

UNION'S PROPOSAL NO. 1

ECONOMIC BENEFITS PORTION

2016 CONTRACT NEGOTIATIONS

BETWEEN

LOCKHEED MARTIN AERONAUTICS COMPANY – FORT WORTH

AND

INTERNATIONAL ASSOCIATION OF MACHINISTS
AND AEROSPACE WORKERS, AFL-CIO

PRESENTED: **June 14, 2016**

Period of Agreement: **11 July 2016 – 11 April 2021**

THE UNION, IN SUBMITTING THIS PROPOSAL, RESERVES THE RIGHT TO DELETE, ADD TO, OR MODIFY THIS PROPOSAL AND SUCH OTHER PROVISIONS AS MAY BE DETERMINED LATER TO REQUIRE MODIFICATION OR DELETION. ALSO, THE UNION RESERVES THE RIGHT TO OPEN THOSE ARTICLES NOT ADDRESSED IN THIS PROPOSAL, AT A LATER DATE.

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ARTICLE TWENTY-FIVE
GROUP INSURANCE AND HEALTH EXPENSE BENEFITS

Section 1. Employee and Dependent Coverage

All group insurance and health expense benefits which include medical, dental, prescription drug coverages and employee premium payments or equivalent established under the terms of the contract between the Company and the Union in effect immediately prior to the effective date of this Agreement, shall remain in full force and effect for the duration of this Agreement, except as and until modified by the agreed upon amendments set forth in Appendix C-1, C-2, C-3, C-4, C-5, C-6 and C-7 or the further provisions of this Article.

Section 2. Determination of Employee Premium Rate for Optional Life Insurance

The employee weekly contributions for the amounts of optional life insurance set forth in the Life Insurance Schedules in Appendix C-1 shall be based upon estimated future experience as determined by the insurance carrier in accordance with accepted actuarial principles. The rate for the current coverage shall remain in effect until 1 January ~~2013~~**2017**, at which time such rate will be reviewed and may be increased or decreased according to past and estimated future experience as determined by the insurance carrier in accordance with accepted actuarial principles. Again on 1 January of each subsequent year for the duration of this Agreement, the rates in effect for optional life insurance coverages for the previous policy year will be reviewed and may be increased or decreased according to past and estimated future experience as determined by the insurance carrier in accordance with accepted actuarial principles.

Section 3. The Company shall have the responsibility for the administration of the group insurance and the health expense benefits program.

Section 4. No matter respecting the group insurance and health expense benefits program or any differences arising thereunder, including the rates which are established by the insurance carrier, shall be subject to the Grievance Procedure established in this Agreement.

Section 5(a). LM *HealthWorks* Plan

Effective 1 January 2013, the Company will offer to the employees to which this Agreement relates the Corporate-wide LM *HealthWorks* Plan. The Company maintains the right to implement modifications or changes to this Plan. During the life of the Agreement there will be no changes to the co-insurance, the calendar year deductible amounts, the calendar year out-of-pocket maximums, medical plan or the prescription drug formula, except that the Healthy Actions and the associated dollar credits are subject to amendment each plan year. Employees will have coverage level options of Employee Only, Employee + 1 or Employee + 2 or More. The terms of the Plan will be summarized in a separate Summary Plan Description. Copies of this Summary Plan Description will be furnished to the Union and to each employee eligible for the Plan. The Company cost of the LM *HealthWorks* Plan shall be established annually as of 1 January of each year of the Agreement based on past and estimated future experience as determined in accordance with accepted actuarial principles. This Company cost shall include the estimated cost of any changes since the last review and shall be applicable for the ensuing twelve months until the next annual review.

Any employee contributions described in Appendix C-1, Section F of this Agreement are in addition to such cost determined pursuant to this Section.

Section 5(b). Should the Company expand health care options during the term of this agreement; such options will be extended on identical design basis to individuals covered by this agreement.

Section 5(c). Health Maintenance Organizations (HMO)

Company will offer to the employees to which this Agreement relates, when and to the extent required by P. L. 93-222, being the Health Maintenance Organization Act of 1973, such optional provisions for the furnishing of health services as may be required by the Act. The Company cost of its health benefits plan to be allowable toward the cost of the HMO plan elected by any employee shall be established annually as of 1 January of each year of the Agreement based on past and estimated future experience as determined in accordance with accepted actuarial principles. This allowable Company cost shall include the estimated cost of any increase in negotiated health benefits since the last review and shall be applicable for the ensuing twelve months until the next annual review. Any employee contributions described in Appendix C-1, Section F of this Agreement are in addition to such cost determined pursuant to this Section.

Effective 1 January ~~2013~~ **2017** Aetna HMO will continue to be available where currently offered. Prescription drug benefits will be provided by the HMO. Retail pharmacy will be available for up to a 30 day supply at a \$5.00 copay per covered generic prescription, a ~~\$20.00~~ **10.00** copay per covered preferred prescription and a ~~\$40.00~~ **20.00** copay per covered non-preferred prescription. Prescription Drug Mail Order service will be available for up to a 90 day supply at a \$10.00 copay per covered generic prescription, a ~~\$40.00~~ **20.00** copay per covered preferred prescription, and a ~~\$80.00~~ **40.00** copay per covered non-preferred prescription. Effective 1 January 2010, physician visits copays will be \$20.00, emergency room copays will be \$75.00 (waived if admitted to hospital) and inpatient hospital copays will be \$150.00 per admission for covered employees and their covered dependents. Maximum covered expenses per hearing aid per ear will be ~~\$1,000~~ **2,500.00**. The number of hearing aids will be limited to one aid per ear per covered employee or covered dependent during any period of three consecutive years. Effective 1 January 2013 employees will have coverage level options of Employee Only, Employee + 1 or Employee + 2 or More.

Section 5(d). Point of Service (POS)

The Company will offer to the employees to which this Agreement relates the option to elect a Point of Service for medical coverage for which the Company has contracted. The terms of the Plan will be summarized in a separate Summary Plan Description. Copies of this Summary Plan Description will be furnished to the Union and to each employee eligible for the Plan. The Company cost of its health benefits plan to be allowable toward the cost of the POS plan elected by any employee shall be established annually as of 1 January of each year of the Agreement based on past and estimated future experience as determined in accordance with accepted actuarial principles. This allowable Company cost shall include the estimated cost of any increase in negotiated health benefits since the last review and shall be applicable for the ensuing twelve months until the next annual review. Any employee contributions described in Appendix C-1, Section F of this Agreement are in addition to such cost determined pursuant to this Section. Effective 1 January 2013, employees will have coverage level options of Employee Only, Employee + 1 or Employee + 2 or More.

Section 6(a). Prepaid Dental Plans

The Company will offer to the employees to which this Agreement relates the option to elect a Prepaid Dental Plan for dental care coverage to the extent that such coverage is available for which the Company has contracted with for such coverage. The cost of such Prepaid Dental Plan shall be paid by the employee to the extent that the cost of such elected Prepaid Dental Plan exceeds the company contribution for the Comprehensive Dental Plan under this Agreement based on either single or family coverage, whichever is applicable to the employee so electing such Prepaid Dental Plan. The Company cost of its Comprehensive Dental Plan to be allowable toward the cost of the Prepaid Dental Plan elected by any employee shall be established annually as of 1 January of each year of the Agreement based on past and estimated future experience as determined in accordance with accepted actuarial principles. This allowable Company cost shall include the estimated cost of any increase in negotiated dental benefits since the last review and shall be applicable for the ensuing twelve (12) months until the next annual review. Effective 1 January 2013, employees will have coverage level options of Employee Only, Employee + 1 or Employee + 2 or More.

Section 6(b). Dental Plans

The Company will offer to the employees to which this Agreement relates the option to elect dental care coverage from either a Comprehensive Dental Plan or a Comprehensive Plus Dental Plan for dental coverage for which the Company has contracted. The cost of the Comprehensive Dental Plan shall be entirely company paid. The cost of the Comprehensive Plus Dental Plan shall be paid by the employee to the extent that the cost of such elected Comprehensive Plus Dental Plan exceeds the company contribution for the Comprehensive Dental Plan under this Agreement based on either single or family coverage, whichever is applicable to the employee electing such Comprehensive Plus Dental Plan. The Company cost of the Comprehensive and Comprehensive Plus Dental Plans shall be established annually as of 1 January of each year of the Agreement based on past and estimated future experience as determined in accordance with accepted actuarial principles. This allowable Company cost shall include the estimated cost of any increase in negotiated dental benefits since the last review and shall be applicable for the ensuing twelve (12) months until the next annual review. Effective 1 January 2013, employees will have coverage level options of Employee Only, Employee + 1 or Employee + 2 or More.

Section 7. Vision Plans

The Company will offer to the employees to which this Agreement applies the option to elect vision care coverage from either the Vision 24 Plan or the Vision 12 Plan for which the Company has contracted. The cost of the Vision 24 Plan shall be entirely company paid. The cost of the Vision 12 Plan shall be paid by the employee to the extent that the cost of such elected Vision 12 Plan exceeds the company contribution for the Vision 24 Plan under this Agreement based on either single or family coverage, whichever is applicable to the employee electing such Vision 12 Plan. The cost of the Vision 24 and Vision 12 Plans shall be established annually as of 1 January of each year of the Agreement based on past and estimated future experience as determined in accordance with accepted actuarial principles. This cost shall be applicable for the ensuing twelve (12) months until the next annual review. Effective 1 January 2013, employees will have coverage level options of Employee Only, Employee + 1 or Employee + 2 or More.

