as an option for all employees will be discontinued and no longer available as an option after December 31, 2018. The weekly contribution formula in effect prior to the effective date of the Agreement will remain in effect through December 31, 2018. Balances remaining in the LM Health Fund will be converted to a limited purpose Health Reimbursement Account.
- C. **High Deductible Health Plans.** Effective January 1, 2019, the Corporate-wide High Deductible Health Plans (HDHP) will be offered to employees on the "same basis as" offered to non-bargaining unit employees. For employees hired or rehired on or after March 3, 2014, the High Deductible Health Plans will be the only options available.
- a. Effective January 1, 2019, the Company will pay 87% of the premium cost of the medical plan selected. The employee will contribute 13% of the premium cost.
 - b. Employees enrolled in a High Deductible Health Plan for the first time will receive a one-time Company contribution to a Health Savings Account (HSA). The contribution for employee-only coverage is **\$500**. The contribution for employee plus one or more coverage is **\$1,000**. Employees may make pre-tax deferrals from their paychecks and may defer all or part of their lump sum payments to the HSA. Amounts contributed that exceed the HSA annual limits will be paid to the employee.
 - c. "Same basis as" is understood to mean that any improvements, modifications, reductions, eliminations or changes to the plan(s) for non-bargaining unit employees shall be automatically applicable to bargaining unit employees covered by this Agreement. Same basis applies to any and all aspects of the plan(s) including but not limited to eligibility, plan offerings, effective dates and plan designs.

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

- D. **Medical Opt-Out Credit.** Any employee who chooses to opt-out of medical coverage provided for under this Agreement shall receive a medical opt-out credit of \$11.54 per week. To be eligible for an opt-out credit, employees are required to certify, on an annual basis, that they have medical coverage elsewhere. Employees are ineligible for an opt-out credit if the employee is covered as a dependent under another Company-sponsored medical plan. Part-time employees are not eligible for an opt-out credit.

Section 2. DENTAL PLANS

- A. The Comprehensive Dental Plan, Comprehensive Plus Dental Plan and Managed Dental Plan currently offered as options for all employees will be discontinued and no longer available as options after December 31, 2018. The current weekly contribution formula in effect immediately prior to the effective date of the Agreement shall remain in effect through December 31, 2018.
- B. Effective January 1, 2019, the Dental Plan Core, Dental Plan Enhanced and Dental Plan HMO (where available) will be offered to employees on the “same basis as” offered to non-bargaining unit employees.
- a. Effective January 1, 2019, the Company will pay **80%** of the premium cost of the Dental Plan Core or the Dental Plan HMO, if selected. If the employee selects Dental Plan Enhanced, the employee is responsible for any additional premium costs between the selected plan and the Dental Plan Core.
 - b. “Same basis as” is understood to mean that any improvements, modifications, reductions, eliminations or changes to the plan(s) for non-bargaining unit employees shall be automatically applicable to bargaining unit employees covered by this Agreement. Same basis applies to any and all aspects of the plan(s) including but not limited to eligibility, plan offerings, effective dates and plan designs.
- C. **Dental Opt-Out Credit.** Any employee who chooses to opt-out of dental coverage provided for under this Agreement shall receive a dental opt-out credit of \$2.31 per week. Employees are ineligible for an opt-out credit if the employee is covered as a dependent under another Company-sponsored dental plan. Part-time employees are not eligible for an opt-out credit.

Section 3. VISION PLANS

- A. The Vision 24 Plan and the Vision 12 Plan currently offered as options for all employees will be discontinued and no longer available as options after December 31, 2018. The current weekly contribution formula in effect immediately prior to the effective date of the Agreement shall remain in effect through December 31, 2018.
- B. Effective January 1, 2019, the Vision Core and the Vision Plan Enhanced will be offered to employees on the “same basis as” offered to non-bargaining unit employees.
- a. Effective January 1, 2019, the Company will pay **80%** of the premium cost of the Vision Plan Core. If the employee selects Vision Plan Enhanced, the employee is responsible for any additional premium costs between the selected plan and the Vision Plan Core.

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

- b. “Same basis as” is understood to mean that any improvements, modifications, reductions, eliminations or changes to the plan(s) for non-bargaining unit employees shall be automatically applicable to bargaining unit employees covered by this Agreement. Same basis applies to any and all aspects of the plan(s) including but not limited to eligibility, plan offerings, effective dates and plan designs.

Section 4. HEALTH INSURANCE CONTINUATION

- A. Continuation of health benefits (medical-dental-vision plans, as appropriate) will be offered as described in the Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985 (the “Act”) to those employees and dependents who lose coverage as a result of a ‘qualifying event’ as defined by the Act. The full cost of such coverage continuation plus applicable administration fees will be paid by the employee or dependent(s).
- B. If laid-off, active medical coverage for employee and eligible dependents will continue for thirty-one (31) days at no cost to the employee. The length of time medical coverage is extended will be included as part of the total length of time coverage may be continued under the Act or Insurance Continuation (as applicable).

Section 5. OTHER PLANS

- A. **Life and Accidental Death Insurance.** The Company provides basic life and accidental death insurance. The provisions of such coverage shall be within the Company’s discretion except as follows:
 - a. All employees receive Basic Life Insurance coverage of \$38,000. Effective January 1, 2019, the amount will increase to **\$40,000** for employees who are actively at work on or after January 1, 2019.
 - b. All employees receive Accidental Death Insurance coverage of \$38,000. Effective January 1, 2019, the amount will increase to **\$40,000** for employees who are actively at work on or after January 1, 2019.
- B. **Business Travel Accident Plan.** The Lockheed Martin Business Travel Accident Plan will automatically be extended to employees covered by this Agreement on a “same basis as” plan design as offered to non-bargaining unit employees. This change will be made as soon as administratively practicable.
- C. **Short Term Disability Insurance.** The Company provides short-term disability coverage of seventy (70%) percent of weekly earnings to a maximum of \$370 per week. For leaves commencing on or after July 1, 2018, the maximum will increase to **\$380** per week. All other provisions of short-term disability coverage shall be within the Company’s discretion.
- D. **Group Universal Life (GUL) Insurance.** The Company offers Group Universal Life (GUL) Insurance. The employee pays 100% of the cost. Employees may elect coverage options of one (1x) times up to six (6x) times Annual Base Pay.

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

- E. **Dependent Optional Term Life (DOTL) Insurance.** The Company offers Dependent Optional Term Life (DOTL) Insurance. The employee pays 100% of the cost.
- a. Spouse. An employee may elect coverage for a spouse at coverage levels equal to one (1x), two (2x), or three (3x) times employee's Annual Base Pay. The spouse is required to provide Proof of Insurability (POI) if electing three (3x) times the employee's annual base pay or if the employee enrolls the spouse after thirty (30) days of the employee's or the spouse's first day of eligibility.
 - b. Dependent Children. An employee may elect coverage for any eligible dependent child(ren) at coverage levels of \$5,000, \$10,000 or \$25,000.
- F. **Special Accident Insurance.** The Company offers Special Accident Insurance. The employee pays 100% of the cost.
- a. Self. An employee may elect coverage with options of \$25,000, \$50,000, \$100,000, \$200,000, \$300,000, \$400,000 or \$500,000. Amounts in excess of \$300,000 cannot exceed (10x) times Annual Base Pay.
 - b. Spouse. An employee may elect coverage for a spouse with options of \$10,000, \$25,000, \$50,000, \$100,000, \$150,000, \$200,000 or \$250,000.
 - c. Dependent Child(ren). An employee may elect coverage for eligible dependent child(ren) in the amounts of \$10,000, \$25,000 or \$50,000.
- G. **Flexible Spending Accounts.** The Company offers access to the following Flexible Spending Accounts which may be used to pay for eligible expenses using pre-tax dollars. Flexible Spending Accounts are governed by IRS regulations and are subject to change.
- a. Health Care Spending Account (HCSA). The minimum calendar year contribution is \$100.
 - b. Dependent Care Spending Account (DCSA). The minimum calendar year contribution is \$100.

Section 6. GENERAL PROVISIONS

- A. **NEW HIRES.** All employees become eligible for benefits coverage after ninety (90) calendar days of employment. The chart below outlines the default coverages which will become effective retroactively to date the employee became eligible for benefits coverage if no active election has been made for medical, dental, or vision during benefits enrollment.

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

Plan	2018 Default Coverage	2019+ Default Coverage
Medical	<i>LM HealthWorks</i> - Employee Only Coverage	<i>Broad Network 1</i> - Employee Only Coverage
Dental	<i>Comprehensive Dental Plan</i> - Employee Only Coverage	<i>Dental Plan Core</i> - Employee Only Coverage
Vision	<i>Vision 24 Plan</i> - Employee Only Coverage	<i>Vision Plan Core</i> - Employee Only Coverage

B. ANNUAL ENROLLMENT 2019 – ALL EMPLOYEES. If no active election is made for Medical, Dental and/or Vision coverage during the 2019 Annual Enrollment Election Period, such coverage will default to “no coverage” effective January 1, 2019.

C. ANNUAL ENROLLMENT 2020 AND SUBSEQUENT YEARS – ALL EMPLOYEES. During the 2020 Annual Enrollment Election Period and all subsequent years under the terms of this Agreement, the chart below outlines the default coverage for Medical, Dental and/or Vision coverage if no active election has been made:

Current Plan	Annual Enrollment Default
Medical:	Medical:
No Coverage	No Coverage
High Deductible Health Plan	Same High Deductible Health Plan same coverage level
HMO or POS plan	Same HMO or POS plan same coverage level
Dental:	Dental:
No Coverage	No Coverage
Dental Plan Core	Dental Plan Core same coverage level
Dental Plan Enhanced	Dental Plan Enhanced same coverage level

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

Dental HMO (where available)	Dental HMO same coverage level (where available)
Vision: No Coverage Vision Plan Core Vision Plan Enhanced	Vision: No Coverage Vision Plan Core same coverage level Vision Plan Enhanced same coverage level

D. For all of the benefit coverage offerings listed in this Article, the terms of the Plans will be summarized in separate Summary Plan Descriptions (SPD) where applicable. The terms of the plan in the SPD will not be changed during the term of the Agreement except for legally required changes, any mutually agreed-to changes, or changes made per the terms of this Agreement. The Union acknowledges that the aforementioned changes may be made by the Company. Copies of the SPDs will be furnished to the Union and to each employee eligible for the Plans.

Section 7. RETIREE MEDICAL

A. **Employees hired before March 2, 2005 are eligible for retiree medical coverage** as detailed below.

B. Under-Age 65 Retirees

a. Commence retirement prior to December 31, 2018 – Under-Age 65 Retiree Legacy Medical Coverage. For eligible employees, the following plans are available:

- 1) Marietta: Blue Cross and Blue Shield of Georgia HMO
- 2) Meridian: United Healthcare of Mississippi HMO
- 3) Clarksburg: Aetna West Virginia POS
- 4) For all locations: LM HealthWorks Retiree Plan; LM Essentials Retiree Plan

b. Commence retirement on or after January 1, 2019 - Under-Age 65 Retiree Legacy Medical Coverage. For eligible employees, the following plans are available:

- 1) Marietta: Blue Cross and Blue Shield of Georgia HMO
- 2) Meridian: United Healthcare of Mississippi HMO
- 3) Clarksburg: Aetna West Virginia POS
- 4) For all locations: High Deductible Retiree Health Plans

c. **Retiree Medical Coverage.** Should the Company expand, introduce or change health care options for non-bargaining unit under-age 65 retirees during the term of this Agreement and after its expiration, such benefits may, within the Company’s discretion, be extended to

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

retirees covered by this Agreement on a same design basis with the same retiree contributions as non-bargaining unit employees, in addition to the Retiree Medical Coverage for which the employee is eligible for under the terms of this Agreement.

- d. **Contribution Formula.** The retiree and the Company share in the cost of the under-age 65 retiree medical plan up to the maximum monthly Company subsidy. The retiree’s share of the cost is calculated using the service-based schedule below. The retiree is also responsible for 100% of the cost of coverage that exceeds the maximum monthly Company subsidy. All eligible employees retiring on or after March 5, 2018, the service based contribution formula applies for Retiree Medical Coverage with an annual contribution cap of \$6,000 for Retiree-Only or \$12,000 for Retiree + Family coverage. The service based contribution schedule is as follows:

Difference in Cost of Plan and Subsidy	
Yrs. of Service	Your Cost Sharing %
0-9	Not Eligible
10	70%
11	67%
12	64%
13	61%
14	58%
15	55%
16	52%
17	49%
18	46%
19	43%
20	40%
21	37%
22	34%
23	31%
24	28%
25	25%
26	22%
27	19%
28	16%
29	13%
30 +	10%

- e. **Retiree Medical Plan Changes.** During the life of the Agreement, and after its expiration, there will be no changes to the co-insurance, the calendar year deductible amounts, the calendar year out-of-pocket maximum, plan design or the prescription drug formula, for Retiree Medical Coverages listed in this Article. The terms of the plan in the SPD will not be

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

changed during the term of the Agreement except for legally required changes, any mutually agreed-to changes, or changes made per the terms of this Agreement.

