

ARTICLE TWENTY-FIVE
GROUP INSURANCE AND HEALTH CARE BENEFITS

Section 1. Employee and Dependent Coverage

All group insurance, health **care** benefits and employee premium payments or equivalents 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 **Appendices C-1 (Life, Accidental Death and Dismemberment, Medical and Disability)**, **C-2 (Dental Plan)**, **C-3 (Special Accident Plan)**, **C-4 (Vision Plan)**, **C-5 (Spending Account)** and **C-6 (Business Travel Accident Plan)** or the further provisions of this Article.

Appendix C-1, Paragraph F describes Employee Contributions for medical.

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

The employee weekly contributions for the optional life insurance in Appendix C-1 (**Life, Accidental Death and Dismemberment, Medical and Disability**), **Paragraph A (Life Insurance)** 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 **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 **care** benefits program.

Section 4. No matter respecting the group insurance and health **care** 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 (LMHW)*

Effective 1 January **2017**, the Company will offer employees to which this Agreement relates the **2016** Corporate-wide *LM HealthWorks Plan* **design for the duration of this Agreement.**

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.

Effective 11 July 2016, the LM HealthWorks Plan will be the only offered medical plan for employees hired or rehired on or after 11 July 2016 (excluding employees recalled on or after 11 July 2016 who have an original hire date prior to 11 July 2016).

Section 5(b). Should the Company **introduce or change** health care options **for non-represented employees** during the term of this Agreement **and after its expiration**, such options **may, within the Company's discretion**, be extended to individuals covered by this Agreement **on an identical design basis with the same employee contributions as non-represented employees.**

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

Aetna HMO will be available **for employees hired or rehired prior to 11 July 2016 (which includes employees recalled on or after 11 July 2016 who have an original hire date prior to 11 July 2016) and reside within the Aetna Dallas/Fort Worth HMO service area. Kaiser Southern California HMO will be available for employees hired or rehired prior to 11 July 2016 (which includes employees recalled on or after 11 July 2016 who have an original hire date prior to 11 July 2016) and reside within the Kaiser Southern California HMO service area. If an employee resides outside of the HMO service area, the employee may contact the LM Employee Service Center to inquire if a Live/Work exception is available.**

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 copay per covered preferred prescription and a \$40.00 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 copay per covered preferred prescription, and an \$80.00 copay per covered non-preferred prescription. **If Kaiser Southern California HMO does not offer the prescription drug benefits described in this Section (including copays), the prescription drug benefits will be the available Kaiser Southern California HMO filed plan that is nearest to the copays agreed to in this Section.** 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. 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. Employees will have coverage level options of Employee Only, Employee + 1 or Employee + 2 or More.

The Company cost of its health benefits plan to be allowable toward the cost of the HMO 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 health

benefits since the last review and shall be applicable for the ensuing twelve months until the next annual review.

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

The Company will offer **the Point of Service to employees in Fort Worth, Texas and NAS Patuxent River, Maryland hired or rehired prior to 11 July 2016 (which includes employees recalled on or after 11 July 2016, who have an original hire date prior to 11 July 2016).**

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 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. **Employees will have coverage level options of Employee Only, Employee + 1 or Employee + 2 or More.**

Section 6(a). **Managed** Dental Plans

The Company will offer employees the option to elect a **Managed** 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 **Managed** Dental Plan shall be paid by the employee to the extent that the cost of such elected **Managed** 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 **Managed** Dental Plan. The Company cost of its Comprehensive Dental Plan to be allowable toward the cost of the **Managed** 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. **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 employees 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. Employees will have coverage level options of Employee Only, Employee + 1 or Employee + 2 or More.

Section 7. Vision Plans

The Company will offer employees 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 **allowable Company** cost shall be applicable for the ensuing twelve (12) months until the next annual review. Employees will have coverage level options of Employee Only, Employee + 1 or Employee + 2 or More.

Section 8. Patient Protection and Affordable Care Act (the “PPACA”)

Recognizing the impending implementation of health care legislation, it is the intent of both the Company and Union that none of the benefits provided in connection with the health insurance benefits (e.g. medical, health care spending accounts and any applicable benefit subject to the excise tax) will cause the application of an excise or High Cost Coverage Excise Tax (Cadillac Plan Tax) as a result of providing such benefits with respect to the Patient Protection and Affordable Care Act (the “PPACA”).

In keeping with the intent of the parties, in the event legislation is enacted modifying the Cadillac Plan Tax or replacing the Cadillac Plan Tax with another revenue generating vehicle that has a financial impact to the Company (Cadillac Plan Tax Replacement or Replacement), the provisions of this Section shall be equally applicable to the Replacement.

Accordingly, in order to avoid such a tax or Replacement and in keeping with the intent of the parties, the Company and Union agree to meet after the tax and subsequent annual rates for the medical plan(s) have been finalized. If the actual rates for any plan(s) are shown to be above the thresholds for triggering the tax or Replacement, the parties will meet in an effort to modify such plan(s) to avoid the excise tax or Replacement.

If such discussions fail to modify such plan(s), in an effort to avoid the excise tax thresholds, then the Company has the right to modify the plan(s) up to the point where the premium falls below the threshold but no further than administratively practicable.

If the modifications to any such plan design necessary to avoid the excise tax cause the medical plan value to be less than the value under the LM HealthWorks Plan for Active Employees, the LM HealthWorks Retiree Plan for Pre-Age 65 Retirees and/or the Medicare Eligible Retiree Medical Plan (MERMP) Plan for Post-Age 65 Retirees, the Company has the right to discontinue such plan(s). In addition, in the event that the health insurance

carrier(s) on their own accord discontinue the plan(s) for any reason, the Company shall have no further obligation to offer such plan(s).

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).

If laid off, active medical coverage for employee and eligible dependents will continue for 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 COBRA or Insurance Continuation (as applicable).