Section 8. Federal or State Health Requirements

If during the term of this Agreement, there is established by federal or state government, a program such as national health insurance that affords to employees covered by this Agreement

similar benefits (such as but not limited to medical, surgical, hospital, major medical, dental and prescription drug benefits) to those that are afforded by this Agreement, benefits afforded by this Agreement shall be modified in whole or in part to the extent required so as to integrate or so as to eliminate any duplication of such benefits with the benefits provided under such governmental program with the intent to provide from all sources at least the level of benefits agreed upon under this Agreement. The Company shall make whatever amendments or changes to the health benefit plans and their operation necessary to assure continued compliance with the law.

Section 9. Continuation of Health Insurance

Continuation of health benefits (under Medical/Dental/Vision Plans, as appropriate) will be offered for the periods described in the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) to those employees and dependents who lose coverage as a result of "a qualifying event", as defined under the Act. The full cost of such coverage continuation plus applicable administration fees will be paid by the employee or dependent(s).

APPENDIX C

GROUP INSURANCE AND HEALTH EXPENSE BENEFITS

This Appendix is a statement of the Group Insurance and Health Expense Benefits applicable to employees at work on the effective date of this labor agreement. A detailed summary plan description of the benefits will be provided to the employee. A brief summary of the benefits is described in this Appendix "C". This Appendix replaces in their entirety the Group Insurance and Health Expense Benefits provisions contained in Appendix "C" of the ~~20 April 2009~~ **2 July 2012** labor agreement, as well as any other agreement and they shall remain in full force through 31 December ~~2012~~ **2016**, except as modified herein.

APPENDIX C - 1

LIFE, ACCIDENTAL DEATH AND DISMEMBERMENT, MEDICAL, AND DISABILITY

Pursuant to agreements reached between Lockheed Martin Aeronautics Company – Fort Worth and the International Association of Machinists and Aerospace Workers, it is understood that the following changes are applicable to the Group Insurance and Medical expense benefits for new employee and dependent coverages and claims incurred on and after the effective dates shown below for those eligible employees actively at work or on COBRA on and after such dates.

A. LIFE INSURANCE – Effective 1 January ~~2013~~ **2017**

Basic Life Insurance	\$34,000 45,000	Company Paid
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The amount of basic life insurance is subject to disability payment in the event of total and permanent disability prior to age 60.

Retirement Life Insurance

Effective ~~22 September 1975~~ **11 July 2016**, employees with five or more years of service who retire at early or normal retirement age will be entitled to ~~\$1,000~~ **3,000** of post-retirement life insurance.

Group Universal Life Insurance (GUL)

Employee may choose from one (1) to ~~six (6)~~ **ten (10)** times annual base pay

The cost of coverage per \$1,000 is based on the employee's age and salary as of December 1 of the prior plan year or hire date if later. The premium amounts are shown on each individual's personalized annual enrollment form.

Proof of Insurability required for:

1. Any multiple of insurance for an employee who enrolls after their initial eligibility date has passed (or who drops coverage and then re-enrolls at a later date)
2. Multiples of three (3) to ~~six (6)~~ **ten (10)** times annual base pay for a newly eligible employee and amounts over \$500,000

The terms of the Plan will be summarized in a separate Summary Plan Description. The terms of the plan in the SPD will not be changed during the term of the agreement except for legally required changes or any mutually agreed to changes. Copies of this Summary Plan Description will be furnished to the Union and to each employee eligible for the Plan.

The amount of Group Universal Life Insurance is not subject to disability payment in the event of total and permanent disability prior to age ~~60~~ **55**.

Dependent Optional Term Life (DOTL) Insurance

Employee may elect coverage for spouse— one (1), two (2), or three (3) times employee's annual base pay. Spouse is required to provide Proof of Insurability (POI) if elect three times employee's annual base pay or if employee enrolls spouse after 30 days of employee's or spouse's first day of eligibility. Employee may elect \$5,000, \$10,000 or \$25,000 for eligible dependent child(ren).

The cost of coverage per \$1,000 is based on the employee's age and salary as of December 1 of the prior plan year or hire date if later for spouse coverage and is a flat rate per \$1,000 for child(ren) coverage. The premium amounts are shown on each individual's personalized annual enrollment form.

The terms of the Plan will be summarized in a separate Summary Plan Description. The terms of the plan in the SPD will not be changed during the term of the agreement except for legally required changes or any mutually agreed to changes. Copies of this Summary Plan Description will be furnished to the Union and to each employee eligible for the Plan.

B. ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE:

Amount of Accidental Death and Dismemberment Insurance:

Effective 1 ~~January 2013~~ **August 2016**: ~~\$34,000~~ **45,000**

C. ELIGIBILITY FOR GROUP INSURANCE AND MEDICAL PLAN COVERAGE:

New hires on or after ~~20 April 2009~~ **11 July 2016** are required to complete ~~ninety (90) days of continuous service before being~~ **will be** eligible for coverage under the Group Life Insurance, Accidental Death and Dismemberment Insurance, and Medical Plan Coverage. ~~The 90-day waiting period only applies to new hires.~~ For purposes of this Appendix, new hires

are defined as anyone who has not been previously employed by any element of the Lockheed Martin Corporation.

D. Effective 1 January 2013, as provided for in Article Twenty-Five, the Company will offer the Corporate-wide LM *HealthWorks* Plan, a Lockheed Martin Preferred Provider Organization (PPO) plan.

E. Effective 1 January 2013, as provided for in Article Twenty-Five, the Company will offer the Lockheed Martin Point of Service (POS) plan.

F. EMPLOYEE CONTRIBUTIONS

Effective 1 January 2013, each employee who elects coverage under any of the medical plans shall pay a weekly Section 125 pre-tax contribution (via payroll deduction) to obtain that coverage. The amount of the weekly contribution required for coverage under any of the medical plans will be as follows:

If an employee elects the LM *HealthWorks* Plan, the Company will pay 87% of the cost of the LM *HealthWorks* Plan. The Employee will contribute 13% of the cost of the LM *HealthWorks* Plan.

If an employee elects the HMO, the Company will pay 87% of the cost of the HMO and the employee will contribute 13% of the cost of the HMO.

If an employee elects the POS, the Company will pay ~~85%~~ **87%** of the cost of the POS and the employee will contribute ~~15%~~ **13%** of the cost of the POS.

The costs for Company self-funded medical plans will be calculated annually using Lockheed Martin standard rating methodology. The costs for any insured medical plan will be the premium charged by the plan. It will be calculated separately for employees and dependents based on each group's claim experience.

The current weekly contribution formula and maximums in effect immediately prior to the effective date of this Agreement shall remain in full force and effect through December 31, ~~2012~~ **2016**.

Effective 1 January ~~2013~~ **2017**, the maximum weekly contribution will be:

LM HealthWorks Plan: \$30 Employee Only / \$60 Employee + 1 / \$90 Employee + 2 or More

HMO: \$30 Employee Only / \$60 Employee + 1 / \$90 Employee + 2 or More

POS: ~~2013 & 2014~~ \$ 37 Employee Only / \$74 Employee + 1 / \$111 Employee + 2 or More
~~2015 & 2016~~ \$42 Employee Only / \$84 Employee + 1 / \$126 Employee + 2 or More

G. WEEKLY DISABILITY BENEFITS:

Effective 1 January ~~2013~~ **2017**, the weekly disability benefit will be ~~55%~~ **60%** of base weekly wages not to exceed ~~\$340~~ **790.00** benefit per week.

Waiting Period Days: First three days of any disability period (except that if you are an inpatient in a hospital for at least twenty-four consecutive hours, this will not apply to the day on which each confinement begins or to any day thereafter during that disability period. In addition, if a surgical procedure is performed as Ambulatory Surgery, this will not apply to the day on which surgery is performed or any day thereafter during that disability period).

H. MEDICAL COVERAGE FOR EARLY RETIREES UP TO AGE 65:

1.

- a. ~~a. Employees whose last hire date is prior to 1 January 1994 and who retire from active employment under either Early Retirement or Age 55 Disability Retirement with a retirement commencement date on or after 1 January 1994-2016 who have five (5) years of continuous service or Disability Retirement under age 55 with ten (10) years of continuous service (as defined in Section H, paragraph 3 below) may elect to have **continue** coverage under the LM *HealthWorks* Retiree Plan, Point of Service Plan or continued coverage under a Lockheed Martin offered HMO. which provides for retiree coverage.~~
- b. ~~Subject to limitations in Section H, paragraph 1.d., employees who retire on or after 1 January 1994 on Early Retirement and whose last hire date is on or after 1 January 1994 who retire on Disability Retirement, who have ten (10) years of credited service (as defined in Section H, paragraph 3 below), may elect to have coverage under the LM *HealthWorks* Retiree Plan, Point of Service Plan or continued coverage under a Lockheed Martin offered HMO which provides for retiree coverage.~~
- c. ~~Subject to limitations in Section H, paragraph 1.d., employees who retire on or after 1 January 2004 on Early Retirement or who retire on Disability Retirement, who have ten (10) years of credited service, may elect to have coverage under the LM *HealthWorks* Retiree Plan, Point of Service (POS) Plan or continued coverage under a Lockheed Martin offered HMO which provides for retiree coverage.~~
- d. ~~b. Except as provided in Section H, paragraph 1.c., employees hired on or after 10 April 2006, will not be eligible for retiree medical insurance coverage.~~
- e. ~~c. Employees, with a hire date prior to 10 April 2006 in another bargaining unit, who are transferred into this bargaining unit at the request of the Company and who had eligibility for retiree medical insurance coverage immediately prior to their transfer shall continue to be eligible.~~
- f. ~~d. Employees hired on or after 10 April 2006 shall not be eligible for retiree medical insurance coverage but shall be eligible for the Lockheed Martin Corporation Hourly Employee Basic Benefit Plan as described in Article Twenty-Seven, Section B.~~