- f. **Employees who retired on or after March 3, 2014**, but elected “no coverage” or failed to enroll in a Retiree Medical plan within the required time frames at the time of retirement may enroll during an Annual Enrollment period in the following circumstances subject to all applicable time frames:

- 1) If a qualified status change occurs
- 2) If a special enrollment rule applies

C. Over-Age 65 Retirees.

- a. **Over-Age 65 employees retiring on or after March 5, 2018 and prior to July 1, 2018** are eligible for the Medicare Eligible Retiree Medical Plan (MERMP) which supplements coverage under Medicare. Additionally, employees are eligible for a Senior HMO Plan, if available in the locality.
- b. **MERMP Lifetime Maximum Benefit.** Effective January 1, 2019, the lifetime dollar maximum payable under the MERMP is **\$50,000** for all future retirees eligible for the MERMP.
- c. **Contribution Formula.** The retiree pays a basic monthly contribution and the Company pays the balance of the cost of coverage up to the maximum monthly Company subsidy. The retiree pays any cost over the maximum monthly Company subsidy.

The over-age 65 Medicare eligible retiree’s basic monthly contribution is \$40 for Single Coverage and \$80 for Family Coverage. The maximum monthly Company subsidy is \$330 for Single Coverage and \$660 for Family Coverage. The contribution formula is as follows:

	Single Coverage	Family Coverage *
Monthly Contributions for Medicare Eligible Retirees	The basic monthly contribution will be \$40 + 100% of the amount over the maximum monthly Company subsidy	The basic monthly contribution will be \$80 + 100% of the amount over the maximum monthly Company subsidy
Maximum Monthly Medicare Eligible Company Subsidy	\$330 per month	\$660 per month
* Standard LMC rules regarding contribution calculations apply where family members are under and over age 65.		

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

- d. **Private Medicare Exchange Retiree Medical Coverage.** Effective June 30, 2018, the MERMP and Senior HMOs will be discontinued for future over-age 65 retirees. Over-age 65 employees eligible for retiree medical insurance who commence retirement on or after July 1, 2018 will be eligible to participate in the over-age 65 healthcare option(s) on the “same basis as” offered to non-bargaining unit over-age 65 retirees on an identical design basis.
- 1) **Company Subsidy.** The Company subsidy for Retiree Medical Coverage will be in the form of a credit to a Health Reimbursement Arrangement (HRA) in the amount of **\$900** annually (**\$75** per month) per enrolled retiree and **\$900** annually (**\$75** per month) per enrolled spouse.
 - 2) **Eligibility.** To be eligible for the Company subsidy (HRA), the retiree or their spouse must be age 65 or over and must enroll (and maintain enrollment) through the Company designated private Medicare Exchange (i.e. ViaBenefits) when initially eligible for over-age 65 individual healthcare option(s) at the time of retirement commencement or when the retiree and/or spouse turns age 65, whichever is later.
 - 3) **Unavailability of the Private Medicare Exchange.** Should the Company designated private Medicare Exchange dissolve or otherwise become unavailable, the Company and Union agree to meet in an effort to designate a replacement private Medicare Exchange if such Exchanges are permissible based on regulations in effect at the time of discussions. If the parties are unable to come to an agreement during these discussions, the Company will designate a comparable replacement. The Company will only be obligated to designate a comparable replacement which results in no additional cost to the Company. In the event no such replacement can be designated, the Company shall be under no further obligation to designate a replacement.

Section 8. RETIREMENT AND SAVINGS PLANS

A. Lockheed Martin Retirement Plan for Certain Hourly Employees (Retirement Plan).

TBD

B. Lockheed Martin Capital Accumulation Plan for Hourly Employees (HCAP). The HCAP provisions as stated in the applicable Plan Documents will govern except where modified herein.

- a. **Eligibility.** Employees hired on or after March 7, 2011, will receive Company contributions per each quarter of active employment into the employee’s HCAP account.
- b. **Company Contributions:**
 - 1) Employees will receive a Company contribution in the amount of **four hundred and ten dollars (\$410)** per quarter to begin as soon as administratively practicable after ratification.

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

- 2) Employees will receive a Company contribution in the amount of **four hundred and twenty dollars (\$420)** per quarter beginning January 1, 2021.
- C. **Lockheed Martin Hourly Employee Savings Plan Plus (HSP).** The HSP provisions as stated in the applicable Plan Documents will govern except where modified herein.
- a. **Employee Elective Deferral.** Employees may defer an elective amount (in \$1-dollar increments) into the HSP on a before-tax, Roth or after-tax contribution basis with the before-tax and Roth contributions being subject to the IRS annual limits imposed under Code Section 402(g). If an employee elects before-tax and Roth contributions in an amount that exceeds the IRS limit, any excess elected before-tax and Roth contributions will automatically be reclassified as after-tax contributions.
 - b. **Company Matching Contributions.** Before-tax, Roth and/or after-tax employee elective deferrals of up to **eighty dollars (\$80)** per week are subject to Company matching contributions at the rate of 50%.
 - c. **IRS Limits.** Both employee and employer before-tax, Roth and after-tax contributions from the HSP and all retirement plans are subject to Code Section 415 annual limits.
- D. **Lockheed Martin Basic Benefit Plan for Hourly Employees (BBP).** The BBP provisions as stated in the applicable Plan Documents will govern except where modified herein.
- a. **BBP Account.** Employees will receive Company contributions per each quarter of active employment into the employee's BBP account.
 - b. **BBP Contributions:**
 - 1) Effective January 1, 2018, the Company will make quarterly contributions for each employee in the amount of forty dollars (\$40).
 - 2) For employees hired after March 1, 2005, the Company will make an additional quarterly contribution of seventy dollars (\$70).
- E. **Applicability of Plan Documents.** For all of the benefit coverage offerings listed in this Section, the terms of the Plans will be summarized in separate Summary Plan Descriptions (SPD) where applicable. Copies of the SPDs will be furnished to the Union and to each employee eligible for the Plans.

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

**ARTICLE XX
BENEFITS**

Delete Article V, Section 10 and create a new Article with the following language:

Section 1. MEDICAL PLANS

- A. **Legacy Health Care Plans.** The Kaiser Northern California HMO, Blue Cross/Blue Shield California HMO and Aetna Florida HMO will be available where currently offered to employees hired prior to March 3, 2014.
- a. Effective January 1, 2019, the Company will pay **80%** of the premium cost of the medical plan selected. The employee will contribute **20%** of the premium cost.
 - b. Notwithstanding the above, effective, January 1, 2019, any increase to the premium cost of the medical plan selected will be borne by the employee such that the Company's maximum premium cost shall be equal to the actual dollar amount paid in **2018** by the Company for the medical plan selected.
- B. **LM HealthWorks Plan.** The LM HealthWorks medical plan currently offered as an option for all employees will be discontinued and no longer available as an option after December 31, 2018. The weekly contribution formula in effect prior to the effective date of the Agreement will remain in effect through December 31, 2018. Balances remaining in the LM Health Fund will be converted to a limited purpose Health Reimbursement Account.
- C. **High Deductible Health Plans.** Effective January 1, 2019, the Corporate-wide High Deductible Health Plans (HDHP) will be offered to employees on the "same basis as" offered to non-bargaining unit employees. For employees hired or rehired on or after March 3, 2014, the High Deductible Health Plans will be the only options available.
- a. Effective January 1, 2019, the Company will pay 87% of the premium cost of the medical plan selected. The employee will contribute 13% of the premium cost.
 - b. Employees enrolled in a High Deductible Health Plan for the first time will receive a one-time Company contribution to a Health Savings Account (HSA). The contribution for employee-only coverage is **\$500**. The contribution for employee plus one or more coverage is **\$1,000**. Employees may make pre-tax deferrals from their paychecks and may defer all or part of their lump sum payments to the HSA. Amounts contributed that exceed the HSA annual limits will be paid to the employee.
 - c. "Same basis as" is understood to mean that any improvements, modifications, reductions, eliminations or changes to the plan(s) for non-bargaining unit employees shall be automatically applicable to bargaining unit employees covered by this Agreement. Same basis applies to any and all aspects of the plan(s) including but not limited to eligibility, plan offerings, effective dates and plan designs.

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

- D. **Medical Opt-Out Credit.** Any employee who chooses to opt-out of medical coverage provided for under this Agreement shall receive a medical opt-out credit of \$11.54 per week. To be eligible for an opt-out credit, employees are required to certify, on an annual basis, that they have medical coverage elsewhere. Employees are ineligible for an opt-out credit if the employee is covered as a dependent under another Company-sponsored medical plan. Part-time employees are not eligible for an opt-out credit.

Section 2. DENTAL PLANS

- A. The Comprehensive Dental Plan, Comprehensive Plus Dental Plan and Managed Dental Plan currently offered as options for all employees will be discontinued and no longer available as options after December 31, 2018. The current weekly contribution formula in effect immediately prior to the effective date of the Agreement shall remain in effect through December 31, 2018.
- B. Effective January 1, 2019, the Dental Plan Core, Dental Plan Enhanced and Dental Plan HMO (where available) will be offered to employees on the “same basis as” offered to non-bargaining unit employees.
- a. Effective January 1, 2019, the Company will pay **80%** of the premium cost of the Dental Plan Core or the Dental Plan HMO, if selected. If the employee selects Dental Plan Enhanced, the employee is responsible for any additional premium costs between the selected plan and the Dental Plan Core.
 - b. “Same basis as” is understood to mean that any improvements, modifications, reductions, eliminations or changes to the plan(s) for non-bargaining unit employees shall be automatically applicable to bargaining unit employees covered by this Agreement. Same basis applies to any and all aspects of the plan(s) including but not limited to eligibility, plan offerings, effective dates and plan designs.
- C. **Dental Opt-Out Credit.** Any employee who chooses to opt-out of dental coverage provided for under this Agreement shall receive a dental opt-out credit of \$2.31 per week. Employees are ineligible for an opt-out credit if the employee is covered as a dependent under another Company-sponsored dental plan. Part-time employees are not eligible for an opt-out credit.

Section 3. VISION PLANS

- A. The Vision 24 Plan and the Vision 12 Plan currently offered as options for all employees will be discontinued and no longer available as options after December 31, 2018. The current weekly contribution formula in effect immediately prior to the effective date of the Agreement shall remain in effect through December 31, 2018.
- B. Effective January 1, 2019, the Vision Core and the Vision Plan Enhanced will be offered to employees on the “same basis as” offered to non-bargaining unit employees.
- a. Effective January 1, 2019, the Company will pay **80%** of the premium cost of the Vision Plan Core. If the employee selects Vision Plan Enhanced, the employee is responsible for any additional premium costs between the selected plan and the Vision Plan Core.

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

- b. “Same basis as” is understood to mean that any improvements, modifications, reductions, eliminations or changes to the plan(s) for non-bargaining unit employees shall be automatically applicable to bargaining unit employees covered by this Agreement. Same basis applies to any and all aspects of the plan(s) including but not limited to eligibility, plan offerings, effective dates and plan designs.

Section 4. HEALTH INSURANCE CONTINUATION

- A. Continuation of health benefits (medical-dental-vision plans, as appropriate) will be offered as described in the Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985 (the “Act”) to those employees and dependents who lose coverage as a result of a ‘qualifying event’ as defined by the Act. The full cost of such coverage continuation plus applicable administration fees will be paid by the employee or dependent(s).
- B. If laid-off, active medical coverage for employee and eligible dependents will continue for thirty-one (31) days at no cost to the employee. The length of time medical coverage is extended will be included as part of the total length of time coverage may be continued under the Act or Insurance Continuation (as applicable).