ARTICLE TWENTY-SIX

**RETIREMENT PLAN FOR CERTAIN HOURLY EMPLOYEES OF LOCKHEED
MARTIN AERONAUTICS**

Section 1. The Retirement Plan **for Certain Hourly Employees of Lockheed Martin Aeronautics (the Retirement Plan)** agreed to between the Company and the Union and 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 changes set forth in Appendix B - **Retirement Plan for Hourly Employees** or the further provisions of this Article.

Section 2. The Company shall have the responsibility for the administration of the Retirement Plan except as otherwise specifically provided in any separate Agreement relating to the Retirement Plan and its administration in effect between the Company and Union.

Section 3. No matter respecting the Retirement Plan or any differences arising thereunder shall be subject to the Grievance Procedure established in this Agreement.

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. As soon as administratively feasible after the ratification of the Agreement-, employees **may contribute as follows:**

- a. Employee Basic (Matched) Contributions

Employees may elect to contribute up to **\$65** 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 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% 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 **\$43.00**.

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.

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

*Base pay shall include an employee's straight time base hourly rate (**including** any COLA float, 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 **personal business** leave, jury duty pay or bereavement leave pay. Base pay does not include **shift bonus**, overtime, bonuses, lump sum COLA payments, ratification bonuses, payments in lieu of vacation or **personal business** 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 shall be subject to the Grievance Procedure established in this Agreement.

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 **For Certain Hourly Employees of Lockheed Martin Aeronautics** 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 Paragraph C. - I.A.M. National 401(k) Plan.**

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 **one-hundred** dollars (**\$100.00**) a month per year of credited service to date of retirement or termination. **This monthly benefit amount will be extended to those who retired from active service on or after 1 January 2016 but before the date of this Agreement as long as such inclusion is in compliance with IRS regulations. For purposes of this benefit, an employee on layoff status the first day of the Agreement is entitled to this benefit. An employee on layoff status is considered a terminated employee the earliest of: 1) refusal of recall, 2) expiration of recall period, 3) commencement of early or normal retirement or 4) when the employee becomes eligible for a normal deferred retirement benefit.**
2. Credited service restored under the bridging provision set forth in **Paragraph F - Bridging of Prior Credited Service for Pension-** of this Appendix will not be used in determining the normal retirement benefit described in **Paragraph A** of this Appendix. The benefit computed for the restored credited service will be added

to the normal retirement benefit determined in accordance with **sub-sections 1 and 2** of this **Paragraph 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 **as described in Paragraph A – Retirement Benefit** and benefits at such disability retirement date in accordance with **Paragraphs A – Retirement Benefit** and **F – Bridging of Prior Service** of this Appendix.
- 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 OF 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:

Break in service occurred prior to 1 January 1976.

Benefit level for restored credited service will be equal to thirty-three dollars (\$33.00) 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.

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, **Paragraph D – Postponed Retirement** 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.

APPENDIX C

GROUP INSURANCE AND HEALTH CARE BENEFITS

This Appendix is a statement of the Group Insurance and Health **Care** Benefits applicable to employees at work on the effective date of this Agreement. A detailed summary plan description of the benefits will be provided to the employee. This Appendix replaces in **its** entirety the Group Insurance and Health Expense Benefits provisions contained in Appendix C of the **2 July 2012** Agreement, as well as any other agreement and shall remain in full force through 31 December **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 **Health Care** Benefits for employee and

annual base pay or if **the** employee enrolls **their** spouse after 30 days of **the** employee's or **their** 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 2017: **\$37,000**

C. ELIGIBILITY FOR GROUP INSURANCE AND MEDICAL PLAN COVERAGE: New hires **will be eligible for coverage on their hire date. As soon as administratively practicable, all employees (including employees within their 90-day waiting period) are eligible for coverage under the Life Insurance, Accidental Death and Dismemberment Insurance, and Medical Plan Coverage.**

D. **Effective 11 July 2016 as provided for in Article Twenty-Five Group Insurance and Health Care Benefits, Section 5(a) LM HealthWorks Plan (LMHW) is the only offered medical plan to employees hired or rehired on or after 11 July 2016 (excluding employees recalled from layoff status with a hire date prior to 11 July 2016). Effective 1 January 2017, as provided for in Article Twenty-Five, Section 5(a) LM HealthWorks Plan, the Company will offer the 2016 Corporate-wide LM HealthWorks Plan design for the duration of this Agreement.**

Effective 1 January 2017, the Company will credit the LM HealthWorks Health Fund account with \$250 for Employee Only coverage and \$500 for Employee plus one or more coverage for employees who are enrolled in the LM HealthWorks medical plan. Employees enrolled in LM HealthWorks medical plan on 1 January of each year of the Agreement will receive health fund credits in the amount of \$250 for Employee Only coverage and \$500 for Employee plus one or more coverage. In the event that coverage under LM HealthWorks will trigger the application of the High Cost Coverage Excise Tax, the Company, within its sole discretion, may choose to make payments to impacted employees in the form of a lump sum cash payment in the amounts as set forth above.

E. **Effective 11 July 2016, as provided for in Article Twenty-Five, Section 5(d) Point of Service (POS) the Company will offer the Lockheed Martin Point of Service plan to employees hired**

or rehired prior to 11 July 2016, (which includes employees recalled on or after 11 July 2016, who have an original hire date prior to 11 July 2016).

F. EMPLOYEE CONTRIBUTIONS

Effective 1 January **2017** 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 **90%** of the cost of the LM *HealthWorks* Plan. The Employee will contribute **10%** 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% of the cost of the POS and the employee will contribute 15% of the cost of the POS.

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 **31 December 2016**.

Effective 1 January **2017** the maximum weekly contributions will be:

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

HMO: **\$40** Employee Only / **\$80** Employee + 1 / **\$120** Employee + 2 or More

POS: **\$50** Employee Only / **\$100** Employee + 1 / **\$150** Employee + 2 or More

Effective 1 January 2019 the maximum weekly contributions will be:

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

HMO: \$60 Employee Only / \$120 Employee + 1 / \$180 Employee + 2 or More

POS: \$66 Employee Only / \$132 Employee + 1 / \$198 Employee + 2 or More

G. WEEKLY DISABILITY BENEFITS:

Effective 1 January **2017**, the weekly disability benefit will be 55% of base weekly wages not to exceed **\$380** benefit per week.