2. ~~EARLY RETIREE MEDICAL CONTRIBUTION FORMULA~~

~~A retiree's share of pre-age 65 retiree medical costs are based on the retiree's years of retirement credited service. As shown in the table below. The retiree cost sharing percentages apply for the total monthly cost for the pre-age 65 medical benefits plan under which the retiree is covered to a maximum of \$441.00 (i.e. 90% of a total monthly cost of \$490.00) for single coverage, or \$882.00 (i.e. 90% of a total monthly cost of \$980.00) for family coverage. The retiree's cost sharing percentage increases to 100% for costs which exceed that ceiling amount.~~

Years of Service	Last Hire Date Prior to 1 January 1994 Retiree Percentage of Plan Costs	Hire Date Is On or After 1 January 1994 Retiree Percentage of Plan Costs	Hire Date Is On Or After 10 April 2006
0-4	not eligible	not eligible	Not Eligible For
5-9	100%	not eligible	Retiree Medical
10	85%	85%	Coverage, but
11	80%	80%	Eligible For The
12	75%	75%	Lockheed Martin
13	70%	70%	Corporation
14	65%	65%	Hourly Employee
15	60%	60%	Basic Benefit
16	56%	56%	Plan As Described
17	52%	52%	In Article
18	48%	48%	Twenty Seven,
19	44%	44%	Section B
20	40%	40%	
21	37%	37%	
22	34%	34%	
23	31%	31%	
24	28%	28%	
25	25%	25%	
26	22%	22%	
27	19%	19%	
28	16%	16%	
29	13%	13%	
30 or more	10%	10%	

3. Subject to limitations in Section H, paragraph 1.d b., employees with a retirement commencement date on or after 1 January 1994 under the provisions of the Lockheed Martin Aeronautics Company – Fort Worth retirement plan will be eligible subject to the following conditions:
- a. The employee must be at least age 55, but not age 65 or older and must be receiving benefits from the Retirement Plan for Hourly Employees.
 - b. The employee eligible for Early Retirement (excludes deferred vested retirement) ~~whose last hire date is before 1 January 1994~~ must have continuous service equal to at least five (5) years.

- c. Retirees eligible for Lockheed Martin Early Retiree Medical coverage may delay enrollment in a plan if they are covered under another group health care plan. The retiree may later activate enrollment in the plans, if the delayed enrollment is made within 30 days following termination of coverage under the other plan. Active medical coverage is not required at time of retirement in order to begin or delay coverage in a retiree medical plan.
 - d. ~~The employee eligible for Early Retirement (excludes deferred vested retirement) whose last hire date is on or after 1 January 1994 must have ten (10) years of credited service.~~
4. Effective 1 January ~~2013~~ **2017**, the LM *HealthWorks* Retiree Plan, HMO and POS plans for early retirees up to age 65 are the same plans as for active employees ~~except the retiree plans are a 2-tier structure. LM *HealthWorks* Retiree Plan has a lifetime maximum of \$5,000,000, no HealthFund and deductibles are fixed dollar amounts as follows:~~

LM HealthWorks Retiree Plan

	Individual	Family
Calendar Year Deductible Network	\$500	\$1,500
Calendar Year Deductible Out of Network	\$1,500	\$4,500

~~The Point of Service Retiree Plan has a non-network lifetime maximum of \$2,000,000.~~

~~The terms of the LM *HealthWorks* Retiree Plan and Point of Service Plans will be summarized in a separate Summary Plan Description. The terms of the plan in the SPD will not be changed during the term of the agreement except for legally required changes or any mutually agreed to changes. Copies of this Summary Plan Description will be furnished to the Union and to each employee eligible for the Plan.~~

~~The LM *HealthWorks* Plan for retirees under age 65 will be the same plan design as is in effect through Lockheed Martin. During the life of the Agreement there will be no changes to the co-insurance, the calendar year deductible amounts, the calendar year out-of-pocket maximums, medical plan or the prescription drug formula. Should the Company expand health care options during the term of this agreement; such options will be extended to individuals covered by this agreement on an identical design basis.~~

I. MEDICAL COVERAGE FOR RETIREES ELIGIBLE FOR MEDICARE

- A. Except as provided in Section I, paragraph B, employees hired on or after 10 April 2006, will not be eligible for retiree medical insurance coverage.
- B. Employees, with a hire date prior to 10 April 2006 in another bargaining unit, who are transferred into this bargaining unit at the request of the Company and who had eligibility for retiree medical insurance coverage immediately prior to their transfer shall continue to be eligible.

C. Employees hired on or after 10 April 2006 shall not be eligible for retiree medical insurance coverage but shall be eligible for the Lockheed Martin Corporation Hourly Employee Basic Benefit Plan as described in Article Twenty-Seven, Section B.

D. Subject to limitations described above in Section I, paragraph A, employees retiring from active employment ~~on or after 1 January 2004~~ who:

1. Are eligible for Medicare and who have ~~ten (10)~~ **five (5)** years of credited service; or,
2. Retire before age 65 who thereafter become eligible for Medicare and have ~~ten (10)~~ **five (5)** years of credited service may elect to have medical coverage under the Medicare Eligible Retiree Medical Plan (MERMP) or a Senior HMO.

The MERMP provides medical benefits for the retiree and the spouse after age 65 by supplementing coverage under Medicare. The spouse is eligible to participate after reaching age 65. Dependents under age 65 may be covered through the ~~Early Retiree~~ **Active Employee** medical coverage.

3. The retiree may elect single or family coverage under the MERMP or a Senior HMO. The retiree cost for either of these coverages will be a flat monthly contribution amount, but is also subject to a maximum monthly Company subsidy amount.

Effective 1 January ~~2013~~ **2016**, ~~only~~ for employees retiring on or after ~~the first day of this Agreement~~ **this date**, the flat monthly contribution will be:

Single	Family
\$30	\$60

Lockheed Martin will share in the cost of the MERMP or Senior HMO up to a maximum monthly Company subsidy amount. The maximum Company subsidy will be ~~\$330.00~~ **660.00** for single coverage or ~~\$660.00~~ **1,320.00** for family coverage. The cost to the retiree for either of these coverages will be the flat monthly contribution as long as the Medicare Eligible Retiree Medical Plan (MERMP) or the Senior HMO premium is equal to or less than the maximum monthly Company subsidy amount. The retiree's flat monthly contribution cost sharing increases by 100% of the MERMP or Senior HMO costs that exceed the maximum monthly Company subsidy amount. If the Senior HMO cost becomes greater than the MERMP cost, but is less than the maximum monthly Company subsidy amount, the retiree's flat dollar cost sharing amount will increase by 100% of the difference between the MERMP cost and the Senior HMO cost.

4. The terms of the Medicare Eligible Retiree Medical Plan (MERMP) will be summarized in a separate Summary Plan Description. The terms of the plan in the SPD will not be changed during the term of the agreement except for legally

required changes or any mutually agreed to changes. Copies of this Summary Plan Description will be furnished to the Union and to each employee eligible for the Plan.

Effective 1 January ~~2010~~ **2017**, the following provides a summary of the Medicare Eligible Retiree Medical Plan (MERMP).

	MEDICARE ELIGIBLE RETIREE MEDICAL PLAN (MERMP)
Medicare Parts A and B	MERMP supplements your Medicare Parts A&B coverage. Medicare is primary and reimbursement under the Company plan is reduced for any amounts payable from Medicare Parts A&B regardless of the enrollee's actual Medicare enrollment
Lifetime Maximum	\$500,000 (no annual restoration) No lifetime maximum
Calendar Year Deductible	\$200 per person; \$400 per family Applies to all covered medical expenses except routine physical exams and prescription drugs (retail and mail order)
Out-of-Pocket Maximum	\$5,000 2,500 per individual (excludes the deductible)
Skilled Nursing Facility	Plan pays 80%, after the deductible, for up to 120 days per calendar year
Outpatient Physician	Plan pays 80%, after the deductible
X-ray/Lab	Plan pays 80%, after the deductible
Routine Physical Exam	Plan pays 80%, no deductible; limits apply
Hearing Aid	Not covered \$1,000.00 per ear, per 2 years
Home Health Care	Plan pays 80%, after the deductible, for up to 120 visits per calendar year
Hospice Care Program	Plan pays 80%, after the deductible, for up to 210 days per calendar year
Mental Health and Substance Abuse Inpatient	Plan pays 80%, after the deductible
Outpatient	Plan pays 80%, after the deductible
PRESCRIPTION DRUGS	Medical plan deductible does not apply No deductible

At network retail pharmacies	For up to a 30 day supply, <i>you pay</i> a copay per prescription; per refill:
Generic drugs	10% copay – up to maximum \$25
Brand name drugs	30% copay – up to maximum \$75 50 copay for preferred brand
MEDICARE ELIGIBLE RETIREE MEDICAL PLAN (MERMP)	
At non-network pharmacies	50% copay – no maximum for non-preferred brand up to \$100 maximum You pay for the prescription/refill and file a claim for reimbursement <i>with the prescription drug claims administrator</i> . You will be responsible for:
Generic drugs	50% of the retail price up to \$25 maximum
Brand name drugs	50% of the retail price up to \$25 maximum
Mail Order	Up to a 90 day supply per prescription; per refill
Generic drugs	10% copay – up to maximum \$50
Brand name drugs	30% copay – up to maximum \$150 100 copay for preferred brand
	50% copay – no maximum for non-preferred brand Up to \$200 maximum
Generic Substitution	If you request a brand name drug when your physician permits a generic drug substitution, you will pay the 10% generic drug copay plus the difference between the generic and brand name cost
Formulary	Open formulary
Copays	Three tier – generic, preferred brand and non-preferred brand name drugs
Prior Authorization – list is subject to periodic review and update by the claims administrator	Included

5. Senior HMOs provided by HMOs will be offered when they are available to be offered by the Company. Individuals may enroll in such plans at retirement. An annual enrollment will be provided to change plans of enrollment to any

other age 65 and over retiree plan offered at that location, subject to any restrictions on location of domicile.