Section 5. OTHER PLANS

- A. **Life and Accidental Death Insurance.** The Company provides basic life and accidental death insurance. The provisions of such coverage shall be within the Company’s discretion except as follows:
 - a. All employees receive Basic Life Insurance coverage of \$38,000. Effective January 1, 2019, the amount will increase to **\$40,000** for employees who are actively at work on or after January 1, 2019.
 - b. All employees receive Accidental Death Insurance coverage of \$38,000. Effective January 1, 2019, the amount will increase to **\$40,000** for employees who are actively at work on or after January 1, 2019.
- B. **Business Travel Accident Plan.** The Lockheed Martin Business Travel Accident Plan will automatically be extended to employees covered by this Agreement on a “same basis as” plan design as offered to non-bargaining unit employees. This change will be made as soon as administratively practicable.
- C. **Short Term Disability Insurance.** The Company provides short-term disability coverage of seventy (70%) percent of weekly earnings to a maximum of \$370 per week. For leaves commencing on or after July 1, 2018, the maximum will increase to **\$380** per week. All other provisions of short-term disability coverage shall be within the Company’s discretion.

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

- D. **Group Universal Life (GUL) Insurance.** The Company offers Group Universal Life (GUL) Insurance. The employee pays 100% of the cost. Employees may elect coverage options of one (1x) times up to six (6x) times Annual Base Pay.
- E. **Dependent Optional Term Life (DOTL) Insurance.** The Company offers Dependent Optional Term Life (DOTL) Insurance. The employee pays 100% of the cost.
- a. Spouse. An employee may elect coverage for a spouse at coverage levels equal to one (1x), two (2x), or three (3x) times employee's Annual Base Pay. The spouse is required to provide Proof of Insurability (POI) if electing three (3x) times the employee's annual base pay or if the employee enrolls the spouse after thirty (30) days of the employee's or the spouse's first day of eligibility.
 - b. Dependent Children. An employee may elect coverage for any eligible dependent child(ren) at coverage levels of \$5,000, \$10,000 or \$25,000.
- F. **Special Accident Insurance.** The Company offers Special Accident Insurance. The employee pays 100% of the cost.
- a. Self. An employee may elect coverage with options of \$25,000, \$50,000, \$100,000, \$200,000, \$300,000, \$400,000 or \$500,000. Amounts in excess of \$300,000 cannot exceed (10x) times Annual Base Pay.
 - b. Spouse. An employee may elect coverage for a spouse with options of \$10,000, \$25,000, \$50,000, \$100,000, \$150,000, \$200,000 or \$250,000.
 - c. Dependent Child(ren). An employee may elect coverage for eligible dependent child(ren) in the amounts of \$10,000, \$25,000 or \$50,000.
- G. **Flexible Spending Accounts.** The Company offers access to the following Flexible Spending Accounts which may be used to pay for eligible expenses using pre-tax dollars. Flexible Spending Accounts are governed by IRS regulations and are subject to change.
- a. Health Care Spending Account (HCSA). The minimum calendar year contribution is \$100.
 - b. Dependent Care Spending Account (DCSA). The minimum calendar year contribution is \$100.

Section 6. GENERAL PROVISIONS

- A. **NEW HIRES.** All employees become eligible for benefits coverage after ninety (90) calendar days of employment. The chart below outlines the default coverages which will become effective retroactively to date the employee became eligible for benefits coverage if no active election has been made for medical, dental, or vision during benefits enrollment.

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

Plan	2018 Default Coverage	2019+ Default Coverage
Medical	<i>LM HealthWorks</i> - Employee Only Coverage	<i>Broad Network 1</i> - Employee Only Coverage
Dental	<i>Comprehensive Dental Plan</i> - Employee Only Coverage	<i>Dental Plan Core</i> - Employee Only Coverage
Vision	<i>Vision 24 Plan</i> - Employee Only Coverage	<i>Vision Plan Core</i> - Employee Only Coverage

B. ANNUAL ENROLLMENT 2019 – ALL EMPLOYEES. If no active election is made for Medical, Dental and/or Vision coverage during the 2019 Annual Enrollment Election Period, such coverage will default to “no coverage” effective January 1, 2019.

C. ANNUAL ENROLLMENT 2020 AND SUBSEQUENT YEARS – ALL EMPLOYEES. During the 2020 Annual Enrollment Election Period and all subsequent years under the terms of this Agreement, the chart below outlines the default coverage for Medical, Dental and/or Vision coverage if no active election has been made:

Current Plan	Annual Enrollment Default
Medical: No Coverage High Deductible Health Plan HMO plan	Medical: No Coverage Same High Deductible Health Plan same coverage level Same HMO plan same coverage level
Dental: No Coverage Dental Plan Core Dental Plan Enhanced Dental HMO	Dental: No Coverage Dental Plan Core same coverage level Dental Plan Enhanced same coverage level Dental HMO

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

(where available)	same coverage level (where available)
Vision:	Vision:
No Coverage	No Coverage
Vision Plan Core	Vision Plan Core same coverage level
Vision Plan Enhanced	Vision Plan Enhanced same coverage level

D. For all of the benefit coverage offerings listed in this Article, the terms of the Plans will be summarized in separate Summary Plan Descriptions (SPD) where applicable. The terms of the plan in the SPD will not be changed during the term of the Agreement except for legally required changes, any mutually agreed-to changes, or changes made per the terms of this Agreement. The Union acknowledges that the aforementioned changes may be made by the Company. Copies of the SPDs will be furnished to the Union and to each employee eligible for the Plans.

Section 7. RETIREE MEDICAL

A. **Employees hired before March 2, 2005 are eligible for retiree medical coverage** as detailed below.

B. Under-Age 65 Retirees

a. Commence retirement prior to December 31, 2018 – Under-Age 65 Retiree Legacy Medical Coverage. For eligible employees, the following plans are available:

- 1) Santa Clara: Kaiser Northern California HMO
- 2) Santa Cruz and Vandenberg: Blue Cross/Blue Shield California HMO
- 3) Brevard County: Aetna Florida HMO
- 4) For all locations: LM HealthWorks Retiree Plan; LM Essentials Retiree Plan

b. Commence retirement on or after January 1, 2019 - Under-Age 65 Retiree Legacy Medical Coverage. For eligible employees, the following plans are available:

- 1) Santa Clara: Kaiser Northern California HMO
- 2) Santa Cruz and Vandenberg: Blue Cross/Blue Shield California HMO
- 4) Brevard County: Aetna Florida HMO
- 5) For all locations: High Deductible Retiree Health Plans

c. **Retiree Medical Coverage.** Should the Company expand, introduce or change health care options for non-bargaining unit under-age 65 retirees during the term of this Agreement and after its expiration, such benefits may, within the Company’s discretion, be extended to retirees covered by this Agreement on a same design basis with the same retiree contributions

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

as non-bargaining unit employees, in addition to the Retiree Medical Coverage for which the employee is eligible for under the terms of this Agreement.

- d. **Contribution Formula.** The retiree and the Company share in the cost of the under-age 65 retiree medical plan up to the maximum monthly Company subsidy. The retiree’s share of the cost is calculated using the service-based schedule below. The retiree is also responsible for 100% of the cost of coverage that exceeds the maximum monthly Company subsidy. All eligible employees retiring on or after March 5, 2018, the service based contribution formula applies for Retiree Medical Coverage with an annual contribution cap of \$6,000 for Retiree-Only or \$12,000 for Retiree + Family coverage. The service based contribution schedule is as follows:

Difference in Cost of Plan and Subsidy	
Yrs. of Service	Your Cost Sharing %
0-9	Not Eligible
10	70%
11	67%
12	64%
13	61%
14	58%
15	55%
16	52%
17	49%
18	46%
19	43%
20	40%
21	37%
22	34%
23	31%
24	28%
25	25%
26	22%
27	19%
28	16%
29	13%
30 +	10%

- e. **Retiree Medical Plan Changes.** During the life of the Agreement, and after its expiration, there will be no changes to the co-insurance, the calendar year deductible amounts, the calendar year out-of-pocket maximum, plan design or the prescription drug formula, for The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

Retiree Medical Coverages listed in this Article. The terms of the plan in the SPD will not be changed during the term of the Agreement except for legally required changes, any mutually agreed-to changes, or changes made per the terms of this Agreement.

f. **Employees who retired on or after March 3, 2014**, but elected “no coverage” or failed to enroll in a Retiree Medical plan within the required time frames at the time of retirement may enroll during an Annual Enrollment period in the following circumstances subject to all applicable time frames:

- 1) If a qualified status change occurs
- 2) If a special enrollment rule applies

C. Over-Age 65 Retirees.

- a. **Over-Age 65 employees retiring on or after March 5, 2018 and prior to July 1, 2018** are eligible for the Medicare Eligible Retiree Medical Plan (MERMP) which supplements coverage under Medicare. Additionally, employees are eligible for a Senior HMO Plan, if available in the locality.
- b. **MERMP Lifetime Maximum Benefit.** Effective January 1, 2019, the lifetime dollar maximum payable under the MERMP is **\$50,000** for all future retirees eligible for the MERMP.
- c. **Contribution Formula.** The retiree pays a basic monthly contribution and the Company pays the balance of the cost of coverage up to the maximum monthly Company subsidy. The retiree pays any cost over the maximum monthly Company subsidy.

The over-age 65 Medicare eligible retiree’s basic monthly contribution is \$40 for Single Coverage and \$80 for Family Coverage. The maximum monthly Company subsidy is \$330 for Single Coverage and \$660 for Family Coverage. The contribution formula is as follows:

	Single Coverage	Family Coverage *
Monthly Contributions for Medicare Eligible Retirees	The basic monthly contribution will be \$40 + 100% of the amount over the maximum monthly Company subsidy	The basic monthly contribution will be \$80 + 100% of the amount over the maximum monthly Company subsidy
Maximum Monthly Medicare Eligible Company Subsidy	\$330 per month	\$660 per month

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

* Standard LMC rules regarding contribution calculations apply where family members are under and over age 65.

- d. **Private Medicare Exchange Retiree Medical Coverage.** Effective June 30, 2018, the MERMP and Senior HMOs will be discontinued for future over-age 65 retirees. Over-age 65 employees eligible for retiree medical insurance who commence retirement on or after July 1, 2018 will be eligible to participate in the over-age 65 healthcare option(s) on the “same basis as” offered to non-bargaining unit over-age 65 retirees on an identical design basis.
 - 1) **Company Subsidy.** The Company subsidy for Retiree Medical Coverage will be in the form of a credit to a Health Reimbursement Arrangement (HRA) in the amount of **\$900** annually (**\$75** per month) per enrolled retiree and **\$900** annually (**\$75** per month) per enrolled spouse.
 - 2) **Eligibility.** To be eligible for the Company subsidy (HRA), the retiree or their spouse must be age 65 or over and must enroll (and maintain enrollment) through the Company designated private Medicare Exchange (i.e. ViaBenefits) when initially eligible for over-age 65 individual healthcare option(s) at the time of retirement commencement or when the retiree and/or spouse turns age 65, whichever is later.
 - 3) **Unavailability of the Private Medicare Exchange.** Should the Company designated private Medicare Exchange dissolve or otherwise become unavailable, the Company and Union agree to meet in an effort to designate a replacement private Medicare Exchange if such Exchanges are permissible based on regulations in effect at the time of discussions. If the parties are unable to come to an agreement during these discussions, the Company will designate a comparable replacement. The Company will only be obligated to designate a comparable replacement which results in no additional cost to the Company. In the event no such replacement can be designated, the Company shall be under no further obligation to designate a replacement.

Section 8. RETIREMENT AND SAVINGS PLANS

A. Lockheed Martin Retirement Plan for Certain Hourly Employees (Retirement Plan).

TBD

B. Lockheed Martin Capital Accumulation Plan for Hourly Employees (HCAP). The HCAP provisions as stated in the applicable Plan Documents will govern except where modified herein.

- a. **Eligibility.** Employees hired on or after March 7, 2011, will receive Company contributions per each quarter of active employment into the employee’s HCAP account.
- b. **Company Contributions:**
 - 1) Employees will receive a Company contribution in the amount of **four hundred and ten dollars (\$410)** per quarter to begin as soon as administratively practicable after ratification.