Waiting Period Days: First three days of any disability period (except that if you are an in-patient 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. 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 who have five (5) years of continuous service or Disability Retirement under age 55 with ten (10) years of continuous service (as defined in **Paragraph H, sub-section 3** below) may elect to have coverage under the LM *HealthWorks* Retiree Plan, **LM Essentials 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 **Paragraph H, sub-section 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 **Paragraph H, sub-section 3** below), may elect to have coverage under the LM *HealthWorks* Retiree Plan, **LM Essentials 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 **Paragraph H, sub-section 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, **LM Essentials Retiree Plan**, Point of Service (POS) Plan or continued coverage under a Lockheed Martin offered HMO which provides for retiree coverage.
 - d. Except as provided in **Paragraph H, sub-section 1.e.**, employees hired on or after 10 April 2006, will not be eligible for retiree medical insurance coverage.
 - e. 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. 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, **Paragraph B – Lockheed Martin Corporation Hourly Employees Basic Benefit Plan**.

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. **Refer to the table below. As soon as administratively practicable, for employees retiring on or after the first day of this Agreement,** 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 **\$486.00** (i.e. 90% of a total monthly cost of **\$540.00**) for single coverage, or **\$972.00** (i.e. 90% of a total monthly cost of **\$1,080.00**) 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 Retiree Medical Coverage, but Eligible For The Lockheed Martin Corporation Hourly Employee Basic Benefit Plan As Described In Article Twenty-Seven, Section B.
5-9	100%	not eligible	
10	85%	85%	
11	80%	80%	
12	75%	75%	
13	70%	70%	
14	65%	65%	
15	60%	60%	
16	56%	56%	
17	52%	52%	
18	48%	48%	
19	44%	44%	
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 **Paragraph H, section 1.d.**, 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. The LM *HealthWorks* Retiree Plan, HMO and POS 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, **network coinsurance at 15%, out of network coinsurance at 35%** 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* **Retiree Plan and LM Essentials Retiree Plan** for retirees under age 65 will be the same plan design as is in effect throughout 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 **introduce or change** health care options **for pre-65 non-represented retirees** during the term of this Agreement **and after its expiration**, such options **may, at the Company's discretion**, be extended to individuals covered by this Agreement on an identical design basis **with the same pre-65 non-represented retiree contributions**.

I. MEDICAL COVERAGE FOR RETIREES ELIGIBLE FOR MEDICARE

- A. Except as provided in **Paragraph I, section 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 **Hourly Employee Basic Benefit Plan**.
- A. Subject to limitations described ~~above~~ in **Paragraph I, section A**, employees retiring from active employment on or after 1 January 2004;
 - 1. Are eligible for Medicare and who have ten (10) years of credited service; or,
 - 2. Retire before age 65 who thereafter become eligible for Medicare and have ten (10) 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 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 **2017**, only for employees retiring on or after the first day of this Agreement, the flat monthly contribution will be:

Single	Family
\$40	\$80

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 for single coverage or \$660.00 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.

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)
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 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

	MEDICARE ELIGIBLE RETIREE MEDICAL PLAN (MERMP)
Routine Physical Exam	Plan pays 80%, no deductible; limits apply
Hearing Aid	Not covered
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
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 copay
Brand name drugs	30% copay – up to maximum \$75 copay for preferred brand 50% copay – no maximum for non-preferred brand
At non-network pharmacies	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
Brand name drugs	50% of the retail price
Mail Order	Up to a 90 day supply per prescription; per refill
Generic drugs	10% copay – up to maximum \$50 copay
Brand name drugs	30% copay –up to maximum \$150 copay for preferred brand 50% copay – no maximum for non-preferred brand

	MEDICARE ELIGIBLE RETIREE MEDICAL PLAN (MERMP)
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.

B. Effective 31 December 2017, the MERMP and Senior HMOs will be discontinued for future retirees. Employees who commence retirement on or after 1 January 2018 who are eligible for retiree medical insurance will be eligible to participate in the over 65 healthcare option(s) which are available to the non-represented population on an identical design basis.

The Company subsidy will be a credit to a Health Reimbursement Arrangement (HRA) of \$2,100 annually (\$175 per month) per enrolled retiree and \$2,100 annually (\$175 per month) per enrolled spouse. 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 OneExchange (i.e. the Company designated private Medicare Exchange) when initially eligible for over 65 individual healthcare option(s) at the time of retirement commencement or when the retiree and/or spouse turns age 65.

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.

J. CONTINUING COVERAGE AFTER RETIREMENT:

1. At the time of retirement, retirees may enroll in the **LM HealthWorks Retiree Plan, LM Essentials 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 **described above in Paragraph J. section 1.** 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 **Paragraph J. section 1.** may delay enrollment in a plan if they are covered under another group health care plan. **An under age 65 retiree or spouse** 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. **For the over age 65 retiree commencing retirement on or after 1 January 2018, the retiree and/or spouse must enroll through OneExchange (i.e. the Company designated private Medicare Exchange) when initially eligible in order to be eligible for the company subsidy (HRA).**
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 medical, dental and/or vision coverage for enrolled surviving spouse and/or surviving dependent children will continue for six months 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 as described in **Paragraph K, section 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 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 **will be eligible for coverage on their hire date. As soon as administratively practicable, all employees (including employees within their 90 day waiting period) are eligible for coverage under a Dental Plan.**

Appendix C-2 reflects the Comprehensive Dental Plan and the Comprehensive Plus Dental Plan effective 1 January **2017**.

OVERVIEW:

	COMPREHENSIVE DENTAL	COMPREHENSIVE PLUS DENTAL
Calendar Year Maximum	\$1,300	\$1,700
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 (includes dental implants)	60%	80%
Orthodontia	50%; \$1,000 lifetime; for children and adults	50%; \$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
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 **will be eligible for coverage on their hire date. As soon as administratively practicable, all employees (including employees within their 90-day waiting period) are eligible for participation.**

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.