J. CONTINUING COVERAGE AFTER RETIREMENT:

1. At the time of retirement, retirees may enroll in the LM *HealthWorks* Retiree Plan, Point of Service Plan or the Medicare Eligible Retiree Medical Plan, HMO or Senior HMO as applicable and available to retirees.
2. Retirees enrolled in a Company retiree medical plan will annually be provided the option to change their plan of enrollment to any other Company provided plan subject to service area availability.
3. Retirees eligible for coverage as described above in Section J. paragraph 1- may delay enrollment in a plan if they are covered under another group health care plan. The retiree may later activate enrollment in one of the above retiree plans if the delayed enrollment is made within 30 days following termination under the other group health care plan.
4. Active Medical coverage is not required at time of retirement in order to begin or delay coverage in a retiree medical plan.

K. CONTINUATION OF BENEFITS DUE TO DEATH:

1.
 - a. In the event of the death of an active employee on or after ~~20 April 2009~~ **11 July 2016**, medical, dental and/or vision coverage for enrolled surviving spouse and/or surviving dependent children will continue for ~~six months~~ **one year** from the date of death at no cost to them. The length of time coverage is continued for dependents will be included as part of the total length of time coverage may be continued as applicable under COBRA.
 - b. If at the time of the death, an active employee qualifies for retiree medical coverage, in addition to the continuation of coverage for ~~six months~~ **one year** as described in Section K, paragraph 1.a., and if retiree medical coverage is elected, the active medical coverage for enrolled surviving spouse and/or surviving dependent children will continue to the end of the sixth calendar month from the date of death.
2. In the event of the death of a retiree on or after 10 April 2000, coverage for the surviving spouse and/or dependent children will continue as long as they remain eligible or until the surviving spouse remarries.

L. COORDINATION OF BENEFITS (Applicable to all medical plans):

Coordination with Other Plans is described in the respective Summary Plan Descriptions of the Plans.

APPENDIX C-2

DENTAL PLAN

Pursuant to agreements reached between Lockheed Martin Aeronautics Company – Fort Worth and the International Association of Machinists and Aerospace Workers, it is understood that the dental plans in effect immediately prior to the effective date of this Agreement shall remain in full force and effect for the duration of this Agreement, except as modified herein.

ELIGIBILITY: New hires on or after ~~20 April 2009~~ **11 July 2016** ~~are required to complete 90 days of continuous service before being~~ **will be** eligible for coverage under a Dental Plan. ~~The 90 day waiting period only applies to new hires.~~ For purposes of this Appendix, new hires are defined as anyone who has not been previously employed by any element of the Lockheed Martin Corporation.

This Appendix C-2 is changed to reflect the Comprehensive Dental Plan and the Comprehensive Plus Dental Plan effective 1 January 2010.

Effective 1 January ~~2010~~ **2017**

	COMPREHENSIVE DENTAL	COMPREHENSIVE PLUS DENTAL
Calendar Year Maximum	\$1,300 1,700	\$1,700 2,500
Lifetime Maximum	None	None
Calendar Year Deductible	\$50 per person; applies to Basic Services and Major Services only	None
Preventive and Diagnostic Services	100%	100%
Basic Services	80%	90%
Major Services	60%	80%
Orthodontia	50 70%; \$1,000 lifetime; for children and adults	50 80%; \$1,500 lifetime; for children and adults
TMJ Lifetime	80%; \$300 lifetime	80%; \$500 lifetime

TERMS OF THE PLANS: The terms of the Plans will be summarized in a separate Summary Plan Description. The terms of the plans in the SPD will not be changed during the term of the agreement except for legally required changes or any mutually agreed to changes. Copies of this Summary Plan Description will be furnished to the Union and to each employee eligible for the Plan.

APPENDIX C – 3

PRESCRIPTION DRUG PLAN

Pursuant to agreements reached between Lockheed Martin Aeronautics Company – Fort Worth and the International Association of Machinists and Aerospace Workers, it is understood that the Prescription Drug Plan in effect immediately prior to the effective date of this Agreement shall remain in full force through 31 December ~~2012~~ **2016**. Effective 1 January ~~2013~~ **2017**, as provided for in Article Twenty-Five prescription drug coverage will be under the LM *HealthWorks* Plan. Employees who elect Health Maintenance Organization (HMO) coverage will have the prescription drug benefit provided through the HMO as described in Article Twenty-Five. Employees who elect Point of Service (POS) coverage will have the prescription drug benefit as provided for in Article Twenty-Five.

APPENDIX C – 4

SPECIAL ACCIDENT PLAN

Pursuant to agreements reached between Lockheed Martin Aeronautics Company – Fort Worth and the International Association of Machinists and Aerospace Workers, it is understood that the Special Accident Insurance Plan in effect immediately prior to the effective date of this Agreement shall remain in full force and effect for the duration of this Agreement, except as modified herein.

ELIGIBILITY: New hires on or after ~~20 April 2009~~ **11 July 2016** are required to complete 90 days continuous service to be eligible for participation. The 90 day waiting period only applies to new hires. For purposes of this Appendix, new hires are defined as anyone who has not been previously employed by any element of the Lockheed Martin Corporation.

TERMS OF THE PLAN: The terms of the Plan will be summarized in a separate Summary Plan Description. The terms of the plan in the SPD will not be changed during the term of the agreement except for legally required changes or any mutually agreed to changes. Copies of this Summary Plan Description will be furnished to the Union and to each employee eligible for the Plan.

Effective 1 January 2004 the following schedule is applicable.

SPECIAL ACCIDENT PLAN - Optional		
Employee	Spouse	Child
\$25,000	\$10,000	\$10,000
\$50,000	\$25,000	\$25,000
\$100,000	\$50,000	\$50,000
\$200,000	\$100,000	

\$300,000	\$150,000	
\$400,000	\$200,000	
\$500,000	\$250,000	
<p>(1) Salary limit of 10 times annual pay if amount above \$300,000 is desired.</p> <p>(2) Employee must be enrolled in order to elect spouse and/or child coverage.</p> <p>(3) If more than one child is covered, the employee only pays for the cost of one child -- but all children are covered for the same amount of insurance selected by the employee. Different amounts for children are not permitted.</p>		

During ~~2012~~ **the life of this Agreement** the premium rate for the Special Accident insurance set forth above is based upon the rate of \$.020 per month per \$1,000 for employee coverage, \$.028 for spouse coverage and \$.035 for child coverage. ~~Each 1 January the rates will be reviewed and may be increased or decreased according to past and estimated future experience as determined by the insurance carrier in accordance with accepted actuarial principles.~~

APPENDIX C – 5

HEARING AID BENEFIT PLAN

Pursuant to agreements reached between Lockheed Martin Aeronautics Company – Fort Worth and the International Association of Machinists and Aerospace Workers, it is understood that the Hearing Aid benefit plan shall remain in full force through 31 December ~~2012~~ **2016**. Effective 1 January ~~2013~~ **2017**, as provided in Article Twenty-Five, the hearing aid benefit will be under the LM *HealthWorks* Plan. Employees who elect Health Maintenance Organization (HMO) coverage will have hearing aid benefit under the HMO as described in Article Twenty-Five.

Employees who elect Point of Service (POS) coverage will have hearing aid benefits under the POS as provided for in Article Twenty-Five.

APPENDIX C – 6

VISION PLAN

Pursuant to agreements reached between Lockheed Martin Aeronautics Company – Fort Worth and the International Association of Machinists and Aerospace Workers, it is understood that the vision plans in effect immediately prior to the effective date of this Agreement shall remain in full force and effect for the duration of this Agreement, except as modified herein.

ELIGIBILITY: New hires on or after ~~20 April 2009~~ **11 July 2016** ~~are required to complete 90 days of continuous service to~~ **will** be eligible for coverage under a vision plan. ~~The 90 day waiting period only applies to new hires.~~ For purposes of this Appendix, new hires are defined as anyone who has not been previously employed by any element of the Lockheed Martin Corporation.

This Appendix C-6 is changed to reflect the current Vision 24 Plan and effective 1 January 2007, the option to elect the Vision 12 Plan.

OVERVIEW:

VISION 24	Plan Pays		
	Frequency	Network provider	Non-network provider
Eye examination	Once every two calendar years	Covered in full after \$10 copay	Up to \$30
Corrective Prescription Lenses	Once every two calendar years	Covered in full after a \$20 copay for standard lenses and/or frames, excluding additional costs for non-covered lens options (tints, coatings, progressive lenses, etc)	
Single vision			\$30
Bifocals			\$50
Trifocals			\$70
Lenticular			\$115
Frames	Once every two calendar years	Covered up to an established frame allowance \$500 after a \$20 copay for standard lenses and/or	Up to \$35
Contact lenses (in lieu of eyeglass frames and lenses):	Once every two calendar years	Up to \$85 200 Covered in full after a \$20 copay	Up to \$65 Up to \$150
<ul style="list-style-type: none"> • Elective • Medically necessary* 			
*Medically necessary lenses are covered with advance approval from the vision plan claims administrator.			

The terms of the Plan will be summarized in a separate Summary Plan Description. The terms of the plan in the SPD will not be changed during the term of the agreement except for legally required changes or any mutually agreed to changes. Copies of the SPD will be furnished to the Union and to each employee eligible for the Plan.