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

- 2) Employees will receive a Company contribution in the amount of **four hundred and twenty dollars (\$420)** per quarter beginning January 1, 2021.
- C. **Lockheed Martin Hourly Employee Savings Plan Plus (HSP).** The HSP provisions as stated in the applicable Plan Documents will govern except where modified herein.
- a. **Employee Elective Deferral.** Employees may defer an elective amount (in \$1-dollar increments) into the HSP on a before-tax, Roth or after-tax contribution basis with the before-tax and Roth contributions being subject to the IRS annual limits imposed under Code Section 402(g). If an employee elects before-tax and Roth contributions in an amount that exceeds the IRS limit, any excess elected before-tax and Roth contributions will automatically be reclassified as after-tax contributions.
 - b. **Company Matching Contributions.** Before-tax, Roth and/or after-tax employee elective deferrals of up to **eighty dollars (\$80)** per week are subject to Company matching contributions at the rate of 50%.
 - c. **IRS Limits.** Both employee and employer before-tax, Roth and after-tax contributions from the HSP and all retirement plans are subject to Code Section 415 annual limits.
- D. **Lockheed Martin Basic Benefit Plan for Hourly Employees (BBP).** The BBP provisions as stated in the applicable Plan Documents will govern except where modified herein.
- a. **BBP Account.** Employees will receive Company contributions per each quarter of active employment into the employee's BBP account.
 - b. **BBP Contributions:**
 - 1) Effective January 1, 2018, the Company will make quarterly contributions for each employee in the amount of forty dollars (\$40).
 - 2) For employees hired after March 1, 2005, the Company will make an additional quarterly contribution of seventy dollars (\$70).
- E. **Applicability of Plan Documents.** For all of the benefit coverage offerings listed in this Section, the terms of the Plans will be summarized in separate Summary Plan Descriptions (SPD) where applicable. Copies of the SPDs will be furnished to the Union and to each employee eligible for the Plans.

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

**Lockheed Martin Space
And
International Association of Machinists and Aerospace Workers
District Lodge 725, Local Lodges 2228, 2786, 610**

February 16, 2018

Company Economic Proposal #1

In addition to all proposals tentatively agreed to date, below are the Company's proposals to modify the Agreement currently in effect. For any contract provision not mentioned, the Company proposes no change at this time:

Proposal # EU- Union EC- Company	Topic	Summary/Union Proposal	Company Proposal/Counter Bold – Updated Prop Language Strike – Previous Prop Language
EU-1	Pension	Increase to \$130 per month per year of Corporate service (past and future) and retroactive to January 1, 2018 with no reduction for early retirement and other pension related proposals	TBD – The Company is considering
EU-2	HCAP	Increase HCAP contributions to \$1000 per quarter.	<p>The Company counters the Union's proposal with the following:</p> <p>See Page 9 of Article XX</p> <p>Section 8. RETIREMENT AND SAVINGS PLAN</p> <p>B. Lockheed Martin Capital Accumulation Plan for Hourly Employees (HCAP).</p> <p>b. Company Contributions:</p> <ol style="list-style-type: none"> 1) Employees will receive a Company contribution in the amount of four hundred and ten dollars (\$410) per quarter to begin as soon as administratively practicable after ratification. 2) Employees will receive a Company contribution in the amount of four hundred and twenty dollars (\$420) per quarter beginning January 1, 2021.

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

**Lockheed Martin Space
And
International Association of Machinists and Aerospace Workers
District Lodge 725, Local Lodges 2228, 2786, 610**

February 16, 2018

Company Economic Proposal #1

In addition to all proposals tentatively agreed to date, below are the Company's proposals to modify the Agreement currently in effect. For any contract provision not mentioned, the Company proposes no change at this time:

EU-3	HSP (401K)	Modify 401K to be allowed to follow the current maximum federal government allowances and increase employees matched contribution up to \$100 and increase company match to 100%.	<p>The Company counters the Union's proposal as follows:</p> <p>See Page 10 of Article XX</p> <p>Section 8. RETIREMENT AND SAVINGS PLANS</p> <p>C. Lockheed Martin Hourly Employee Savings Plan Plus (HSP).</p> <p>b. Company Matching Contributions. Before-tax, Roth and/or after-tax employee elective deferrals of up to eighty dollars (\$80) per week are subject to Company matching contributions at the rate of 50%.</p> <p>....</p>
EU-4	Basic Benefit Plan	Increase \$100/qtr. Employees hired after 3/1/05 increase to \$160/qtr.	<p>The Company maintains current company contribution</p> <p>See Page 10 of Article XX</p>
EU-5	Job Security	Subcontracting, Outsourcing, and Insourcing	Reject - The Company rejects the Union's proposal
EU-6	Job Security (Severance)	Employee severance after 1 year at \$1,000 per year (\$5,000 max) and 6 months Company paid medical coverage	Reject - The Company rejects the Union's proposal
EU-7	Vacation	Accrual	Reject - The Company rejects the Union's proposal
EU-8	Employee Benefits (Sick Leave)	Increase paid sick leave from 48 hours per year to 72 hours per year	Reject - The Company rejects the Union's proposal

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

**Lockheed Martin Space
And
International Association of Machinists and Aerospace Workers
District Lodge 725, Local Lodges 2228, 2786, 610**

February 16, 2018
Company Economic Proposal #1

In addition to all proposals tentatively agreed to date, below are the Company's proposals to modify the Agreement currently in effect. For any contract provision not mentioned, the Company proposes no change at this time:

EU-9	Employee Benefits (MLK and Veterans Day)	MLK Day and Veterans Day as a paid Holiday	Reject - The Company rejects the Union's proposal
EU-10	Employee Benefits (Holiday Schedule)	Proposed holiday schedule	The Company has proposed in local discussions
EU-11	Bereavement	3 days paid bereavement leave	TBD – The Company is considering
EU- 12	Medical & Healthcare Coverage (HMO) (% premiums) (deductibles & out of pocket max)	Maintain current medical providers. Add Site specific HMO choices. Maintain current percentages for medical premiums. Maintain current calendar year deductibles & out of pocket maximums. Health Fund Company contributions equivalent to the deductible of chosen health plan	The Company counters the Union's proposal as follows: See Pages 1-2 of Article XX Section 1. MEDICAL PLANS A. Legacy Health Care Plans. ... a. Effective January 1, 2019, the Company will pay 80% of the premium cost of the medical plan selected. The employee will contribute 20% of the premium cost. b. Notwithstanding the above, effective, January 1, 2019, any increase to the premium cost of the medical plan selected will be borne by the employee such that the Company's maximum premium cost shall be equal to the actual dollar amount paid in 2018 by the Company for the medical plan selected. B. LM HealthWorks Plan. The LM HealthWorks medical plan currently offered as an option for all employees will be discontinued and no longer available as an option after December 31, 2018. C. High Deductible Health Plans. Effective January 1, 2019, the Corporate-wide High Deductible Health Plans (HDHP) will be offered to employees on the "same basis as" offered to non-bargaining unit

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

**Lockheed Martin Space
And
International Association of Machinists and Aerospace Workers
District Lodge 725, Local Lodges 2228, 2786, 610**

February 16, 2018

Company Economic Proposal #1

In addition to all proposals tentatively agreed to date, below are the Company's proposals to modify the Agreement currently in effect. For any contract provision not mentioned, the Company proposes no change at this time:

		<p>Add Kaiser as an option to all employees</p>	<p>employees. For employees hired or rehired on or after March 3, 2014, the High Deductible Health Plans will be the only option available.</p> <ul style="list-style-type: none"> a. Effective January 1, 2019, the Company will pay 87% of the premium cost of the medical plan selected. The employee will contribute 13% of the premium cost. b. Employees enrolled in a High Deductible Health Plan for the first time will receive a one-time Company contribution to a Health Savings Account (HSA). The contribution for employee-only coverage is \$500. The contribution for employee plus one or more coverage is \$1,000. <p>....</p>
--	--	---	---

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

**Lockheed Martin Space
And
International Association of Machinists and Aerospace Workers
District Lodge 725, Local Lodges 2228, 2786, 610**

February 16, 2018
Company Economic Proposal #1

In addition to all proposals tentatively agreed to date, below are the Company's proposals to modify the Agreement currently in effect. For any contract provision not mentioned, the Company proposes no change at this time:

EU-13	Medical & Healthcare Coverage (Dental)	Basic Plan increase maximum to \$2,000 and Comprehensive Plan increase maximum \$2,500 Vision Plans	<p>The Company counters the Union's proposal as follows:</p> <p>See Pages 2-3 of Article XX</p> <p>Section 2. DENTAL PLANS</p> <p>A. The Comprehensive Dental Plan, Comprehensive Plus Dental Plan and Managed Dental Plan currently offered as options for all employees will be discontinued and no longer available as options after December 31, 2018.</p> <p>B. Effective January 1, 2019, the Dental Plan Core, Dental Plan Enhanced and Dental Plan HMO (where available) will be offered to employees on the "same basis as" offered to non-bargaining unit employees.</p> <p style="padding-left: 40px;">a. Effective January 1, 2019, the Company will pay 80% of the premium cost of the Dental Plan Core or the Dental Plan HMO, if selected. If the employee selects Dental Plan Enhanced, the employee is responsible for any additional premium costs between the selected plan and the Dental Plan Core.</p> <p>III. VISION PLANS</p> <p>A. The Vision 24 Plan and the Vision 12 Plan currently offered as options for all employees will be discontinued and no longer available as options after December 31, 2018.</p> <p>B. Effective January 1, 2019, the Vision Core and the Vision Plan Enhanced will be offered to employees on the "same basis as" offered to non-bargaining unit employees.</p> <p style="padding-left: 40px;">a. Effective January 1, 2019, the Company will pay 80% of the premium cost of the Vision Plan Core. If the employee selects Vision Plan Enhanced, the employee is responsible for any additional premium costs between the selected plan and the Vision Plan Core.</p>
-------	--	--	--

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

**Lockheed Martin Space
And
International Association of Machinists and Aerospace Workers
District Lodge 725, Local Lodges 2228, 2786, 610**

February 16, 2018
Company Economic Proposal #1

In addition to all proposals tentatively agreed to date, below are the Company's proposals to modify the Agreement currently in effect. For any contract provision not mentioned, the Company proposes no change at this time:

EU-14	<p>Medical & Healthcare Coverage (MERMP Lifetime Max)</p> <p>(MERMP Contribution)</p>	<p>MERMP lifetime max increase to \$70,000;</p> <p>Company contributions of \$500.00 for single and \$1,000 for family</p>	<p>The Company counters the Union's proposal as follows:</p> <p>See Pages 8-9 of Article XX</p> <p>Section 7. RETIREE MEDICAL</p> <p style="padding-left: 40px;">C. Over-Age 65 Retirees.</p> <p style="padding-left: 80px;">a. Over-Age 65 employees retiring on or after March 5, 2018 and prior to July 1, 2018 are eligible for the Medicare Eligible Retiree Medical Plan (MERMP) which supplements coverage under Medicare. Additionally, employees are eligible for a Senior HMO Plan, if available in the locality.</p> <p style="padding-left: 80px;">b. MERMP Lifetime Maximum Benefit. Effective January 1, 2019, the lifetime dollar maximum payable under the MERMP is \$50,000 for all future retirees eligible for the MERMP.</p> <p style="padding-left: 80px;">c. Contribution Formula. ...</p> <p style="padding-left: 80px;">The over-age 65 Medicare eligible retiree's basic monthly contribution is \$40 for Single Coverage and \$80 for Family Coverage. The maximum monthly Company subsidy is \$330 for Single Coverage and \$660 for Family Coverage. The contribution formula is as follows:</p> <p style="padding-left: 80px;">d. Private Medicare Exchange Retiree Medical Coverage. Effective June 30, 2018, the MERMP and Senior HMOs will be discontinued for future over-age 65 retirees. Over-age 65 employees eligible for retiree medical insurance who commence retirement on or after July 1, 2018 will be eligible to participate in the over-age 65 healthcare option(s) on the "same basis as" offered to non-bargaining unit over-age 65 retirees on an identical design basis.</p> <p style="padding-left: 120px;">1) Company Subsidy. The Company subsidy for Retiree Medical Coverage will be in the form of a credit to a Health Reimbursement Arrangement (HRA) in the amount of \$900 annually (\$75 per month) per enrolled retiree and \$900 annually (\$75 per month) per enrolled spouse.</p>
-------	--	---	--

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

**Lockheed Martin Space
And
International Association of Machinists and Aerospace Workers
District Lodge 725, Local Lodges 2228, 2786, 610**

February 16, 2018
Company Economic Proposal #1

In addition to all proposals tentatively agreed to date, below are the Company's proposals to modify the Agreement currently in effect. For any contract provision not mentioned, the Company proposes no change at this time:

EU-15	Medical & Healthcare Coverage (STD)	\$1000 per week benefit up to 27 weeks unless provided by State SDI.	<p>The Company counters the Union's proposal as follows:</p> <p>See Page 3 of Article XX</p> <p>Section 5. OTHER PLANS</p> <p style="padding-left: 40px;">C. Short Term Disability Insurance. The Company provides short-term disability coverage of seventy (70%) percent of weekly earnings to a maximum of \$370 per week. For leaves commencing on or after July 1, 2018, the maximum will increase to \$380 per week. All other provisions of short-term disability coverage shall be within the Company's discretion.</p>
EU-16	Medical & Healthcare Coverage (Hearing Aid)	Maximum coverage expenses per hearing aid per ear will be \$2000 annually.	<p>Counter – See various Company medical plan designs (See Exhibit 1)</p>
EU-17	Medical & Healthcare Coverage (Life and AD&D)	Increase to \$75,000	<p>The Company counters the Union's proposal as follows:</p> <p>See Page 3 of Article XX</p> <p>Section 5. OTHER PLANS</p> <p style="padding-left: 40px;">A. Life and Accidental Death Insurance.</p> <p style="padding-left: 80px;">a. All employees receive Basic Life Insurance coverage of \$38,000. Effective January 1, 2019, the amount will increase to \$40,000 for employees who are actively at work on or after January 1, 2019.</p> <p style="padding-left: 80px;">b. All employees receive Accidental Death Insurance coverage of \$38,000. Effective January 1, 2019, the amount will increase to \$40,000 for employees who are actively at work on or after January 1, 2019.</p>
EU-18	Retirement Benefits (Early retiree coverage)	Increase company contribution to \$10,000 annually for single coverage and	<p>The Company maintains current company contribution</p> <p>See Page 7 of Article XX</p>

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

**Lockheed Martin Space
And
International Association of Machinists and Aerospace Workers
District Lodge 725, Local Lodges 2228, 2786, 610**

February 16, 2018

Company Economic Proposal #1

In addition to all proposals tentatively agreed to date, below are the Company's proposals to modify the Agreement currently in effect. For any contract provision not mentioned, the Company proposes no change at this time:

		\$20,000 for family coverage	
EU-19	Retirement Benefits ("Opt-out" of early retiree medical coverage)	For those early retirees who "opt out" of Early Retiree Medical Coverage, the Company will provide that the equivalent amount of the Company Medical subsidy will be paid directly to the retiree in their monthly retirement benefits	Reject - The Company rejects the Union's proposal
EU-20	ARP	ARP Increase from \$.25 to \$1.00 every three months	Reject - The Company rejects the Union's proposal
EU-21	Promotion	Promotions rate of pay increased to \$1.00 or to min of classification, whichever is greater	Reject - The Company rejects the Union's proposal
EU-22	Shift Differential and Odd Work Week	Increase swing shift premium to \$2.00 and grave yard shift to \$1.00	Reject - The Company rejects the Union's proposal
EU-23	Field Duty	Employees traveling on work related assignments receive additional \$4.00	Reject - The Company rejects the Union's proposal

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

**Lockheed Martin Space
And
International Association of Machinists and Aerospace Workers
District Lodge 725, Local Lodges 2228, 2786, 610**

February 16, 2018

Company Economic Proposal #1

In addition to all proposals tentatively agreed to date, below are the Company's proposals to modify the Agreement currently in effect. For any contract provision not mentioned, the Company proposes no change at this time:

EU-24	Overtime	<p>No forced overtime</p> <p>Increase in-week & Saturday overtime rates from ½ to 2 times rate of pay; Sunday overtime from 2 to 3 times rate of pay</p> <p>In-week and 6th day overtime paid at 2x rate of pay</p> <p>7th day & Holiday overtime paid at 3x rate of pay</p>	Reject - The Company rejects the Union's proposal
EU-25	GWI (Increases)	Wage Increases (6%, 5%, 5%, 6%, 6%)	<p>The Company counters the Union's wage proposal as follows:</p> <p>Year 1: 1.5% Lump Sum Year 2: 1.5 % General Wage Increase Year 3: 1.5 % General Wage Increase Year 4: 1.5 % General Wage Increase Year 5: 1.5% Lump Sum</p>
EU-26	GWI (Applied to min/max)	All GWI's are to be applied to the minimums and maximums of labor grades and in grade positions of all	Defer to local discussions

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

**Lockheed Martin Space
And
International Association of Machinists and Aerospace Workers
District Lodge 725, Local Lodges 2228, 2786, 610**

February 16, 2018
Company Economic Proposal #1

In addition to all proposals tentatively agreed to date, below are the Company's proposals to modify the Agreement currently in effect. For any contract provision not mentioned, the Company proposes no change at this time:

		employees	
EU-27	COLA Supplements	Increased \$1,200 to \$2,000 from \$800	Refer to Company proposal EC-1
EU-28	Lead Pay	Increase lead pay from \$.50 to \$2.00	Defer to local discussions
EU-29	Airframe or Power Plant License Holders	Paid additional \$1.00 per hour per license	Defer to local discussions
EU-30	Parachute Riggers License Holders	Paid additional \$2.00 per hour	Defer to local discussions
EU-31	Grievances	Remove restrictions on union grievances	Reject - The Company rejects the Union's proposal
EC-1	COLA Supplements & COLA	Eliminate	The Company proposes to delete Article VI, Section 11 and Article VIII, Section 6 regarding COLA and COLA Supplements in its entirety (including any other COLA references in the current collective bargaining agreement).
EC-2	Benefits	Continuation of health benefits Codify current practice	The Company proposes to codify current practice in Article XX as follows: See page 3 of Article XX Section 4. HEALTH INSURANCE CONTINUATION B. If laid-off, active medical coverage for employee and eligible dependents will continue for thirty-one (31) days at no cost to the employee.

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

**Lockheed Martin Space
And
International Association of Machinists and Aerospace Workers
District Lodge 725, Local Lodges 2228, 2786, 610**

February 16, 2018

Company Economic Proposal #1

In addition to all proposals tentatively agreed to date, below are the Company's proposals to modify the Agreement currently in effect. For any contract provision not mentioned, the Company proposes no change at this time:

EC-3	Benefits	Business Travel Accident	<p>The Company proposes the following:</p> <p>See page 3 of Article XX</p> <p>Section 5. OTHER PLANS</p> <p>B. Business Travel Accident Plan. The Lockheed Martin Business Travel Accident Plan will automatically be extended to employees covered by this Agreement on a "same basis as" plan design as offered to non-bargaining unit employees. This change will be made as soon as administratively practicable.</p>
EC-4	Benefits	Group Universal Life	<p>The Company proposes to codify current practice in Article XX as follows:</p> <p>See page 4 of Article XX</p> <p>Section 5. OTHER PLANS</p> <p>D. Group Universal Life (GUL) Insurance. ... Employees may elect coverage options of one (1x) times up to six (6x) times Annual Base Pay.</p>
EC-5	Benefits	Dependent Optional Term Life Codify current practice	<p>The Company proposes to codify current practice in Article XX as follows:</p> <p>See page 4 of Article XX</p> <p>Section 5. OTHER PLANS</p> <p>E. Dependent Optional Term Life (DOTL) Insurance. The Company offers Dependent Optional Term Life (DOTL) Insurance. The employee pays 100% of the cost.</p> <p style="margin-left: 40px;">a. Spouse. An employee may elect coverage for a spouse at coverage levels equal to one (1x), two (2x), or three (3x) times employee's Annual Base Pay. ...</p> <p style="margin-left: 40px;">b. Dependent Children. An employee may elect coverage for any eligible dependent child(ren) at coverage levels of \$5,000, \$10,000 or \$25,000.</p>

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

**Lockheed Martin Space
And
International Association of Machinists and Aerospace Workers
District Lodge 725, Local Lodges 2228, 2786, 610**

February 16, 2018

Company Economic Proposal #1

In addition to all proposals tentatively agreed to date, below are the Company's proposals to modify the Agreement currently in effect. For any contract provision not mentioned, the Company proposes no change at this time:

EC-6	Benefits	Special Accident Insurance Codify current practice	<p>The Company proposes to codify current practice in Article XX as follows:</p> <p>See Page 4 of Article XX</p> <p>Section 5. OTHER PLANS</p> <p>F. Special Accident Insurance. The Company offers Special Accident Insurance. The employee pays 100% of the cost.</p> <ul style="list-style-type: none"> a. Self. An employee may elect coverage with options of \$25,000, \$50,000, \$100,000, \$200,000, \$300,000, \$400,000 or \$500,000. Amounts in excess of \$300,000 cannot exceed (10x) times Annual Base Pay. b. Spouse. An employee may elect coverage for a spouse with options of \$10,000, \$25,000, \$50,000, \$100,000, \$150,000, \$200,000 or \$250,000. c. Dependent Child(ren). An employee may elect coverage for eligible dependent child(ren) in the amounts of \$10,000, \$25,000 or \$50,000.
EC-7	Benefits	Flexible Spending Accounts	<p>The Company proposes to codify current practice in Article XX as follows:</p> <p>See Pages 4 of Article XX</p> <p>Section 5. OTHER PLANS</p> <p>G. Flexible Spending Accounts. The Company offers access to the following Flexible Spending Accounts which may be used to pay for eligible expenses using pre-tax dollars. Flexible Spending Accounts are governed by IRS regulations and are subject to change.</p> <ul style="list-style-type: none"> a. Health Care Spending Account (HCSA). The minimum calendar year contribution is \$100. b. Dependent Care Spending Account (DCSA). The minimum calendar year contribution is \$100.

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

**Lockheed Martin Space
And
International Association of Machinists and Aerospace Workers
District Lodge 725, Local Lodges 2228, 2786, 610**

February 16, 2018

Company Economic Proposal #1

In addition to all proposals tentatively agreed to date, below are the Company's proposals to modify the Agreement currently in effect. For any contract provision not mentioned, the Company proposes no change at this time:

EC-8	New Hires and Annual Enrollment	Default Coverage (Medical, Dental, Vision)	<p>The Company proposes the following:</p> <p>See pages 4-6 of Article XX</p> <p>Section 7. General Provisions</p> <p>A. New Hires – See Chart on page 5</p> <p>B. 2019 - All Employees – “No Coverage”</p> <p>C. 2020 and Subsequent Years – All Employees – See Chart on pages 5-6</p>
EC-9	Healthcare Legislation and Taxation	Mutual Agreement	See Attachment A for proposed Mutual Agreement on Healthcare Legislation and Taxation

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

**Lockheed Martin Aeronautics Company
Palmdale
And
International Association of Machinists and Aerospace Workers
District 725**

February 16, 2018

Company Economic Proposal #1

In addition to all proposals tentatively agreed to date, below are the Company's proposals to modify the Agreement currently in effect. For any contract provision not mentioned, the Company proposes no change at this time:

Proposal # EU- Union EC- Company	Topic	Summary/Union Proposal	Company Proposal/Counter Bold – Updated Prop Language Strike – Previous Prop Language
EU-1	Pension	Increase to \$130 per month per year of Corporate service (past and future) and retroactive to January 1, 2018 with no reduction for early retirement and other pension related proposals	TBD – The Company is considering
EU-2	HCAP	Increase HCAP contributions to \$1000 per quarter.	<p>The Company counters the Union's proposal with the following:</p> <p>See Page 9 of Article XX</p> <p>Section 8. RETIREMENT AND SAVINGS PLAN</p> <p>B. Lockheed Martin Capital Accumulation Plan for Hourly Employees (HCAP).</p> <p>b. Company Contributions:</p> <ol style="list-style-type: none"> 1) Employees will receive a Company contribution in the amount of four hundred and ten dollars (\$410) per quarter to begin as soon as administratively practicable after ratification. 2) Employees will receive a Company contribution in the amount of four hundred and twenty dollars (\$420) per quarter beginning January 1, 2021.