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>		

Effective 1 January 2017 include additional special feature provisions of the Special Accident Insurance for Employee, Spouse and Child coverages. These provisions will be described in the Summary Plan Description.

During 2016 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-4
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 24 Plan and Vision 12 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 **will be eligible for coverage on their hire date. As soon as administratively practicable, all employees (including employees within their 90-day waiting period) are eligible for coverage under a vision plan.**

Appendix C-6 is changed to reflect the current Vision 24 Plan and Vision 12 Plan.

OVERVIEW:

VISION 24	Frequency	Plan Pays	
		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 after a \$20 copay for standard lenses and/or frames	Up to \$35

Contact lenses (in lieu of eyeglass frames and lenses):	Once every two calendar years		
<ul style="list-style-type: none"> • Elective • Medically necessary* 		Up to \$85 Covered in full after a \$20 copay	Up to \$65 Up to \$150
*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	Frequency	Plan Pays	
		Network provider	Non-network provider
Eye examination	Once every calendar year	Covered in full	Up to \$25
Corrective Prescription Lenses	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)	
Single vision			\$40
Bifocals			\$80
Trifocals			\$80
Lenticular			\$125
Frames	Once every two calendar years	Covered up to 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 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-5
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 **will be eligible for coverage on their hire date. As soon as administratively practicable, all employees (including employees within their 90-day waiting period) are eligible for participation.**

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	\$2,550

Claim Filing Minimum	\$5
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Claim Filing Deadline	April 30 th of the following year
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Dependent Care Spending Account (DCSA)

Annual Contribution Elections

Minimum annual contribution	\$100
Maximum annual contribution	\$5,000

Claim Filing Minimum	\$5
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Claim Filing Deadline	April 30 th of the following year
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The Health Care Spending Account may be eliminated should a High Cost Coverage Excise Tax become effective during this Agreement.

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.

**APPENDIX C-6
BUSINESS TRAVEL ACCIDENT**

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 Lockheed Martin Business Travel Accident Plan will automatically be extended to employees covered by this Agreement on a same plan design basis offered to non-represented employees on the effective date shown below for employees actively at work on or after effective date.

Effective 1 January 2017

Employees are covered anywhere in the world, 24 hours a day, as long as on a trip away from regular place of employment on Company business, subject to the provisions in the Business Travel Accident Plan Summary Plan Description.

For Travel in the U.S.

While traveling in the U.S. employee is covered for two times annual base pay as of the date the covered loss occurs. The minimum benefit is \$50,000 and the maximum benefit is \$1,000,000.

Dependents (as defined in the “For Travel Outside the U.S.” section below) are not covered under the Plan while accompanying employee on travel within the U.S.

For Travel Outside the U.S.

If traveling on foreign assignment, working or living outside of the U.S., employee and family members who accompany the employee are covered as follows:

Covered Person	Coverage
Employee	The greater of: <ul style="list-style-type: none"> ➤ Two times your annual base pay, rounded to the next higher multiple of \$1,000; or ➤ \$400,000.
Spouse	\$100,000
Each eligible child	\$10,000

The eligibility and provisions of the Business Travel Accident Plan are described in the Business Travel Accident Plan Summary Plan Description. Copies of this Summary Plan Description will be furnished to the Union and to each employee eligible for the Plan.

ARTICLE THREE
JOB CLASSIFICATIONS AND WAGE RATES

Section 4-A. Provided that each member of the Union's negotiating committee fully endorses and recommends the Company's proposal to the union membership, by **26 August 2016** each employee who was on the active payroll or on an authorized leave of absence of less than 90 days (for other than union business) on **11 July 2016** shall receive a lump sum of **\$4,000.00, less applicable taxes**, and provided that the Company's offer is ratified no later than **5:00 p.m. central time on 9 July 2016**, otherwise, this Section 4-A shall be void. **The entire ratification bonus may be deferred to the Hourly Savings Plan Plus 401(k) upon completion of the appropriate election form which is available at the Payroll office. In order to elect to defer the bonus, the completed election form must be returned to the Payroll office no later than 26 July 2016.**

Section 4-B. Effective **16 July 2016**, the minimums and maximums of factory labor grades one (1) through fifteen (15) and the minimums and maximums of technical and office labor grades one (1) through fourteen (14) and the base rate of each employee on the active payroll or on approved leave of absence for less than 90 days shall be increased by **three percent (3.0%)** computed to the nearest one (1) cent (\$0.01) increment.

Section 4-C. Effective **1 July 2017**, the minimums and maximums of factory labor grades one (1) through fifteen (15) and the minimums and maximums of technical and office labor grades one (1) through fourteen (14) and the base rate of each employee on the active payroll or on approved leave of absence for less than 90 days shall be increased by **two and one-half percent (2.5%)** computed to the nearest one (1) cent (\$0.01) increment. **In lieu of this general wage increase, each employee that has scheduled their retirement between 1 January 2017 and 31 December 2017 may elect a lump sum payment of two and one-half percent (2.5%) of the employee's gross hourly earnings for the period of 26 December 2015 through 23 December 2016.** Gross hourly earnings is defined as that portion of an eligible employee's hourly earnings for the period above, computed at the employee's working rate plus overtime premium, as applicable, on regular and overtime hours worked, and other paid hours under the provisions of ~~any Company collective bargaining~~ **this Agreement**, excluding payments in lieu of sick ~~personal business~~ leave or vacation and any other payments made to the eligible employee. **In order to elect to receive the lump sum in lieu of the general wage increase, a completed election form must be returned to the Payroll office no later than 1 June 2017 or the retiring employee will receive the general wage increase and will not be eligible for the lump sum payment.**

Section 4-D. Effective **30 June 2018**, the minimums and maximums of factory labor grades one (1) through fifteen (15) and the minimums and maximums of technical and office labor grades one (1) through fourteen (14) and the base rate of each employee on the active payroll or on approved leave of absence for less than 90 days shall be increased by **two and one-half percent (2.5%)** computed to the nearest one (1) cent (\$0.01) increment.