OVERVIEW:

VISION 12	Plan Pays		
	Frequency	Network provider	Non-network
Eye examination	Once every calendar year	Covered in full	Up to \$25

Corrective Prescription Lenses Single vision	Once every calendar year	Covered in full for standard lenses and/or frames, excluding additional costs for non-covered lens options (tints, coatings, progressive lenses, etc)	\$40
Bifocals			\$80
Trifocals			\$80
Lenticular			\$125
Frames	Once every two calendar years	Covered up to \$500 an established frame allowance for standard lenses and/or frames	Up to \$45
Contact lenses (in lieu of eyeglass frames and lenses):	Once every calendar year		
<ul style="list-style-type: none"> • Elective • Medically necessary* 		Up to \$105 300 Covered in full	Up to \$85 Up to \$170
*Medically necessary lenses are covered with advance approval from the vision plan claims administrator.			

The terms of the Plan will be summarized in a separate Summary Plan Description. The terms of the plan in the SPD will not be changed during the term of the agreement except for legally required changes or any mutually agreed to changes. Copies of the SPD will be furnished to the Union and to each employee eligible for the Plan.

APPENDIX C – 7
SPENDING ACCOUNTS

Pursuant to agreements reached between Lockheed Martin Aeronautics Company – Fort Worth and the International Association of Machinists and Aerospace Workers, it is understood that Health Care and Dependent Care Spending Accounts shall remain in full force and effect for the duration of this Agreement, except as modified herein. The Health Care and Dependent Care Spending Accounts will be subject to the following provisions:

ELIGIBILITY: New hires on or after ~~20 April 2009~~ **11 July 2016** ~~are required to complete 90 days of service. The 90 day waiting period only applies to new hires~~ **will be eligible for Health Care Spending.** For purposes of this Appendix, new hires are defined as anyone who has not been previously employed by any element of the Lockheed Martin Corporation.

OVERVIEW: The Health Care and Dependent Care Spending Accounts are pre-tax benefit plans. Contributions are deducted from participating employee’s paychecks before taxes are taken out. The Health Care and Dependent Care Spending Accounts are subject to rules and regulations set forth by the Internal Revenue Service and Federal Legislation.

BENEFIT:

Health Care Spending Account
(HCSA)

Annual Contribution Elections	
Minimum annual contribution	\$100
Maximum annual contribution	\$5,000

Claim Filing Minimum \$5

Claim Filing Deadline April 30th of the following year

Dependent Care Spending Account (DCSA)

Annual Contribution Elections	
Minimum annual contribution	\$100
Maximum annual contribution	\$5,000

Claim Filing Minimum \$5

Claim Filing Deadline April 30th of the following year

The terms of the Plan will be summarized in a separate Summary Plan Description. The terms of the plan in the SPD will not be changed during the term of the agreement except for legally required changes or any mutually agreed to changes. Copies of this Summary Plan Description will be furnished to the Union and to each employee eligible for the Plan.

ARTICLE TWENTY-SEVEN

LOCKHEED MARTIN CORPORATION
HOURLY EMPLOYEE SAVINGS PLAN PLUS AND
LOCKHEED MARTIN CORPORATION
HOURLY EMPLOYEE BASIC BENEFIT PLAN
AND I.A.M. NATIONAL 401(k) PLAN

A. HOURLY EMPLOYEE SAVINGS PLAN PLUS

1. The Lockheed Martin Corporation Hourly Employee Savings Plan Plus (the Plan or HSP) agreed to between the Company and the Union, as described in this Article, shall remain in force for the duration of this Agreement.
2. The Company shall have the responsibility for the administration of the Lockheed Martin Corporation Hourly Employee Savings Plan Plus.
3. No matter respecting the Lockheed Martin Corporation Hourly Employee Savings Plan Plus or any differences arising thereunder shall be subject to the Grievance Procedure established in this Agreement.

4. Government Approvals: The Lockheed Martin Corporation Hourly Employee Savings Plan Plus as agreed to between the Company and the Union shall be contingent upon approval by the Internal Revenue Service and its compliance with all applicable provisions of the Employee Retirement Income Security Act of 1974 (ERISA), subsequent amendments, and any other laws affecting qualified retirement plans and the regulations and orders issued pursuant to such laws. The Company shall make whatever amendments or changes to the Plan and its operation necessary to assure continued compliance with the law and continuation as a tax qualified plan.
5. The terms of the Plan are summarized in a separate Summary Plan Description. Copies of this Summary Plan Description will be furnished to the Union and to each employee eligible for the Plan.
6. ~~Effective 20 April 2009~~ †The Plan will be amended to eliminate the requirement to complete at least six months of service with the Company. ~~These changes will be effective as soon as administratively feasible after the ratification of the agreement.~~ All employees who are (or become) eligible to make contributions to the Plan may elect the following:
 - a. Employee Basic (Matched) Contributions

Employees may elect to contribute up to ~~\$59~~ **89** weekly in \$1 increments. Contributions may be in 401 (a), Roth 401 (k) and/or 401 (k) or a combination.
 - b. Employee Supplemental (Unmatched) Contributions

Employees may elect to contribute up to ~~\$200~~ **300** weekly in \$1 increments. Contributions may be in 401 (a), Roth 401(k) and/or 401 (k) or a combination.
 - c. Company Matching Contributions

Each dollar of Basic (Matched) Contributions will be matched by the Company at ~~60%~~ **80%** in cash.
 - d. The current Investment Options, plus the Self-Managed Account are described in the Summary Plan Description. The Lockheed Martin Investment Management Company (LMIMCO) monitors and manages these funds in their fiduciary capacity. LMIMCO in its fiduciary capacity may deem it appropriate to change the funds from time to time to ensure that funds provided are performing in the best interest of Plan participants. Additional detailed information is provided in the Summary Plan Description.
7. Savings Plan distributions will comply with the minimum required distribution regulations of the Internal Revenue Code.

B. HOURLY EMPLOYEE BASIC BENEFIT PLAN

1. The Lockheed Martin Corporation Hourly Employee Basic Benefit Plan (the Plan or BBP) agreed to between the Company and the Union, as described in this Article, shall go into effect for employees hired on or after 10 April 2006 and remain in force for the duration of this Agreement.
2. The Company shall have the responsibility for the administration of the Lockheed Martin Corporation Hourly Employee Basic Benefit Plan.
3. No matter respecting the Lockheed Martin Corporation Hourly Employee Basic Benefit Plan or any differences arising thereunder shall be subject to the Grievance Procedure established in this Agreement.
4. Government Approvals: The Lockheed Martin Corporation Hourly Employee Basic Benefit Plan as agreed to between the Company and the Union shall be contingent upon approval by the Internal Revenue Service and its compliance with all applicable provisions of the Employee Retirement Income Security Act of 1974 (ERISA), subsequent amendments, and any other laws affecting qualified retirement plans and the regulations and orders issued pursuant to such laws. The Company shall make whatever amendments or changes to the Plan and its operation necessary to assure continued compliance with the law and continuation as a tax qualified plan.
5. For each employee hired on or after 10 April 2006, the Company will make a quarterly contribution of ~~\$40.00~~ **120.00**.
6. The terms of the Plan are summarized in a separate Summary Plan Description. Copies of this Summary Plan Description will be furnished to the Union and to each employee eligible for the Plan.

C. I.A.M. National 401(k) Plan

1. The Company shall offer the I.A.M. National 401(k) Plan to eligible employees hired or rehired on or after 2 July 2012. The Company will contribute in accordance with the agreed to schedule below. The remittance of these contributions will be on a quarterly basis to the I.A.M. National 401(k) Plan. These contributions will begin as soon as administratively practicable.

Completed Years of Service	Company	Weekly	Contribution
	Percentage of Base Pay		
0 – 3 years	3%	6%	
4 or more years of service	4%	8%	

Base pay shall include an employee's straight time base hourly rate (excluding any COLA float, shift bonus, lead pay, set-up pay, field rate, or other per hour additives) multiplied by the employee's regular straight time hours worked plus pay for holidays, pay while on vacation or sick leave, jury

duty pay or bereavement leave pay. Base pay does not include overtime, bonuses, lump sum COLA payments, ratification bonuses, payments in lieu of vacation or sick leave, or any other payment made by the Company.

2. The Union shall have the responsibility for the administration of the I.A.M. National 401(k) Plan.
3. No matter respecting the I.A.M. National 401(k) Plan or the Company's administration associated with the Plan as described in this Article Twenty-Seven, Paragraph C shall be subject to the Grievance Procedure established in this Agreement.

ARTICLE TWENTY-NINE

PERMANENT OFF-SITE ASSIGNMENTS

The Company and the Union agree that the provisions of the Company-Union Agreement shall apply to employees within the bargaining unit set forth in the Recognition Article of said Agreement who are permanently transferred to or hired for the Company's Off-Site Base at Edwards Air Force Base, California, or any other domestic off-site base outside of Tarrant County, Texas, that may be established for the F-35 Flight Test Program, the F-16 Flight Test Program, the F-22 Flight Test Program, or NASP Flight Test Program for which Lockheed Martin Aeronautics Company – Fort Worth is responsible to which employees are permanently transferred under this Agreement, except as modified by the following provisions.

I. Definition

- A. An employee is permanently transferred from the Fort Worth, Texas, facility to the off-site base when the Company expects such transfer to be in excess of eleven (11) months and thereby deems the employee permanently transferred.
- B. This Agreement is not applicable to an off-site assignment contemplated to last less than eleven (11) months. An off-site assignment which the Company contemplates will last less than eleven (11) months will be covered by the provisions of Article Twenty-Three and Article Twenty-Eight of the Company-Union Agreement.

II. Article Three – Job Classifications and Wage Rates

- A. An employee assigned to a classification in Factory Labor Grade 01 through 15 and Technical and Office Labor Grades 01 through 14 at an off-site base under the provisions of this Agreement will receive a field rate of ~~\$1.00~~ **3.00** per hour above ~~his/her~~ **their** regular hourly rate of pay while assigned to and working at the off-site base. This field rate shall become effective the first Monday following ~~his/her~~ **their** acquiring a residence at the off-site base. This field rate shall cease the first Monday following the first day of travel upon temporary assignment away from the base, (and begin again the first Monday following return to the base), the first Monday following

the first day of travel upon permanent assignment to another base and shall cease upon the first Monday following the first day of travel on permanent transfer to the Fort Worth, Texas, facility.