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

**Lockheed Martin Aeronautics Company
Palmdale
And
International Association of Machinists and Aerospace Workers
District 725**

February 16, 2018

Company Economic Proposal #1

In addition to all proposals tentatively agreed to date, below are the Company's proposals to modify the Agreement currently in effect. For any contract provision not mentioned, the Company proposes no change at this time:

EU-3	HSP (401K)	Modify 401K to be allowed to follow the current maximum federal government allowances and increase employees matched contribution up to \$100 and increase company match to 100%.	<p>The Company counters the Union's proposal as follows:</p> <p>See Page 10 of Article XX</p> <p>Section 8. RETIREMENT AND SAVINGS PLANS</p> <p>C. Lockheed Martin Hourly Employee Savings Plan Plus (HSP).</p> <p>b. Company Matching Contributions. Before-tax, Roth and/or after-tax employee elective deferrals of up to eighty dollars (\$80) per week are subject to Company matching contributions at the rate of 50%.</p> <p>....</p>
EU-4	Basic Benefit Plan	Increase \$100/qtr. Employees hired after 3/1/05 increase to \$160/qtr.	<p>The Company maintains current company contribution</p> <p>See Page 10 of Article XX</p>
EU-5	Job Security	Subcontracting, Outsourcing, and Insourcing	Reject - The Company rejects the Union's proposal
EU-6	Job Security (Severance)	Employee severance after 1 year at \$1,000 per year (\$5,000 max) and 6 months Company paid medical coverage	Reject - The Company rejects the Union's proposal
EU-7	Vacation	Accrual	Reject - The Company rejects the Union's proposal
EU-8	Employee Benefits (Sick Leave)	Increase paid sick leave from 48 hours per year to 72 hours per year	Reject - The Company rejects the Union's proposal

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

**Lockheed Martin Aeronautics Company
Palmdale
And
International Association of Machinists and Aerospace Workers
District 725**

February 16, 2018

Company Economic Proposal #1

In addition to all proposals tentatively agreed to date, below are the Company's proposals to modify the Agreement currently in effect. For any contract provision not mentioned, the Company proposes no change at this time:

EU-9	Employee Benefits (MLK and Veterans Day)	MLK Day and Veterans Day as a paid Holiday	Reject - The Company rejects the Union's proposal
EU-10	Employee Benefits (Holiday Schedule)	Proposed holiday schedule	The Company has proposed in local discussions
EU-11	Bereavement	3 days paid bereavement leave	TBD – The Company is considering
EU- 12	Medical & Healthcare Coverage (HMO) (% premiums) (deductibles & out of pocket max)	Maintain current medical providers. Add Site specific HMO choices. Maintain current percentages for medical premiums. Maintain current calendar year deductibles & out of pocket maximums. Health Fund Company contributions equivalent to the deductible of chosen health plan	The Company counters the Union's proposal as follows: See Pages 1-2 of Article XX Section 1. MEDICAL PLANS A. Legacy Health Care Plans. ... a. Effective January 1, 2019, the Company will pay 80% of the premium cost of the medical plan selected. The employee will contribute 20% of the premium cost. b. Notwithstanding the above, effective, January 1, 2019, any increase to the premium cost of the medical plan selected will be borne by the employee such that the Company's maximum premium cost shall be equal to the actual dollar amount paid in 2018 by the Company for the medical plan selected. B. LM HealthWorks Plan. The LM HealthWorks medical plan currently offered as an option for all employees will be discontinued and no longer available as an option after December 31, 2018. C. High Deductible Health Plans. Effective January 1, 2019, the Corporate-wide High Deductible Health Plans (HDHP) will be offered to employees on the "same basis as" offered to non-bargaining unit

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

**Lockheed Martin Aeronautics Company
Palmdale
And
International Association of Machinists and Aerospace Workers
District 725**

February 16, 2018

Company Economic Proposal #1

In addition to all proposals tentatively agreed to date, below are the Company's proposals to modify the Agreement currently in effect. For any contract provision not mentioned, the Company proposes no change at this time:

		Add Kaiser as an option to all employees	<p>employees. For employees hired or rehired on or after March 3, 2014, the High Deductible Health Plans will be the only option available.</p> <ul style="list-style-type: none"> a. Effective January 1, 2019, the Company will pay 87% of the premium cost of the medical plan selected. The employee will contribute 13% of the premium cost. b. Employees enrolled in a High Deductible Health Plan for the first time will receive a one-time Company contribution to a Health Savings Account (HSA). The contribution for employee-only coverage is \$500. The contribution for employee plus one or more coverage is \$1,000. <p style="text-align: center;">....</p>
--	--	--	---

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

**Lockheed Martin Aeronautics Company
Palmdale
And
International Association of Machinists and Aerospace Workers
District 725**

February 16, 2018

Company Economic Proposal #1

In addition to all proposals tentatively agreed to date, below are the Company's proposals to modify the Agreement currently in effect. For any contract provision not mentioned, the Company proposes no change at this time:

EU-13	Medical & Healthcare Coverage (Dental)	Basic Plan increase maximum to \$2,000 and Comprehensive Plan increase maximum \$2,500 Vision Plans	<p>The Company counters the Union's proposal as follows:</p> <p>See Pages 2-3 of Article XX</p> <p>Section 2. DENTAL PLANS</p> <p>A. The Comprehensive Dental Plan, Comprehensive Plus Dental Plan and Managed Dental Plan currently offered as options for all employees will be discontinued and no longer available as options after December 31, 2018.</p> <p>B. Effective January 1, 2019, the Dental Plan Core, Dental Plan Enhanced and Dental Plan HMO (where available) will be offered to employees on the "same basis as" offered to non-bargaining unit employees.</p> <p style="padding-left: 40px;">a. Effective January 1, 2019, the Company will pay 80% of the premium cost of the Dental Plan Core or the Dental Plan HMO, if selected. If the employee selects Dental Plan Enhanced, the employee is responsible for any additional premium costs between the selected plan and the Dental Plan Core.</p> <p>III. VISION PLANS</p> <p>A. The Vision 24 Plan and the Vision 12 Plan currently offered as options for all employees will be discontinued and no longer available as options after December 31, 2018.</p> <p>B. Effective January 1, 2019, the Vision Core and the Vision Plan Enhanced will be offered to employees on the "same basis as" offered to non-bargaining unit employees.</p> <p style="padding-left: 40px;">a. Effective January 1, 2019, the Company will pay 80% of the premium cost of the Vision Plan Core. If the employee selects Vision Plan Enhanced, the employee is responsible for any additional premium costs between the selected plan and the Vision Plan Core.</p>
-------	--	--	---

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

**Lockheed Martin Aeronautics Company
Palmdale
And
International Association of Machinists and Aerospace Workers
District 725**

February 16, 2018

Company Economic Proposal #1

In addition to all proposals tentatively agreed to date, below are the Company's proposals to modify the Agreement currently in effect. For any contract provision not mentioned, the Company proposes no change at this time:

EU-14	<p>Medical & Healthcare Coverage (MERMP Lifetime Max)</p> <p>(MERMP Contribution)</p>	<p>MERMP lifetime max increase to \$70,000;</p> <p>Company contributions of \$500.00 for single and \$1,000 for family</p>	<p>The Company counters the Union's proposal as follows:</p> <p>See Pages 8-9 of Article XX</p> <p>Section 7. RETIREE MEDICAL</p> <p style="padding-left: 40px;">C. Over-Age 65 Retirees.</p> <p style="padding-left: 80px;">a. Over-Age 65 employees retiring on or after March 5, 2018 and prior to July 1, 2018 are eligible for the Medicare Eligible Retiree Medical Plan (MERMP) which supplements coverage under Medicare. Additionally, employees are eligible for a Senior HMO Plan, if available in the locality.</p> <p style="padding-left: 80px;">b. MERMP Lifetime Maximum Benefit. Effective January 1, 2019, the lifetime dollar maximum payable under the MERMP is \$50,000 for all future retirees eligible for the MERMP.</p> <p style="padding-left: 80px;">c. Contribution Formula. ...</p> <p style="padding-left: 80px;">The over-age 65 Medicare eligible retiree's basic monthly contribution is \$40 for Single Coverage and \$80 for Family Coverage. The maximum monthly Company subsidy is \$330 for Single Coverage and \$660 for Family Coverage. The contribution formula is as follows:</p> <p style="padding-left: 80px;">d. Private Medicare Exchange Retiree Medical Coverage. Effective June 30, 2018, the MERMP and Senior HMOs will be discontinued for future over-age 65 retirees. Over-age 65 employees eligible for retiree medical insurance who commence retirement on or after July 1, 2018 will be eligible to participate in the over-age 65 healthcare option(s) on the "same basis as" offered to non-bargaining unit over-age 65 retirees on an identical design basis.</p> <p style="padding-left: 120px;">1) Company Subsidy. The Company subsidy for Retiree Medical Coverage will be in the form of a credit to a Health Reimbursement Arrangement (HRA) in the amount of \$900 annually (\$75 per month) per enrolled retiree and \$900 annually (\$75 per month) per enrolled spouse.</p>
-------	--	---	--

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

**Lockheed Martin Aeronautics Company
Palmdale
And
International Association of Machinists and Aerospace Workers
District 725**

February 16, 2018

Company Economic Proposal #1

In addition to all proposals tentatively agreed to date, below are the Company's proposals to modify the Agreement currently in effect. For any contract provision not mentioned, the Company proposes no change at this time:

EU-15	Medical & Healthcare Coverage (STD)	\$1000 per week benefit up to 27 weeks unless provided by State SDI.	<p>The Company counters the Union's proposal as follows:</p> <p>See Page 3 of Article XX</p> <p>Section 5. OTHER PLANS</p> <p>C. Short Term Disability Insurance. The Company provides short-term disability coverage of seventy (70%) percent of weekly earnings to a maximum of \$370 per week. For leaves commencing on or after July 1, 2018, the maximum will increase to \$380 per week. All other provisions of short-term disability coverage shall be within the Company's discretion.</p>
EU-16	Medical & Healthcare Coverage (Hearing Aid)	Maximum coverage expenses per hearing aid per ear will be \$2000 annually.	<p>Counter – See various Company medical plan designs (See Exhibit 1)</p>
EU-17	Medical & Healthcare Coverage (Life and AD&D)	Increase to \$75,000	<p>The Company counters the Union's proposal as follows:</p> <p>See Page 3 of Article XX</p> <p>Section 5. OTHER PLANS</p> <p>A. Life and Accidental Death Insurance.</p> <p>a. All employees receive Basic Life Insurance coverage of \$38,000. Effective January 1, 2019, the amount will increase to \$40,000 for employees who are actively at work on or after January 1, 2019.</p> <p>b. All employees receive Accidental Death Insurance coverage of \$38,000. Effective January 1, 2019, the amount will increase to \$40,000 for employees who are actively at work on or after January 1, 2019.</p>
EU-18	Retirement Benefits (Early retiree coverage)	Increase company contribution to \$10,000 annually for single coverage and	<p>The Company maintains current company contribution</p> <p>See Page 7 of Article XX</p>

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

**Lockheed Martin Aeronautics Company
Palmdale
And
International Association of Machinists and Aerospace Workers
District 725**

February 16, 2018

Company Economic Proposal #1

In addition to all proposals tentatively agreed to date, below are the Company's proposals to modify the Agreement currently in effect. For any contract provision not mentioned, the Company proposes no change at this time:

		\$20,000 for family coverage	
EU-19	Retirement Benefits ("Opt-out" of early retiree medical coverage)	For those early retirees who "opt out" of Early Retiree Medical Coverage, the Company will provide that the equivalent amount of the Company Medical subsidy will be paid directly to the retiree in their monthly retirement benefits	Reject - The Company rejects the Union's proposal
EU-20	ARP	ARP Increase from \$.25 to \$1.00 every three months	Reject - The Company rejects the Union's proposal
EU-21	Promotion	Promotions rate of pay increased to \$1.00 or to min of classification, whichever is greater	Reject - The Company rejects the Union's proposal
EU-22	Shift Differential and Odd Work Week	Increase swing shift premium to \$2.00 and grave yard shift to \$1.00	Reject - The Company rejects the Union's proposal
EU-23	Field Duty	Employees traveling on work related assignments receive additional \$4.00	Reject - The Company rejects the Union's proposal

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

**Lockheed Martin Aeronautics Company
Palmdale
And
International Association of Machinists and Aerospace Workers
District 725**

February 16, 2018

Company Economic Proposal #1

In addition to all proposals tentatively agreed to date, below are the Company's proposals to modify the Agreement currently in effect. For any contract provision not mentioned, the Company proposes no change at this time:

EU-24	Overtime	<p>No forced overtime</p> <p>Increase in-week & Saturday overtime rates from ½ to 2 times rate of pay; Sunday overtime from 2 to 3 times rate of pay</p> <p>In-week and 6th day overtime paid at 2x rate of pay</p> <p>7th day & Holiday overtime paid at 3x rate of pay</p>	Reject - The Company rejects the Union's proposal
EU-25	GWI (Increases)	Wage Increases (6%, 5%, 5%, 6%, 6%)	<p>The Company counters the Union's wage proposal as follows:</p> <p>Year 1: 1.5% Lump Sum Year 2: 1.5 % General Wage Increase Year 3: 1.5 % General Wage Increase Year 4: 1.5 % General Wage Increase Year 5: 1.5% Lump Sum</p>
EU-26	GWI (Applied to min/max)	All GWI's are to be applied to the minimums and maximums of labor grades and in grade positions of all	Defer to local discussions

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

**Lockheed Martin Aeronautics Company
Palmdale
And
International Association of Machinists and Aerospace Workers
District 725**

February 16, 2018

Company Economic Proposal #1

In addition to all proposals tentatively agreed to date, below are the Company's proposals to modify the Agreement currently in effect. For any contract provision not mentioned, the Company proposes no change at this time:

		employees	
EU-27	COLA Supplements	Increased \$1,200 to \$2,000 from \$800	Refer to Company proposal EC-1
EU-28	Lead Pay	Increase lead pay from \$.50 to \$2.00	Defer to local discussions
EU-29	Airframe or Power Plant License Holders	Paid additional \$1.00 per hour per license	Defer to local discussions
EU-30	Parachute Riggers License Holders	Paid additional \$2.00 per hour	Defer to local discussions
EU-31	Grievances	Remove restrictions on union grievances	Reject - The Company rejects the Union's proposal
EC-1	COLA Supplements & COLA	Eliminate	The Company proposes to delete current Article VIII, Section 4 and Article VIII, Section 3 regarding COLA and COLA Supplements in its entirety (including any other COLA references in the current collective bargaining agreement).
EC-2	Benefits	Continuation of health benefits Codify current practice	The Company proposes to codify current practice in Article XX as follows: See page 3 of Article XX Section 4. HEALTH INSURANCE CONTINUATION B. If laid-off, active medical coverage for employee and eligible dependents will continue for thirty-one (31) days at no cost to the employee.