Section 4-E. Effective **29 June 2019** the minimums and maximums of factory labor grades one (1) through fifteen (15) and the minimums and maximums of technical and office labor grades one (1) through fourteen (14) and the base rate of each employee on the active payroll or on approved

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 counter proposals in any area of the Agreement opened by the Union.

leave of absence for less than 90 days shall be increased by **two and one-half percent (2.5%)** computed to the nearest one (1) cent (\$0.01) increment.

Section 4-F. Effective **27 June 2020** the minimums and maximums of factory labor grades one (1) through fifteen (15) and the minimums and maximums of technical and office labor grades one (1) through fourteen (14) and the base rate of each employee on the active payroll or on approved leave of absence for less than 90 days shall be increased by **two and one-half percent (2.5%)** computed to the nearest one (1) cent (\$0.01) increment.

Section 4-G. Effective **26 June 2021** the minimums and maximums of factory labor grades one (1) through fifteen (15) and the minimums and maximums of technical and office labor grades one (1) through fourteen (14) and the base rate of each employee on the active payroll or on approved leave of absence for less than 90 days shall be increased by **three percent (3.0%)** computed to the nearest one (1) cent (\$0.01) increment.

Section 5. Effective **16 July 2016** the following factory and technical and office labor grade structure shall be placed in effect for employees on the payroll.

Factory and Technical and Office Labor Grade Structure

Labor Grade	Factory		Technical and Office	
	Min/Hour	Max/Hour	Min/Hour	Max/Hour
1	\$22.97	\$37.75	\$22.71	\$38.60
2	\$22.59	\$37.09	\$22.32	\$38.11
3	\$22.30	\$36.72	\$22.19	\$37.16
4	\$20.64	\$36.40	\$20.26	\$36.79
5	\$20.38	\$36.03	\$20.08	\$36.46
6	\$19.99	\$35.67	\$19.74	\$36.12
7	\$19.74	\$35.38	\$19.40	\$35.44
8	\$19.50	\$35.07	\$19.19	\$35.16
9	\$19.03	\$34.75	\$18.82	\$34.55
10	\$18.56	\$33.55	\$18.76	\$33.40
11	\$18.37	\$33.21	\$18.39	\$32.99
12	\$18.11	\$32.91	\$18.21	\$32.82
13	\$18.05	\$32.67	\$18.00	\$32.34
14	\$17.90	\$32.55	\$17.80	\$31.92
15	\$11.26	\$22.44		

Section 6. Each employee shall receive at least the minimum hourly wage rate for the labor grade to which their job is classified.

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 counter proposals in any area of the Agreement opened by the Union.

Section 7. Based upon the labor grade structures set forth in this Article, the basic rate range for each of the job classifications covered by this Agreement is set forth in Appendix "A" and made a part of this Agreement.

Cost of Living

Section 8. The base rate (which does not include cost-of-living adjustment) of **each employee with a hire date of 10 July 2016 or before** shall be subject to periodic adjustments based on changes in the cost-of-living index as provided in this Section.

1. Cost-of-living adjustments will be determined in accordance with changes in the Consumer Price Index, United States City Average for Urban Wage Earners and Clerical Workers, (CPI-W), (United States City Average, all items, 1982-1984=100) as published monthly by the Bureau of Labor Statistics, United States Department of Labor, and hereinafter referred to as the BLS Index.
2. Cost-of-living Adjustment Formula and Effective Dates

The first cost-of-living adjustment shall be effective **1 October 2016**. This and all subsequent adjustments will apply to eligible employees.

The amount of this adjustment and subsequent adjustments (which shall be applied as per the following paragraphs) shall be one (1) cent (\$0.01) for each 0.3 point increase of the average of the BLS Consumer Price Indices for the three (3) month periods stated below at each effective date of adjustment over the BLS Index of ~~235.0~~ **234.4** provided, however, that in no event shall there be a pyramiding of cost-of-living adjustments as a result of the computations.

Effective Dates of Adjustments	Based Upon Average of the Three Month BLS Consumer Price Index
10/1/2016	May, Jun, Jul 2016
12/31/2016	Aug, Sept, Oct 2016
4/1/2017	Nov, Dec 2016, Jan 2017
7/1/2017	Feb, Mar, Apr 2017
9/30/2017	May, Jun, Jul 2017
12/30/2017	Aug, Sept, Oct 2017
3/31/2018	Nov, Dec 2017, Jan 2018
6/30/2018	Feb, Mar, Apr 2018
9/29/2018	May, Jun, Jul 2018
12/29/2018	Aug, Sept, Oct 2018

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 counter proposals in any area of the Agreement opened by the Union.

3/30/2019	Nov, Dec 2018, Jan 2019
6/29/2019	Feb, Mar, Apr 2019
9/28/2019	May, Jun, Jul 2019
12/28/2019	Aug, Sept, Oct 2019
3/28/2020	Nov, Dec 2019, Jan 2020
6/27/2020	Feb, Mar, Apr 2020
9/26/2020	May, Jun, Jul 2020
12/26/2020	Aug, Sept, Oct 2020
3/27/2021	Nov, Dec 2020, Jan 2021
6/26/2021	Feb, Mar, Apr 2021
9/25/2021	May, Jun, Jul 2021
12/25/2021	Aug, Sept, Oct 2021
3/26/2022	Nov, Dec 2021, Jan 2022

3. "COLA float" refers to the net cost-of-living adjustment not previously incorporated into the rate range structure or the base rate of an eligible employee, ~~which is an employee with a hire date of 10 July 2016 or before.~~ All cost-of-living adjustments shall be a COLA float, except as hereinafter provided:
- (a) Effective **1 July 2017**, and after applying any action prescribed in Section 4-C, the COLA float (if any) accumulated after 11 July 2016 shall be added to the minimums and maximums of the rate ranges set forth in Article Three.
 - (b) Effective **30 June 2018**, and after applying any action prescribed in Section 4-D, the COLA float (if any) accumulated after **1 July 2017** shall be added to the minimums and maximums of the rate ranges set forth in Article Three and to the base wage rate of each eligible employee.
 - (c) Effective **29 June 2019**, and after applying any action prescribed in Section 4-E, the COLA float (if any) accumulated after **30 June 2018** shall be added to the minimums and maximums of the rate ranges set forth in Article Three and to the base wage rate of each eligible employee.
 - (d) Effective **27 June 2020**, and after applying any action prescribed in Section 4-F, the COLA float (if any) accumulated after **29 June 2019** shall be added to the minimums and maximums of the rate ranges set forth in Article Three and to the base wage rate of each eligible employee.
 - (e) Effective **26 June 2021**, and after applying any action prescribed in Section 4-G, the COLA float (if any) accumulated after **27 June 2020** shall be added to the minimums and maximums of the rate ranges set forth in Article Three and to the base wage rate of each eligible employee.