III. Article Seven – Union Representation and Grievance Procedure

A. Section 9 – Applicable as written except that the time limits set forth in the first paragraph shall be fifteen (15) working days rather than eight (8) working days. The time limits set forth in sub-paragraph (b) shall be fifteen (15) working days rather than three (3) working days.

B. Grievances not settled in Step III at the base shall be certified to Step IV of the Grievance Procedure at Fort Worth within fourteen (14) calendar days from the date answered in Step III at the base.

IV. Article Eight—Seniority

The parties agree that the following shall apply:

A. Selection of Employees for Off-Site Bases

1. The Company will attempt to fill its requirements for employees at a permanent off-site location by selecting employees for classifications the Company deems necessary on a voluntary basis. However, the Company may, at its discretion, hire employees at or for a permanent off-site base.
2. Employees recalled from layoff status at the Fort Worth, Texas, facility for permanent assignment to the off-site base, will be governed by the following:
 - a) Employees will be recalled in line of seniority subject to their agreeing to accept a permanent off-site assignment. A refusal of recall under this procedure will not affect the employee's recall status for jobs at the Fort Worth, Texas, facility.

B. Provisions Applicable of Off-Site Bases

1. An employee hired for or permanently transferred to an off-site base shall not be deemed a part of any seniority group at the Fort Worth, Texas, facility or at any other off-site base during the period of such assignment. An employee permanently transferred to an off-site base will accumulate seniority from the last date of hire at the Fort Worth, Texas, facility while assigned to the off-site base. An employee hired for an off-site base will accumulate seniority from last date of hire at the base. An employee transferred from another Lockheed Martin Company to an off-site base will accumulate seniority from last date of transfer from another Division to the base. Seniority rights will be exercised as provided below:

2. An off-site base employee who is permanently laid off at an off-site base and who has recall rights at the off-site base shall have recall rights at the Fort Worth, Texas, facility to jobs ~~he/she~~ **their** is capable of performing in Factory Labor Grades 01 through 05 and Technical and Office Labor Grades 01 through 04 for a period of ninety (90) calendar days from the date ~~he/she~~ **their** was permanently laid off at the off-site base, provided that such employee shall not displace a more senior employee with recall or promotion rights at the Fort Worth, Texas, facility.

The following provisions will be applicable to employees with recall rights under the above language:

- a. An employee who is permanently laid off at the off-site base and wishes to exercise recall rights at the Fort Worth, Texas, facility must submit such request to the Company in writing.
 - b. Such employee will be eligible for recall to openings which occur after the Fort Worth, Texas, facility has been notified that said employee requests recall rights at the Fort Worth, Texas, facility.
 - c. Such employee who is offered recall to a job at the Fort Worth, Texas, facility will have fourteen (14) working days from the date of ~~his/her~~ **their** telegram in which to report to the job at the Fort Worth, Texas, facility. An employee who chooses to decline the Fort Worth offer but wishes to retain recall rights to the off-site base must so notify the Fort Worth facility by telegram or registered mail within three (3) working days after receiving notice of recall.
 - d. An employee who is not recalled to a job at the Fort Worth, Texas, facility within the ninety-(90) day time limitation specified above shall retain recall rights to the off-site base under the provisions of this Article.
- B. 1. An employee permanently transferred to an off-site base from the Company's Fort Worth, Texas, facility shall be returned to the Fort Worth, Texas, facility in lieu of indefinite layoff at the off-site base, in accordance with the following:
- a. Production need permitting, when it is necessary to lay off employees at the base within a classification and field of specialization, employees hired at or for the base shall be laid off prior to requiring employees transferred from the Fort Worth, Texas, facility to return to the Fort Worth, Texas, facility.
 - b. When it is necessary that employees within a classification and field of specialization who have been transferred from the Fort Worth, Texas, facility be returned to the Fort Worth, Texas, facility, senior volunteers will be selected for such return, production need permitting.
 - c. Based upon the classification, field of specialization, and department to which

~~he/she~~ **their** was assigned at the time of ~~his/her~~ **their** permanent off-site assignment, it will be determined if ~~he/she~~ **their** would have been advanced to a classification in a higher labor grade than the last classification held at the off-site base under the application of the Company-Union Agreement had ~~he/she~~ **their** remained at the Fort Worth, Texas, facility. If said employee would have attained and retained said higher classification as provided above, ~~he/she~~ **their** will be placed on such classification on a current basis, displacing a less senior employee if necessary.

- d. If it is determined that the employee will not qualify for a higher classification under sub-paragraph (a) above, ~~he/she~~ **their** will then be placed in the last classification and field of specialization held at the off-site base, seniority permitting, displacing a less senior employee if necessary.
- e. If the employee cannot be placed under sub-paragraphs (c) and (d) above, then the current Fort Worth Company-Union Agreement shall be applied on a current basis.

V. Travel and Expense Allowance--Permanent Off-Site Assignment

Employees permanently transferred to an off-site base will be reimbursed for transportation and relocation expense under the provisions of this Section V.

A. Definitions

1. Permanent Travel Assignment-An assignment to Edwards Air Force Base, California or any other domestic off-site base outside of Tarrant County, Texas, that may be established for the F-35 Flight Test Program, F-22 Flight Test Program, or the F-16 Flight Test Program to which employees are permanently transferred under this Agreement, which is expected to exceed eleven (11) calendar months.
2. Dependents-The employee's spouse and unmarried children (minor children under twenty-one years of age) who receive more than one-half of their support from and who reside with the employee.

B. Transportation Allowances

Employees and their dependents shall receive transportation allowances in accordance with the provisions set forth:

1. Actual cost of first-class train fare plus Pullman lower berth or scheduled air coach fare including extra charge for jet travel.
2. If by personal automobile, reimbursement will be at the current allowable mileage reimbursement rate as defined by the Internal Revenue Service (IRS), plus toll costs based on the most current edition of the Rand-McNally Standard Highway Mileage

Chart. An employee is permitted to travel in a privately owned vehicle when specifically authorized by the Company on the Travel Order. Claims for reimbursement require itemized statements of mileage traveled and hour of departure and arrival at each destination.

3. Travel time by highway is the actual travel time required, but not to exceed an amount computed by dividing 350 into the mileage of the most direct route as shown in the most current edition of the Rand-McNally Standard Highway Mileage Chart. Where a fraction of 350 occurs, a full day is added if the fraction is greater than 1/2 (greater than 175 miles). Nothing is added if the fraction is 1/2 or less.
4. Travel time by rail or air shall not exceed that of the scheduled carrier.
5. An employee traveling as a passenger in an automobile used for an authorized trip does not receive mileage allowance. The driver's name must be stated on the Travel Order.
6. If dependents travel with an employee by public transportation, actual cost is paid on the same basis provided the employee. If travel of the employee and dependents is by automobile, no additional mileage allowance is paid because of the dependents riding as passengers.
7. If the dependents do not travel with the employee, actual costs of public transportation are paid on the same basis as provided for the employee. If the dependents travel by personal automobile, the same automobile mileage allowance is made as if it had been driven by the employee. No additional mileage allowance is paid for other dependents riding with the driver.
8. Under no circumstances will mileage allowance be paid to an employee for transportation of ~~himself/herself~~ **themselves** and ~~his/her~~ **their** dependents on more than two automobiles.

C. Relocation Allowance

No per diem subsistence or other expenses are paid an employee placed on a permanent travel assignment, except as listed below:

1. An employee with dependents is entitled to a relocation allowance for miscellaneous and incidental expenses (M&IE), in accordance with the per diem rates set forth by the Federal Government, plus reasonable actual lodging expense until the employee acquires ~~his/her~~ **their** off-site residence, but not to exceed thirty (30) calendar days plus actual travel time.
2. An employee with no dependents is entitled to a relocation allowance for miscellaneous and incidental expenses (M&IE), in accordance with the per diem rates set forth by the Federal Government, plus reasonable actual lodging expense until the employee acquires ~~his/her~~ **their** off-site residence, but not to exceed fifteen (15) calendar days plus actual travel time.

3. An employee who concurrently takes ~~his/her~~ **their** dependents with ~~him/her~~ **their** or whose dependents subsequently join ~~him/her~~ **their** on ~~his/her~~ **their** permanent travel assignment through the application of Paragraph F below is entitled to a relocation allowance for miscellaneous and incidental expenses (M&IE), in accordance with the per diem rates set forth by the Federal Government, reduced to 75% of the per diem amount for ~~his/her~~ **their** spouse and for each dependent child 12 years of age or older, and reduced to 50% of the per diem amount for each dependent child under 12 years of age plus reasonable actual lodging expense for dependents. The employee is entitled to this allowance for dependents only at the time dependents are physically relocated. These allowances are paid until the employee acquires ~~his/her~~ **their** off-site residence, but not to exceed thirty (30) calendar days plus actual travel time.

D. Movement of Household Goods

The following costs only will be paid:

1. Actual normal packing, drayage and transportation expenses including all risk insurance for present day replacement value less normal depreciation of household goods, not to exceed 11,000 pounds gross, plus storage expenses at point of origin or point of destination (but not both) for a maximum total of thirty (30) calendar days.
2. Expedited service charges made by van line carriers for handling shipment of household goods and furniture of less than 5,000 pounds.
3. Trailer rental fees up to, but not exceeding, the cost of van line charges for the maximum weight limit.
4. Drayage charges for moving household furniture from storage to place of residence.
5. Receipts covering moving expenses must be attached to Travel Reports.
6. Thirteen cents (13¢) per mile will be paid, which is in addition to the mileage allowance for travel by personal automobile, if an individually owned utility trailer is towed by the employee for the purpose of moving personal effects.