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

**Lockheed Martin Aeronautics Company
Palmdale
And
International Association of Machinists and Aerospace Workers
District 725**

February 16, 2018

Company Economic Proposal #1

In addition to all proposals tentatively agreed to date, below are the Company's proposals to modify the Agreement currently in effect. For any contract provision not mentioned, the Company proposes no change at this time:

EC-3	Benefits	Business Travel Accident	<p>The Company proposes the following:</p> <p>See page 3 of Article XX</p> <p>Section 5. OTHER PLANS B. Business Travel Accident Plan. The Lockheed Martin Business Travel Accident Plan will automatically be extended to employees covered by this Agreement on a "same basis as" plan design as offered to non-bargaining unit employees. This change will be made as soon as administratively practicable.</p>
EC-4	Benefits	Group Universal Life	<p>The Company proposes to codify current practice in Article XX as follows:</p> <p>See page 4 of Article XX</p> <p>Section 5. OTHER PLANS D. Group Universal Life (GUL) Insurance. ... Employees may elect coverage options of one (1x) times up to six (6x) times Annual Base Pay.</p>
EC-5	Benefits	Dependent Optional Term Life Codify current practice	<p>The Company proposes to codify current practice in Article XX as follows:</p> <p>See page 4 of Article XX</p> <p>Section 5. OTHER PLANS E. Dependent Optional Term Life (DOTL) Insurance. The Company offers Dependent Optional Term Life (DOTL) Insurance. The employee pays 100% of the cost.</p> <p style="margin-left: 40px;">a. Spouse. An employee may elect coverage for a spouse at coverage levels equal to one (1x), two (2x), or three (3x) times employee's Annual Base Pay. ...</p> <p style="margin-left: 40px;">b. Dependent Children. An employee may elect coverage for any eligible dependent child(ren) at coverage levels of \$5,000, \$10,000 or \$25,000.</p>

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

**Lockheed Martin Aeronautics Company
Palmdale
And
International Association of Machinists and Aerospace Workers
District 725**

February 16, 2018

Company Economic Proposal #1

In addition to all proposals tentatively agreed to date, below are the Company's proposals to modify the Agreement currently in effect. For any contract provision not mentioned, the Company proposes no change at this time:

EC-6	Benefits	Special Accident Insurance Codify current practice	<p>The Company proposes to codify current practice in Article XX as follows:</p> <p>See Page 4 of Article XX</p> <p>Section 5. OTHER PLANS</p> <p>F. Special Accident Insurance. The Company offers Special Accident Insurance. The employee pays 100% of the cost.</p> <ul style="list-style-type: none"> a. Self. An employee may elect coverage with options of \$25,000, \$50,000, \$100,000, \$200,000, \$300,000, \$400,000 or \$500,000. Amounts in excess of \$300,000 cannot exceed (10x) times Annual Base Pay. b. Spouse. An employee may elect coverage for a spouse with options of \$10,000, \$25,000, \$50,000, \$100,000, \$150,000, \$200,000 or \$250,000. c. Dependent Child(ren). An employee may elect coverage for eligible dependent child(ren) in the amounts of \$10,000, \$25,000 or \$50,000.
EC-7	Benefits	Flexible Spending Accounts	<p>The Company proposes to codify current practice in Article XX as follows:</p> <p>See Pages 4 of Article XX</p> <p>Section 5. OTHER PLANS</p> <p>G. Flexible Spending Accounts. The Company offers access to the following Flexible Spending Accounts which may be used to pay for eligible expenses using pre-tax dollars. Flexible Spending Accounts are governed by IRS regulations and are subject to change.</p> <ul style="list-style-type: none"> a. Health Care Spending Account (HCSA). The minimum calendar year contribution is \$100. b. Dependent Care Spending Account (DCSA). The minimum calendar year contribution is \$100.

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

**Lockheed Martin Aeronautics Company
Palmdale
And
International Association of Machinists and Aerospace Workers
District 725**

February 16, 2018

Company Economic Proposal #1

In addition to all proposals tentatively agreed to date, below are the Company's proposals to modify the Agreement currently in effect. For any contract provision not mentioned, the Company proposes no change at this time:

EC-8	New Hires and Annual Enrollment	Default Coverage (Medical, Dental, Vision)	<p>The Company proposes the following:</p> <p>See pages 4-6 of Article XX</p> <p>Section 7. General Provisions</p> <p>A. New Hires – See Chart on page 5</p> <p>B. 2019 - All Employees – “No Coverage”</p> <p>C. 2020 and Subsequent Years – All Employees – See Chart on pages 5-6</p>
EC-9	Healthcare Legislation and Taxation	Mutual Agreement	See Attachment A for proposed Mutual Agreement on Healthcare Legislation and Taxation

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

**ARTICLE XX
BENEFITS**

Delete Article 6, Section 7 and create a new Article with the following language:

Section 1. MEDICAL PLANS

- A. Legacy Health Care Plans.** The Southern California Kaiser HMO will be available where currently offered to employees hired prior to March 3, 2014.
- a. Effective January 1, 2019, the Company will pay **80%** of the premium cost of the medical plan selected. The employee will contribute **20%** of the premium cost.
 - b. Notwithstanding the above, effective, January 1, 2019, any increase to the premium cost of the medical plan selected will be borne by the employee such that the Company's maximum premium cost shall be equal to the actual dollar amount paid in **2018** by the Company for the medical plan selected.
- B. LM HealthWorks Plan.** The LM HealthWorks medical plan currently offered as an option for all employees will be discontinued and no longer available as an option after December 31, 2018. The weekly contribution formula in effect prior to the effective date of the Agreement will remain in effect through December 31, 2018. Balances remaining in the LM Health Fund will be converted to a limited purpose Health Reimbursement Account.
- C. High Deductible Health Plans.** Effective January 1, 2019, the Corporate-wide High Deductible Health Plans (HDHP) will be offered to employees on the "same basis as" offered to non-bargaining unit employees. For employees hired or rehired on or after March 3, 2014, the High Deductible Health Plans will be the only options available.
- a. Effective January 1, 2019, the Company will pay 87% of the premium cost of the medical plan selected. The employee will contribute 13% of the premium cost.
 - b. Employees enrolled in a High Deductible Health Plan for the first time will receive a one-time Company contribution to a Health Savings Account (HSA). The contribution for employee-only coverage is **\$500**. The contribution for employee plus one or more coverage is **\$1,000**. Employees may make pre-tax deferrals from their paychecks and may defer all or part of their lump sum payments to the HSA. Amounts contributed that exceed the HSA annual limits will be paid to the employee.
 - c. "Same basis as" is understood to mean that any improvements, modifications, reductions, eliminations or changes to the plan(s) for non-bargaining unit employees shall be automatically applicable to bargaining unit employees covered by this Agreement. Same basis applies to any and all aspects of the plan(s) including but not limited to eligibility, plan offerings, effective dates and plan designs.

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

- D. **Medical Opt-Out Credit.** Any employee who chooses to opt-out of medical coverage provided for under this Agreement shall receive a medical opt-out credit of \$11.54 per week. To be eligible for an opt-out credit, employees are required to certify, on an annual basis, that they have medical coverage elsewhere. Employees are ineligible for an opt-out credit if the employee is covered as a dependent under another Company-sponsored medical plan. Part-time employees are not eligible for an opt-out credit.

Section 2. DENTAL PLANS

- A. The Comprehensive Dental Plan, Comprehensive Plus Dental Plan and Managed Dental Plan currently offered as options for all employees will be discontinued and no longer available as options after December 31, 2018. The current weekly contribution formula in effect immediately prior to the effective date of the Agreement shall remain in effect through December 31, 2018.
- B. Effective January 1, 2019, the Dental Plan Core, Dental Plan Enhanced and Dental Plan HMO (where available) will be offered to employees on the “same basis as” offered to non-bargaining unit employees.
- a. Effective January 1, 2019, the Company will pay **80%** of the premium cost of the Dental Plan Core or the Dental Plan HMO, if selected. If the employee selects Dental Plan Enhanced, the employee is responsible for any additional premium costs between the selected plan and the Dental Plan Core.
 - b. “Same basis as” is understood to mean that any improvements, modifications, reductions, eliminations or changes to the plan(s) for non-bargaining unit employees shall be automatically applicable to bargaining unit employees covered by this Agreement. Same basis applies to any and all aspects of the plan(s) including but not limited to eligibility, plan offerings, effective dates and plan designs.
- C. **Dental Opt-Out Credit.** Any employee who chooses to opt-out of dental coverage provided for under this Agreement shall receive a dental opt-out credit of \$2.31 per week. Employees are ineligible for an opt-out credit if the employee is covered as a dependent under another Company-sponsored dental plan. Part-time employees are not eligible for an opt-out credit.

Section 3. VISION PLANS

- A. The Vision 24 Plan and the Vision 12 Plan currently offered as options for all employees will be discontinued and no longer available as options after December 31, 2018. The current weekly contribution formula in effect immediately prior to the effective date of the Agreement shall remain in effect through December 31, 2018.
- B. Effective January 1, 2019, the Vision Core and the Vision Plan Enhanced will be offered to employees on the “same basis as” offered to non-bargaining unit employees.
- a. Effective January 1, 2019, the Company will pay **80%** of the premium cost of the Vision Plan Core. If the employee selects Vision Plan Enhanced, the employee is responsible for any additional premium costs between the selected plan and the Vision Plan Core.

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

- b. “Same basis as” is understood to mean that any improvements, modifications, reductions, eliminations or changes to the plan(s) for non-bargaining unit employees shall be automatically applicable to bargaining unit employees covered by this Agreement. Same basis applies to any and all aspects of the plan(s) including but not limited to eligibility, plan offerings, effective dates and plan designs.

Section 4. HEALTH INSURANCE CONTINUATION

- A. Continuation of health benefits (medical-dental-vision plans, as appropriate) will be offered as described in the Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985 (the “Act”) to those employees and dependents who lose coverage as a result of a ‘qualifying event’ as defined by the Act. The full cost of such coverage continuation plus applicable administration fees will be paid by the employee or dependent(s).
- B. If laid-off, active medical coverage for employee and eligible dependents will continue for thirty-one (31) days at no cost to the employee. The length of time medical coverage is extended will be included as part of the total length of time coverage may be continued under the Act or Insurance Continuation (as applicable).

Section 5. OTHER PLANS

- A. **Life and Accidental Death Insurance.** The Company provides basic life and accidental death insurance. The provisions of such coverage shall be within the Company’s discretion except as follows:
 - a. All employees receive Basic Life Insurance coverage of \$38,000. Effective January 1, 2019, the amount will increase to **\$40,000** for employees who are actively at work on or after January 1, 2019.
 - b. All employees receive Accidental Death Insurance coverage of \$38,000. Effective January 1, 2019, the amount will increase to **\$40,000** for employees who are actively at work on or after January 1, 2019.
- B. **Business Travel Accident Plan.** The Lockheed Martin Business Travel Accident Plan will automatically be extended to employees covered by this Agreement on a “same basis as” plan design as offered to non-bargaining unit employees. This change will be made as soon as administratively practicable.
- C. **Short Term Disability Insurance.** The Company provides short-term disability coverage of seventy (70%) percent of weekly earnings to a maximum of \$370 per week. For leaves commencing on or after July 1, 2018, the maximum will increase to **\$380** per week. All other provisions of short-term disability coverage shall be within the Company’s discretion.