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4. The amount of any cost-of-living adjustment shall be added to the base rate of each eligible employee and shall include the following when determining pay rates:
 - (a) Overtime Pay
 - (b) Holiday Pay
 - (c) Vacation Pay
 - (d) ~~Sick Leave~~ **Personal Business** Pay
 - (e) Jury Duty Pay
 - (f) Grand Jury Duty Pay
 - (g) Bereavement Pay
 - (h) Military Leave

5. In the event that any BLS Index referred to herein is not officially published on or before the Wednesday immediately preceding the effective date on which a cost-of-living adjustment would be made, such adjustment will be made effective the Monday following the first Wednesday such BLS Index is officially available.

6. No adjustment retroactive or otherwise shall be made because of any revision which may later be made in the published figures of the BLS Index.

7. In the event the Bureau of Labor Statistics, United States Department of Labor, changes the form and/or method of calculation of the BLS Index and publishes a new monthly index which differs from that defined in paragraph 1 of this Section, but continues to publish the BLS Index used in this Section by converting the new monthly index or by other means, such BLS Index shall continue to be used in applying paragraph 2 of this Section. In the event the Bureau of Labor Statistics publishes a new monthly index but discontinues publication of the BLS Index, the Company and the Union shall enter into negotiations with respect to a substitute cost-of-living index. The purpose of the negotiations shall be to ensure that the cost-of-living payments to be made under this Section will be as intended by the parties and shall be no less than that which would have occurred had the BLS Index continued. In the event the parties are unable to agree on a substitute index within sixty (60) days of the discontinuance of the BLS Index, the Union may file a "priority" grievance to be heard by the permanent arbitrator.

8. By **18 November 2016**, each eligible employee ~~with a hire date on or before 10 July 2016~~ who is active or on approved leave of absence for less than ninety (90) days as of **4 November 2016** shall receive a supplemental cost-of-living payment of **eight hundred dollars (\$800)**.

9. By **17 November 2017**, each employee ~~with a hire date on or before 10 July 2016~~ who is active or on approved leave of absence for less than ninety (90) days as of **3 November 2017** shall receive a supplemental cost-of-living payment of **eight hundred dollars (\$800)**.

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10. By **16 November 2018**, each employee ~~with a hire date on or before 10 July 2016~~ who is active or on approved leave of absence for less than ninety (90) days as of **2 November 2018** shall receive a supplemental cost-of-living payment of **eight hundred dollars (\$800)**.
11. By **15 November 2019**, each employee ~~with a hire date on or before 10 July 2016~~ who is active or on approved leave of absence for less than ninety (90) days as of **1 November 2019** shall receive a supplemental cost-of-living payment of **eight hundred dollars (\$800)**.
12. By **20 November 2020**, each employee ~~with a hire date on or before 10 July 2016~~ who is active or on approved leave of absence for less than ninety (90) days as of **6 November 2020** shall receive a supplemental cost-of-living payment of **eight hundred dollars (\$800)**.
13. By **19 November 2021**, each employee ~~with a hire date on or before 10 July 2016~~ who is active or on approved leave of absence for less than ninety (90) days as of **5 November 2021** shall receive a supplemental cost-of-living payment of **eight hundred dollars (\$800)**.
14. The payments in Section Eight, Paragraphs 8, 9, 10, 11, 12 and 13 may be deferred, without Company matching contribution, to the Hourly Savings Plan Plus 401(k) upon completion of the appropriate election form which is available at the Payroll office. The form must be returned to the Payroll office no later than sixty (60) days prior to the specified payment dates. A deferral election will remain active for the duration of this Agreement unless cancelled by the employee.

Personal Rates

Section 9. Should an employee's basic wage rate be in excess of the maximum rate for the labor grade of the employee's job classification, such rate shall be designated as the employee's personal rate and shall not be changed unless the employee is subsequently assigned to job duties covered by a different job classification. If an employee holding a personal rate is classified to job duties covered by a different job classification, and, within thirty-five (35) calendar days thereafter is reclassified to the job duties covered by the job classification under which they formerly received a personal rate, they shall have such personal rate restored effective the payroll period immediately following such reassignment. Assignment of an employee to job duties covered by a different job classification shall not be made for the purpose of avoiding the payment of the personal rate. The Company shall endeavor, whenever practicable, to find jobs in higher rated job classifications for employees with personal rates.

Progression within Rate Ranges

Section 10. Automatic Rate Progression increases shall be effective the second Saturday in January, May and September for all active employees who are below the maximum of their classification and who have been on the active payroll for the full Automatic Rate Progression

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period. The base rate of pay shall be increased twenty-five cents (\$0.25) per hour on the above dates (or such lesser amount as is necessary to bring the rate to the maximums) until the applicable maximum for the classification is reached. If the last automatic increase takes an employee's rate to a point within four cents (\$0.04) of the maximum rate of their job classification, they shall be granted such additional increase.

Shift Premium

Section 11. Employees assigned to the second shift of a 5/40, 9/80, or 3/12 workweek schedule shall receive forty cents (\$0.40) per hour above their regular hourly rate of pay. Employees assigned to third shift of a 5/40 workweek schedule shall receive ten cents (\$0.10) per hour above their regular hourly rate of pay for eight (8) hours, but shall work only six (6) hours and thirty (30) minutes for eight (8) hours of pay. Employees assigned to the third shift of a 9/80 workweek schedule shall receive ten cents (\$0.10) above their regular hourly rate of pay for nine (9) hours, but shall work only seven (7) hours and eighteen (18) minutes for nine (9) hours of pay.