E. Movement of Housetrailers

1. If in lieu of movement of household goods, a house trailer is transported by common carrier, reimbursement will be made for actual cost, but not to exceed what it would have cost to transport 11,000 pounds gross of household goods by common carrier and provided no other household moving costs are paid.
2. The current allowable mileage reimbursement rate as defined by the Internal Revenue Service (IRS), per mile will be paid, which is in addition to the mileage allowance for travel by personal automobile, if a housetrailer is moved by the employee and no other household moving costs are paid.

3. There is no allowance provided for preparation for movement, or damage, repair or service to housetrailer and/or its contents.

F. Dependents of an employee on a permanent travel assignment who subsequently join ~~him/her~~ **their** on such assignment may, upon prior approval of the Company, qualify for transportation, travel and relocation allowances under this Section V, provided they move to the new location with an intent to relocate within an eleven (11) month period following the start of the employee's assignment.

G. Consecutive Permanent Travel Assignment and Other Business Travel

1. An employee moving from one permanent off-site assignment to another is eligible for benefits provided under Paragraphs B, C, D, E, and F above.

H. Other Business Trips

1. An employee who is required to go on temporary assignment away from ~~his~~ **their** established place of residence is entitled to allowances specified in Article Twenty-Three of the Company-Union Agreement.

I. Return From Permanent Off-Site Assignment

1. Employees permanently transferred from the off-site base to the Fort Worth, Texas facility under the provisions of this Agreement shall be eligible for benefits under the provisions of Paragraphs B, C, D, E, and F above.

J. Change From Temporary Assignment Of Less Than Eleven Calendar Months To Permanent Travel Assignment

1. If an employee is placed on a temporary travel assignment under the provisions of Article Twenty-Eight of the current Company-Union Agreement and it later is decided by the Company to convert the employee's travel status to permanent assignment to an off-site base, and the employee volunteers for such assignment, the employee's dependents will be eligible to be moved and relocated under the provisions of this Article.

K. Employee Termination

1. An employee transferred to an off-site base, or transferred from one off-site base to another who **voluntarily** terminates ~~his/her~~ **their** employment within six (6) months from the date ~~he/she~~ **their** reports for work at the location to which transferred, will be required to reimburse Lockheed Martin for all expenses incurred by the Company in connection with his transfer except for the cost of ~~his/her~~ **their** own personal transportation.

L. Complaints regarding the interpretation and/or application of this Section V shall not be subject to the Grievance Procedure or arbitration but shall be referred to the Vice President of Human Resources by the I.A.M. District President.

~~Addendum to Article 29~~

General Provisions Applicable to the F35 Flight Test Program at Off-Site Bases

For flight test operations, the F-35 Program is committed to utilize an integrated company and military workforce concept similar to the approach utilized on the F-22 flight test program. Thus, persons employed by other elements of Lockheed Martin, its subcontractors, or other companies, including but not limited to, BAE Systems, LM Aero – Palmdale, and Northrop Grumman, or their subcontractors, as well as U. S. military personnel may perform work within an integrated work crew, on the same aircraft, and under a unified management command, reporting to the same crew chief. Further, other persons from these same business entities, as well as U. S. military personnel, may from time to time join the integrated work crew for the purpose of on-the-job training, knowledge transfer, and skill certification purposes. The Company may also utilize Lockheed Martin personnel or its subcontractor personnel, regularly assigned to other sites, to support F-35 flight test operations as necessary.

The parties recognize the necessity for maximum flexibility, efficiency and cost affordability in making work assignments and assigning employees to perform duties set forth in job descriptions of other classifications at domestic offsite locations. Therefore, the normal duties of any employee may include work of other job classifications. Further, it is understood that only the following classifications will be utilized at Edwards Air Force Base and Patuxent River Naval Air Station, and that employees working at these locations will be assigned to one of the below listed classifications which appropriately matches their primary work assignment.

DOMESTIC OFFSITE CLASSIFICATIONS AND PRIMARY WORK ASSIGNMENTS FOR THE F35 FLIGHT TEST PROGRAM:

- Field & Service Mechanic – OS: For all field and service aircraft work historically performed under this labor agreement, to include off-aircraft mechanical work such as fabrication of, or machining of parts, or painting, etc.
- Avionics and Instrumentation Technician – OS: For all avionics, instrumentation, and electronics aircraft work historically performed under this labor agreement
- Inspector – OS: For all inspection work historically performed under this labor agreement
- Material Handler– OS: For all material handling work historically performed under this labor agreement.
- Ground Support Mechanic – OS: For all ground support equipment work historically performed under this labor agreement.

The parties acknowledge that the employees assigned to F-16, F-22 and F-35 Test Flight Programs at EAFB shall have combined seniority for purposes of regression only, as indicated below.

<u>F-16 & F-22 Classifications</u>	<u>F-35 Classifications</u>
Field & Service Mechanic	Field & Service Mechanic - OS
Avionics Technician	Avionics & Instrumentation Technician- OS
Instrumentation Mechanic	

Inspector - Flight Operations	Inspector - OS
Material Handler	Material Handler - OS
Maintenance Mechanic	Ground Support Mechanic - OS

ARTICLE THIRTY

DURATION

Section 1. This Agreement shall become effective on the ~~2nd~~ **11th** day of July ~~2012~~ **2016**, and shall remain in force until 11:59 p.m. on the ~~3rd~~ **11th** day of ~~July~~ **April** ~~2016~~ **2021**, and at the end of each year period thereafter, this Agreement shall be renewed automatically for periods of one (1) year unless either party gives written notice of desire to terminate or amend same at least sixty (60) days prior to the renewal date.

Section 2. In the event notice of desire to amend is properly given by either party, the parties shall simultaneously exchange their desired amendments in writing within ten (10) days after their first meeting.

Section 3. Negotiations concerning amendments to this Agreement shall commence not later than forty-five (45) days or sooner than sixty (60) days before the end of the contract period in effect when the notice of desire to amend is given. During said negotiations this Agreement shall remain in full force and effect, except that it may be terminated by either party upon thirty (30) days' notice in writing as hereinafter provided. During said thirty (30) day period negotiations shall continue at the request of either party.

Section 4. In the event that one party serves a notice of desire to terminate in accordance with this Article and the other party serves a notice of desire to amend in accordance with this Article, negotiations concerning said amendments shall be undertaken as provided in Section 3 above. During said negotiations this Agreement shall continue in full force and effect unless, after the commencement of said negotiations, a written thirty (30) day notice of termination is given by either party, provided that the termination date thus established by such notice shall not occur sooner than the next renewal date. The parties may by mutual agreement extend such termination date, it being expressly understood that a notice of dispute under Section 8, Sub-Section (d) (3) of the Labor Management Relations Act of 1947, shall be due thirty (30) days prior to an agreed to or established expiration date, that is, simultaneously with the thirty (30) day notice of termination required during negotiations to cause termination of the Agreement.

Section 5. This Agreement supersedes and renders void all previous agreements, including the Agreement effective ~~20 April 2009~~ **2 July 2012** until ~~22 April 2012~~ **3 July 2016**, whether written or oral, between the parties hereto.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals on the ~~22nd day of April 2013~~ **11th day of July 2016**.

APPENDIX A – PART I
FACTORY CLASSIFICATIONS

Labor Grade	Occupation	Occupational Grade
03	Aircraft Mechanic	A
05	Assembler Aircraft- Electrical Systems	A
05	Assembler Aircraft – Structures	A
01	Avionics Technician	A
04	Bonding & Composite Equipment Operator	A
05	Bonding & Composite Fabricator	A
05	Bonding & Composite Mechanic	A
04	Bonding & Composite Manufacturing Development Specialist	A
04	Carpenter	A
06	Crater Packer	A
03	Electrical & Electronics Laboratory Mechanic	A
01	Electronics Test Equipment Technician	A
10	Equipment Service Person	A
01	Field & Service Mechanic	A
01	Field & Service Mechanic A&P	A
03	Industrial Automotive Mechanic	A
03	Inspector - Assembly	A
05	Inspector - Electrical Bench	A
03	Inspector - Electrical/Mechanic Mock-Up	A
01	Inspector - Electronics	A
01	Inspector - Flight Operations	A
04	Inspector - Material / Detail	A
01	Inspector - Tooling	A
01	Instrumentation Mechanic	A
01	Instrumentation Research & Development Technician	A
15	Janitor	
01	Machinist - General	A
01	Maintenance Mechanic	A
03	Metal Buildup Mechanic	A
08	Metal Cutting and Finishing Operator	A
04	Metal Fabrication Mechanic	A
06	Metal Fitter Assembler	A
03	Metal Worker Mechanic	A
04	Overhead Operator Rigger	A
05	Painter Finish	A
04	Painter – Maintenance	A
04	Painter – Tooling	A
05	Parts Fabricator & Finisher Mechanic	A
02	Plumber Maintenance	A
04	Portable Tool & Equipment Technician	A
14	Service Attendant	A
02	Service Tool Die Maker and Cutter Grinder	A
* 06	Set Up Person	
	Shape Charge Assembler	A

02	Sheet Metal Worker - Maintenance	A
05	Silk Screen Processor	A
01	Stationary Engineer	A
01	Stem Operator	A
03	Structures & Hydraulics Laboratory Test Mechanic	A
01	Systems Integration Mechanic	A
01	Technician - Electronic Repair Center	A
03	Tool Maker - Metal & Wood	A
*	Apprentice Tool Maker - Metal & Wood	
01	Tool Maker - Plastic	A
*	Apprentice Tool Maker - Plastic	
05	Truck Driver - Utility	A
06	Tube Bender & Assembler	A
03	Tube Mock Up Person	A
04	Utility Layout & Guide Person Maintenance	A
01	Welder Aircraft	A
02	Welder - Maintenance	A
08	Wire Harness Assembler	A