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

- D. **Group Universal Life (GUL) Insurance.** The Company offers Group Universal Life (GUL) Insurance. The employee pays 100% of the cost. Employees may elect coverage options of one (1x) times up to six (6x) times Annual Base Pay.
- E. **Dependent Optional Term Life (DOTL) Insurance.** The Company offers Dependent Optional Term Life (DOTL) Insurance. The employee pays 100% of the cost.
- a. Spouse. An employee may elect coverage for a spouse at coverage levels equal to one (1x), two (2x), or three (3x) times employee's Annual Base Pay. The spouse is required to provide Proof of Insurability (POI) if electing three (3x) times the employee's annual base pay or if the employee enrolls the spouse after thirty (30) days of the employee's or the spouse's first day of eligibility.
 - b. Dependent Children. An employee may elect coverage for any eligible dependent child(ren) at coverage levels of \$5,000, \$10,000 or \$25,000.
- F. **Special Accident Insurance.** The Company offers Special Accident Insurance. The employee pays 100% of the cost.
- a. Self. An employee may elect coverage with options of \$25,000, \$50,000, \$100,000, \$200,000, \$300,000, \$400,000 or \$500,000. Amounts in excess of \$300,000 cannot exceed (10x) times Annual Base Pay.
 - b. Spouse. An employee may elect coverage for a spouse with options of \$10,000, \$25,000, \$50,000, \$100,000, \$150,000, \$200,000 or \$250,000.
 - c. Dependent Child(ren). An employee may elect coverage for eligible dependent child(ren) in the amounts of \$10,000, \$25,000 or \$50,000.
- G. **Flexible Spending Accounts.** The Company offers access to the following Flexible Spending Accounts which may be used to pay for eligible expenses using pre-tax dollars. Flexible Spending Accounts are governed by IRS regulations and are subject to change.
- a. Health Care Spending Account (HCSA). The minimum calendar year contribution is \$100.
 - b. Dependent Care Spending Account (DCSA). The minimum calendar year contribution is \$100.

Section 6. GENERAL PROVISIONS

- A. **NEW HIRES.** All employees become eligible for benefits coverage after ninety (90) calendar days of employment. The chart below outlines the default coverages which will become effective retroactively to date the employee became eligible for benefits coverage if no active election has been made for medical, dental, or vision during benefits enrollment.

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

Plan	2018 Default Coverage	2019+ Default Coverage
Medical	<i>LM HealthWorks</i> - Employee Only Coverage	<i>Broad Network 1</i> - Employee Only Coverage
Dental	<i>Comprehensive Dental Plan</i> - Employee Only Coverage	<i>Dental Plan Core</i> - Employee Only Coverage
Vision	<i>Vision 24 Plan</i> - Employee Only Coverage	<i>Vision Plan Core</i> - Employee Only Coverage

B. ANNUAL ENROLLMENT 2019 – ALL EMPLOYEES. If no active election is made for Medical, Dental and/or Vision coverage during the 2019 Annual Enrollment Election Period, such coverage will default to “no coverage” effective January 1, 2019.

C. ANNUAL ENROLLMENT 2020 AND SUBSEQUENT YEARS – ALL EMPLOYEES. During the 2020 Annual Enrollment Election Period and all subsequent years under the terms of this Agreement, the chart below outlines the default coverage for Medical, Dental and/or Vision coverage if no active election has been made:

Current Plan	Annual Enrollment Default
Medical:	Medical:
No Coverage	No Coverage
High Deductible Health Plan	Same High Deductible Health Plan same coverage level
HMO plan	Same HMO plan same coverage level
Dental:	Dental:
No Coverage	No Coverage
Dental Plan Core	Dental Plan Core same coverage level
Dental Plan Enhanced	Dental Plan Enhanced same coverage level
Dental HMO	Dental HMO

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

(where available)	same coverage level (where available)
Vision:	Vision:
No Coverage	No Coverage
Vision Plan Core	Vision Plan Core same coverage level
Vision Plan Enhanced	Vision Plan Enhanced same coverage level

D. For all of the benefit coverage offerings listed in this Article, the terms of the Plans will be summarized in separate Summary Plan Descriptions (SPD) where applicable. The terms of the plan in the SPD will not be changed during the term of the Agreement except for legally required changes, any mutually agreed-to changes, or changes made per the terms of this Agreement. The Union acknowledges that the aforementioned changes may be made by the Company. Copies of the SPDs will be furnished to the Union and to each employee eligible for the Plans.

Section 7. RETIREE MEDICAL

A. **Employees hired before March 2, 2005 are eligible for retiree medical coverage** as detailed below.

B. Under-Age 65 Retirees

a. Commence retirement prior to December 31, 2018 – Under-Age 65 Retiree Legacy Medical Coverage. For eligible employees, the following plans are available:

- 1) Kaiser Southern California HMO
- 2) LM HealthWorks Retiree Plan
- 3) LM Essentials Retiree Plan

b. Commence retirement on or after January 1, 2019 - Under-Age 65 Retiree Legacy Medical Coverage. For eligible employees, the following plans are available:

- 1) Kaiser Southern California HMO
- 2) High Deductible Retiree Health Plans

c. **Retiree Medical Coverage.** Should the Company expand, introduce or change health care options for non-bargaining unit under-age 65 retirees during the term of this Agreement and after its expiration, such benefits may, within the Company’s discretion, be extended to retirees covered by this Agreement on a same design basis with the same retiree contributions as non-bargaining unit employees, in addition to the Retiree Medical Coverage for which the employee is eligible for under the terms of this Agreement.

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

- d. **Contribution Formula.** The retiree and the Company share in the cost of the under-age 65 retiree medical plan up to the maximum monthly Company subsidy. The retiree's share of the cost is calculated using the service-based schedule below. The retiree is also responsible for 100% of the cost of coverage that exceeds the maximum monthly Company subsidy. All eligible employees retiring on or after March 5, 2018, the service based contribution formula applies for Retiree Medical Coverage with an annual contribution cap of \$6,000 for Retiree-Only or \$12,000 for Retiree + Family coverage. The service based contribution schedule is as follows:

Difference in Cost of Plan and Subsidy	
Yrs. of Service	Your Cost Sharing %
0-9	Not Eligible
10	70%
11	67%
12	64%
13	61%
14	58%
15	55%
16	52%
17	49%
18	46%
19	43%
20	40%
21	37%
22	34%
23	31%
24	28%
25	25%
26	22%
27	19%
28	16%
29	13%
30 +	10%

- e. **Retiree Medical Plan Changes.** During the life of the Agreement, and after its expiration, there will be no changes to the co-insurance, the calendar year deductible amounts, the calendar year out-of-pocket maximum, plan design or the prescription drug formula, for Retiree Medical Coverages listed in this Article. The terms of the plan in the SPD will not be changed during the term of the Agreement except for legally required changes, any mutually agreed-to changes, or changes made per the terms of this Agreement.

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

f. **Employees who retired on or after March 3, 2014**, but elected “no coverage” or failed to enroll in a Retiree Medical plan within the required time frames at the time of retirement may enroll during an Annual Enrollment period in the following circumstances subject to all applicable time frames:

- 1) If a qualified status change occurs
- 2) If a special enrollment rule applies

C. Over-Age 65 Retirees.

- a. **Over-Age 65 employees retiring on or after March 5, 2018 and prior to July 1, 2018** are eligible for the Medicare Eligible Retiree Medical Plan (MERMP) which supplements coverage under Medicare. Additionally, employees are eligible for a Senior HMO Plan, if available in the locality.
- b. **MERMP Lifetime Maximum Benefit.** Effective January 1, 2019, the lifetime dollar maximum payable under the MERMP is **\$50,000** for all future retirees eligible for the MERMP.
- c. **Contribution Formula.** The retiree pays a basic monthly contribution and the Company pays the balance of the cost of coverage up to the maximum monthly Company subsidy. The retiree pays any cost over the maximum monthly Company subsidy.

The over-age 65 Medicare eligible retiree’s basic monthly contribution is \$40 for Single Coverage and \$80 for Family Coverage. The maximum monthly Company subsidy is \$330 for Single Coverage and \$660 for Family Coverage. The contribution formula is as follows:

	Single Coverage	Family Coverage *
Monthly Contributions for Medicare Eligible Retirees	The basic monthly contribution will be \$40 + 100% of the amount over the maximum monthly Company subsidy	The basic monthly contribution will be \$80 + 100% of the amount over the maximum monthly Company subsidy
Maximum Monthly Medicare Eligible Company Subsidy	\$330 per month	\$660 per month
* Standard LMC rules regarding contribution calculations apply where family members are under and over age 65.		

- d. **Private Medicare Exchange Retiree Medical Coverage.** Effective June 30, 2018, the MERMP and Senior HMOs will be discontinued for future over-age 65 retirees. Over-age 65

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

employees eligible for retiree medical insurance who commence retirement on or after July 1, 2018 will be eligible to participate in the over-age 65 healthcare option(s) on the “same basis as” offered to non-bargaining unit over-age 65 retirees on an identical design basis.

1) **Company Subsidy.** The Company subsidy for Retiree Medical Coverage will be in the form of a credit to a Health Reimbursement Arrangement (HRA) in the amount of **\$900** annually (**\$75** per month) per enrolled retiree and **\$900** annually (**\$75** per month) per enrolled spouse.

2) **Eligibility.** To be eligible for the Company subsidy (HRA), the retiree or their spouse must be age 65 or over and must enroll (and maintain enrollment) through the Company designated private Medicare Exchange (i.e. ViaBenefits) when initially eligible for over-age 65 individual healthcare option(s) at the time of retirement commencement or when the retiree and/or spouse turns age 65, whichever is later.

3) **Unavailability of the Private Medicare Exchange.** Should the Company designated private Medicare Exchange dissolve or otherwise become unavailable, the Company and Union agree to meet in an effort to designate a replacement private Medicare Exchange if such Exchanges are permissible based on regulations in effect at the time of discussions. If the parties are unable to come to an agreement during these discussions, the Company will designate a comparable replacement. The Company will only be obligated to designate a comparable replacement which results in no additional cost to the Company. In the event no such replacement can be designated, the Company shall be under no further obligation to designate a replacement.

Section 8. RETIREMENT AND SAVINGS PLANS

A. Lockheed Martin Retirement Plan for Certain Hourly Employees (Retirement Plan).

TBD

B. Lockheed Martin Capital Accumulation Plan for Hourly Employees (HCAP). The HCAP provisions as stated in the applicable Plan Documents will govern except where modified herein.

a. **Eligibility.** Employees hired on or after March 7, 2011, will receive Company contributions per each quarter of active employment into the employee’s HCAP account.

b. Company Contributions:

1) Employees will receive a Company contribution in the amount of **four hundred and ten dollars (\$410)** per quarter to begin as soon as administratively practicable after ratification.

2) Employees will receive a Company contribution in the amount of **four hundred and twenty dollars (\$420)** per quarter beginning January 1, 2021.

C. Lockheed Martin Hourly Employee Savings Plan Plus (HSP). The HSP provisions as stated in the applicable Plan Documents will govern except where modified herein.

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.

- a. **Employee Elective Deferral.** Employees may defer an elective amount (in \$1-dollar increments) into the HSP on a before-tax, Roth or after-tax contribution basis with the before-tax and Roth contributions being subject to the IRS annual limits imposed under Code Section 402(g). If an employee elects before-tax and Roth contributions in an amount that exceeds the IRS limit, any excess elected before-tax and Roth contributions will automatically be reclassified as after-tax contributions.
 - b. **Company Matching Contributions.** Before-tax, Roth and/or after-tax employee elective deferrals of up to **eighty dollars (\$80)** per week are subject to Company matching contributions at the rate of 50%.
 - c. **IRS Limits.** Both employee and employer before-tax, Roth and after-tax contributions from the HSP and all retirement plans are subject to Code Section 415 annual limits.
- D. **Lockheed Martin Basic Benefit Plan for Hourly Employees (BBP).** The BBP provisions as stated in the applicable Plan Documents will govern except where modified herein.
- a. **BBP Account.** Employees will receive Company contributions per each quarter of active employment into the employee's BBP account.
 - b. **BBP Contributions:**
 - 1) Effective January 1, 2018, the Company will make quarterly contributions for each employee in the amount of forty dollars (\$40).
 - 2) For employees hired after March 1, 2005, the Company will make an additional quarterly contribution of seventy dollars (\$70).
- E. **Applicability of Plan Documents.** For all of the benefit coverage offerings listed in this Section, the terms of the Plans will be summarized in separate Summary Plan Descriptions (SPD) where applicable. Copies of the SPDs will be furnished to the Union and to each employee eligible for the Plans.

The Company reserves the right to open for discussion, add, delete, and/or modify any of these proposals, the right to propose changes and to make counter proposals and reserves the right to make counterproposals in any area of the Agreement opened by the Union.