**ARTICLE FIVE
HOLIDAYS**

Section 1. Without regard for an employee's workweek schedule, the following dates are designated holidays for which the employee shall not report to work unless assigned due to insufficient volunteers for overtime:

Year	Holiday	Date	Day	Hours
2016	Independence Day*	4-Jul	Monday	8
	Labor Day	5-Sep	Monday	8
	Thanksgiving Day	24-Nov	Thursday	8
	Day after Thanksgiving	25-Nov	Friday	8
	Christmas Holiday	23-Dec	Friday	8
	Christmas Holiday	26-Dec	Monday	8
	Christmas Holiday	27-Dec	Tuesday	8
	Christmas Holiday	28-Dec	Wednesday	8
	Christmas Holiday	29-Dec	Thursday	8
	Christmas Holiday	30-Dec	Friday	8
2017	New Year's Day	2-Jan	Monday	8
	Memorial Day	29-May	Monday	8
	Day before Independence	3-Jul	Monday	8
	Independence Day	4-Jul	Tuesday	8
	Labor Day	4-Sep	Monday	8
	Thanksgiving Day	23-Nov	Thursday	8
	Day after Thanksgiving	24-Nov	Friday	8
	Christmas Holiday	22-Dec	Friday	8
	Christmas Holiday	25-Dec	Monday	8
	Christmas Holiday	26-Dec	Tuesday	8
	Christmas Holiday	27-Dec	Wednesday	8
	Christmas Holiday	28-Dec	Thursday	8
Christmas Holiday	29-Dec	Friday	8	
2018	New Year's Day	1-Jan	Monday	8
	Memorial Day	28-May	Monday	8
	Independence Day	4-Jul	Wednesday	8
	Labor Day	3-Sep	Monday	8
	Thanksgiving Day	22-Nov	Thursday	8
	Day after Thanksgiving	23-Nov	Friday	8
	Christmas Holiday	24-Dec	Monday	8
	Christmas Holiday	25-Dec	Tuesday	8
Christmas Holiday	26-Dec	Wednesday	8	

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	Christmas Holiday	27-Dec	Thursday	8
	Christmas Holiday	28-Dec	Friday	8
	Christmas Holiday	31-Dec	Monday	8
2019	New Year's Day	1-Jan	Tuesday	8
	Memorial Day	27-May	Monday	8
	Independence Day	4-Jul	Thursday	8
	Labor Day	2-Sep	Monday	8
	Thanksgiving Day	28-Nov	Thursday	8
	Day after Thanksgiving	29-Nov	Friday	8
	Christmas Holiday	24-Dec	Tuesday	8
	Christmas Holiday	25-Dec	Wednesday	8
	Christmas Holiday	26-Dec	Thursday	8
	Christmas Holiday	27-Dec	Friday	8
	Christmas Holiday	30-Dec	Monday	8
	Christmas Holiday	31-Dec	Tuesday	8
2020	New Year's Day	1-Jan	Wednesday	8
	Memorial Day	25-May	Monday	8
	Independence Day	3-Jul	Friday	8
	Labor Day	7-Sep	Monday	8
	Thanksgiving Day	26-Nov	Thursday	8
	Day after Thanksgiving	27-Nov	Friday	8
	Christmas Holiday	24-Dec	Thursday	8
	Christmas Holiday	25-Dec	Friday	8
	Christmas Holiday	28-Dec	Monday	8
	Christmas Holiday	29-Dec	Tuesday	8
	Christmas Holiday	30-Dec	Wednesday	8
	Christmas Holiday	31-Dec	Thursday	8
2021	New Year's Day	1-Jan	Friday	8
	Memorial Day	31-May	Monday	8
	Day after Independence Day	5-Jul	Monday	8
	Labor Day	6-Sep	Monday	8
	Thanksgiving Day	25-Nov	Thursday	8
	Day after Thanksgiving	26-Nov	Friday	8
	Christmas Holiday	24-Dec	Friday	8
	Christmas Holiday	27-Dec	Monday	8
	Christmas Holiday	28-Dec	Tuesday	8
	Christmas Holiday	29-Dec	Wednesday	8
	Christmas Holiday	30-Dec	Thursday	8
2021	Christmas Holiday	31-Dec	Friday	8

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*Paid in advance of the effective date of this Agreement as a result of a term extension in the Agreement in effect 2 July 2012.

Holiday Pay

Section 2. To be eligible for holiday pay, an employee must ~~have been on the active payroll for thirty (30) calendar days immediately preceding the holiday and~~ have worked at least the equivalent of one (1) full regularly scheduled shift during the week in which the holiday occurs.

Section 2-A. An employee shall receive eight (8) hours at their regular hourly rate of pay for each designated holiday regardless of the employee's work week schedule or the day of the week upon which the holiday occurs. In addition, an employee who works on a designated holiday shall receive two times their regular hourly rate of pay for hours worked.

~~Section 2-B. Employees with less than thirty (30) calendar days on the active payroll immediately preceding the holiday who are required to work on a holiday shall receive their regular hourly rate for hours worked and an additional eight (8) hours of holiday pay at their regular hourly rate, provided that they work the full shift assigned by the Company.~~

Section ~~2-C.~~ **2B.** An employee shall not receive pay for a holiday that occurs during the employee's leave of absence, layoff, or any other unpaid absence.

Holiday Scheduling

Section 3. Should work be required on a holiday, the Company will first ask employees with the least number of cumulative overtime hours in the affected classification and department. If there is an insufficient number of volunteers, the Company will schedule employees using the same methodology until the assignment need has been satisfied. Employees who do not accept the overtime assignment will not be charged.

Section 3-A. Prior to the scheduling of holiday work, the overtime list will be updated to a current status, reflecting all overtime hours worked or refused up to the time of scheduling. In the event of multiple holidays, the overtime list shall be updated to a current status after each holiday is scheduled. Once this is done, work for the next holiday shall then be scheduled.