APPENDIX A – PART II

TECHNICAL & OFFICE CLASSIFICATIONS

Labor Grade	Occupation	Occupational Grade
08	Chauffeur	A
04	Chemical Processor	A
03	Cyclic Inventory Analyst - Material	A
06	Hazardous Waste Worker	A
07	Industrial Property Person	A
01	Inspector - Non-Destructive Test	A
07	Material Handler	A
01	Metrology Technician	A
01	Model Builder	A
*	Apprentice Model Builder	
06	Motor Transportation Dispatcher	A
05	Packaging Planner	A
05	Parts Requirements Person - Portable Tools	A
07	Planning Control Person	A
07	Planning Requirements Clerk	A
03	Quality Control Field Operations Analyst	A
05	Quality Control Records Analyst	A
09	Sanitation Supply Clerk	A
10	Shop Clerk	A
06	Shop Clerk Senior - Maintenance	A
01	Tool Maker	A

* Apprentice Tool Maker
02 Waste Treatment Operator

A

LABOR GRADE STRUCTURE
FACTORY CLASSIFICATIONS

Effective ~~21 July 2012~~

*To be updated	<u>Labor Grade</u>	<u>Base Rate Minimum</u>	<u>Base Rate Maximum</u>
	1	20.57	33.82
	2	20.22	33.24
	3	19.97	32.91
	4	18.49	32.61
	5	18.24	32.28
	6	17.90	31.96
	7	17.67	31.71
	8	17.45	31.42
	9	17.03	31.14
	10	16.61	30.06
	11	16.44	29.75
	12	16.21	29.49
	13	16.15	29.28
	14	16.02	29.16
	15	10.06	20.10

LABOR GRADE STRUCTURE
TECHNICAL & OFFICE CLASSIFICATIONS

*To be updated	<u>Labor Grade</u>	<u>Base Rate Minimum</u>	<u>Base Rate Maximum</u>
	1	20.34	34.59
	2	19.99	34.15
	3	19.86	33.31
	4	18.14	32.97
	5	17.97	32.67
	6	17.67	32.37
	7	17.36	31.77
	8	17.18	31.51

9	16.85	30.96
10	16.79	29.93
11	16.46	29.56
12	16.30	29.40
13	16.11	28.98
14	15.93	28.60

APPENDIX B – PART 1

RETIREMENT PLAN FOR HOURLY EMPLOYEES

Pursuant to agreements reached between Lockheed Martin Aeronautics Company – Fort Worth and the International Association of Machinists and Aerospace Workers, it is understood that the Retirement Plan in effect immediately prior to the effective date of this Agreement shall remain in full force and effect for the duration of this Agreement except as modified by the agreed upon changes set forth below. Changes are applicable to all covered hourly employees who are actively at work on or after the effective date of this Agreement unless otherwise indicated. A full description of the Retirement Plan features is provided in the Summary Plan Description.

Employees hired or rehired on or after 2 July 2012 shall not be eligible for the Retirement Plan but shall be eligible for the I.A.M. National 401(k) Plan as described in Article Twenty-Seven, Section C.

A. RETIREMENT BENEFIT:

1. The monthly normal retirement benefit of an employee who retires or terminates with a vested benefit on or after the first day of this Agreement will be equal to ~~ninety~~ **one-hundred twenty** dollars (~~\$90.00~~) (**\$120.00**) a month per year of credited service to date of retirement or termination.
2. Credited service restored under the bridging provision set forth in Section F of this Appendix B will not be used in determining the normal retirement benefit described in Section A of this Appendix B. The benefit computed for the restored credited service will be added to the normal retirement benefit determined in accordance with paragraphs 1 and 2 of this Section A.

B. DISABILITY BENEFIT: The monthly disability benefit of an employee who qualifies for a disability retirement on or after the first day of this Agreement shall be equal to the normal retirement benefit earned to the date of disability based on credited service and benefits at such disability retirement date in accordance with Sections A and F of this Appendix B.

C. NOTICE FOR ELECTION OF OPTIONAL FORMS OF RETIREMENT BENEFITS: Shall be in compliance with 417(a) of the Internal Revenue Code.

D. POSTPONED RETIREMENT:

1. Effective on the first day of this Agreement, any employee who continues employment beyond the Plan's normal retirement age of 65:
 - a. Shall continue to accrue credited service under the plan while employed with the company until the employee actually retires.
 - b. Shall not be entitled to monthly retirement benefits until such employee actually retires; and
 - c. Shall not be required to elect a retirement benefit payment option upon reaching age 65 but will be treated, upon retirement, as a regular retirement pursuant to standard plan procedures, and may elect any payment option upon actual retirement and, if married, will otherwise be covered by the Plan's existing pre-retirement surviving spouse death benefit protection until actual retirement.
2. Employees who continue employment beyond age 70 and ½ will not be required to commence receiving retirement benefits. However, employees may elect to commence receiving retirement benefits by 1 April of the year following the attainment of age 70 and ½. Retirement distributions will comply with the minimum required distribution regulations of the Internal Revenue Code.
3. Employees who are actively at work and are over age 65 on the date of this Agreement will receive credited service for all periods of active employment worked with the company after the employees attained age 65.

E. GOVERNMENT APPROVALS: The Retirement Plan as agreed to between the Company and the Union shall be contingent upon approval of the Internal Revenue Service and its compliance with all applicable provisions of the Employee Retirement Income Security Act of 1974 (ERISA), subsequent amendments, and any other laws affecting qualified retirement plans and the regulations and orders issued pursuant to such laws. The Company shall make whatever amendments or changes to the Plan and its operation necessary to assure continued compliance with the law and continuation as a tax qualified plan.

F. BRIDGING OR PRIOR CREDITED SERVICE FOR PENSION:

Employees actively at work on the first day of this Agreement with one (1) or more years of continuous service or on the completion of one (1) year of continuous service will be eligible for bridging of lost credited service subject to the following rules:

1. Break in service occurred prior to 1 January ~~1976~~ 2004.
2. Benefit level for restored credited service will be equal to ~~thirty-three~~

seventy-nine dollars (~~\$33.00~~) (**\$79.00**) a month per year of restored credited service.

APPENDIX B – PART 2

ACTIVE EMPLOYMENT AFTER THE ATTAINMENT OF AGE 65

Pursuant to agreements reached between Lockheed Martin Aeronautics Company – Fort Worth and the International Association of Machinists and Aerospace Workers, it is mutually agreed by and between the parties that there is no mandatory retirement solely by reason of an employee's age.

It is further understood that if an employee continues employment following the attainment of age 65; the employee shall not be entitled to monthly retirement benefits until such employee actually retires, except as provided in Appendix B, Part 1, Section D for employees attaining age 70 and 6 months. The employee shall accrue credit under the Retirement Plan for service rendered after the attainment of age 65 only as provided in Appendix B, Part 1.

The parties further understand that the government agencies administering the age discrimination laws recognize that costs of such benefit plans as group life insurance, optional life insurance, accidental death and dismemberment insurance, health expense benefits program (including medical and prescription drug), accident and sickness coverage, and dental program may increase for those employees age 65 or older. Interpretations concerning provision of those benefit plans to employees age 65 and over have been issued. In accordance with these interpretations, the Company plans are amended as follows:

- (1) Basic Life Insurance paid by Company:
Continue same basis as prior to age 65.
- (2) Group Universal Life and Dependent Optional Term Life:
Continue on same basis as prior to age 65.
- (3) Accidental Death and Dismemberment Insurance paid by Company:
Continue on same basis as prior to age 65.
- (4) Special Accident Plan:
Continue on same basis as prior to age 65.
- (5) Accident & Sickness Weekly Disability Benefits:
 - A. Employees covered under California law - Continue same coverage and employee cost as set by State of California.
 - B. Employees not covered under California law - Continue equivalent coverage as established for employees under age 65 but integrate benefits payable with any Social Security payments received while on disability.

- (6) Dental Plan:
Continue on same basis as prior to age 65.

- (7) Medical Plan:
 - A. Employee age 65 and older; spouse age 65 and older will continue on the same basis as prior to age 65.

 - B. Spouses under age 65, regardless of the employee's age, will be covered under the company's medical coverages for dependents of active employees under age 65.

 - C. Spouses 65 and over of employees under age 65 will be covered under the company's medical coverages for dependents of active employees under age 65.

- (8) Prescription Drug Plan:
Continue on same basis as prior to age 65.

- (9) Retirement Plan for Hourly Employees:
Coverage as set forth in Appendix B, Part 1, Section D and the second paragraph of this Part 2.

- (10) Lockheed Martin Corporation Hourly Employees Savings Plan Plus:
Continue on same basis as prior to age 65 except as provided under Article Twenty-seven, Paragraph 7.

- (11) Other benefits such as vacation, holidays, sick leave and bereavement as set forth in the collective bargaining agreement:
Continue on same basis as prior to age 65.

From time to time the company will review its experience and determine if the per capita cost to provide a benefit or insurance program (other than medical benefits coverage) for employees 65 or older is greater than the per capita cost for the hourly employees under age 65 (in the age class specified by government regulations) and employed by the company. If the cost for any one such benefit or insurance program is greater, then the company will, at its option, have the right to change that benefit or insurance program, adjust or eliminate any payments or reimbursement so that, to the extent permitted by law, the cost to the company shall be no greater than the cost it incurs for the hourly employees under age 65 (in the age class specified by government regulations) and employed by the company.