Section 3-B. Employees scheduled to work on a holiday shall be notified at least twenty-four (24) hours in advance of the holiday to be worked. Failure to report for work on the holiday shall result in such employee being ineligible for holiday pay.

ARTICLE SIX

VACATION, ~~SICK LEAVE~~ **PERSONAL BUSINESS** AND BEREAVEMENT LEAVE

VACATION

Employees shall be granted ~~employees by the Company~~ **vacation** in accordance with the following ~~regulations~~ **provisions**.

Vacation Eligibility

Section ~~3~~ **1**. The vacation eligibility date of an employee hired prior to 14 April 2003 shall be ~~established pursuant to the terms of the Collective Bargaining Agreement in effect 27 April 2000.~~ The vacation eligibility date of an employee hired on or after 14 April 2003 shall be the calendar month and day of ~~his/her~~ **their** last hire date.

Section ~~4~~ **1-A**. Absence from work with pay ~~on~~ **for** authorized vacation, ~~sick leave~~ **personal business**, bereavement leave, military leave, jury duty, or Grand Jury duty shall be considered as time worked for ~~the purpose of~~ computing vacation eligibility. ~~In addition, u~~Unpaid full-day absences due to authorized leave for temporary union business will be considered as time worked for determining eligibility for vacation accrual when the temporary union leave is requested by the Union District Office and approved by the Company.

Vacation Accrual

Section ~~4~~ **2**. Vacation begins to accrue for each employee on the first day of hire. ~~Vacation and~~ will accrue at the ~~monthly~~ rate shown below for any calendar month or partial calendar month. An employee's vacation balance will be available for use immediately upon being credited with the preceding months' vacation accrual but no later than the first workday of the month following the month of accrual. ~~except that a p~~**Probationary employees** shall not receive any vacation credit until the successful completion of ~~their~~ probationary period. Time lost, not to exceed ninety (90) days, due to occupational illness or ~~occupational~~ injury shall be counted for the purpose of vacation accrual if the employee returns to the active payroll ~~of the Company~~.

Section ~~4~~ **2-A**. Vacation accruals are based on completed years of continuous service and become effective on **the month following** an employee's next vacation eligibility date.

<u>Completed Years of Continuous Service</u>	<u>Vacation Accrual</u>
0 to 8 years	6.67 hours per month
9 years to 18 years	10 hours per month
19 years or more	13.34 hours per month

~~For each employee, when continuous service, and after reaching the next vacation eligibility date, results in the next greater level of vacation accrual during a calendar month, the greater accrual will be effective beginning the month following the month of the next vacation eligibility date.~~

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Section 5 ~~2-B~~. The maximum vacation accrual is 400 hours . ~~However, each employee may continue to accrue vacation hours in excess of 400 hours, and at the end of the calendar year accrued hours in excess of 400 hours will be paid out~~ **and any vacation accrued in excess of 400 hours will be paid out at the end of the calendar year** (thereby, reducing the accrued balance to 400 hours to begin the new **calendar** year). Payments for excess vacation hours will be ~~distributed~~ **made** as early as practicable in the new calendar year, which will normally be on or before the third full pay period of the new calendar year. Any vacation time taken between the last accrual process run for the year and the payout of excess hours will be deducted from the balance prior to the payout.

Vacation Pay

Section 2 ~~3~~. **An employee** ~~Vacations~~ shall be paid **vacation** at the regular hourly rate of pay in effect ~~for each employee~~ at the time the vacation is taken.

Section 6 ~~3-A~~. Each employee ~~with a hire date of 10 July 2016 or before, shall~~ upon his/her **their** vacation eligibility date, **shall** be paid sixteen (16) hours of pay at ~~the employee's~~ **their** regular hourly rate of pay in effect at the time of the payment, **exclusive of any premiums and overtime.**

Section 4 ~~3-B~~. An employee may request payment of earned ~~sick leave~~ **personal business** and/or vacation benefits while on an approved leave of absence. Such payments may be made only from those vacation and/or ~~sick leave~~ **personal business** hours that were accrued in the same calendar year as ~~the requested~~ **when the payment was requested**. ~~If such an employee has earned sick leave and/or vacation at the time he/she is placed on the leave of absence, such sick leave and/or vacation~~ **Any earned sick leave personal business and/or vacation for which an employee is entitled when they are placed on leave of absence, will be applied compensated to the first of the absence period at the rate in effect at the beginning of the leave of absence period. Employee** ~~Requests for payment while on approved leave of absence of for sick leave personal business and/or vacation benefits accrued in prior calendar years will be granted only for reasons of financial emergency as may be determined by the Company in its sole and exclusive discretion in accordance with Internal Revenue Code section 409A.~~

Section 7 ~~3-C~~. ~~If an employee has earned his/her vacation and has not taken same prior to terminating his/her employment with the Company, including termination by quitting, retirement, discharge, military service and layoff, then the vacation pay in lieu of time off, shall be given to said employee at the time of termination. Payment of the unused earned vacation shall be~~ **An employee shall be paid any accrued, unused vacation upon termination from the active payroll at the employee's regular hourly rate of pay in effect at the time of the payment. At time of termination, an employee and as applicable shall receive the wage equivalent of the portion of the sixteen (16)-hour payment referenced above in Section 6-3-A of this Article, prorated at the rate of 1.33 hours per month since their employee's last vacation eligibility date.**

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Vacation Scheduling and Leave

Section 8 4. Production need shall be the determining factor in scheduling vacations.

Section 9 4-A. An employee should request a full week of vacation at least four weeks ~~prior to~~ ~~before they Monday on which he/she requests that his/her~~ **want their** vacation to start. Preference will be given in line ~~with~~ **of** seniority, if practical, in scheduling vacations. If it is deemed impractical, because of production need, to grant an employee's vacation ~~at the time requested~~ **request**, the employee may ask that ~~his/her~~ **their** vacation be scheduled at another time. Employees will not be forced to take a vacation.

Section ~~12~~ 4-B. An employee may take ~~his/her~~ **their** vacation during ~~his/her the~~ **benefit** year in weekly or one-(1) hour increments in accordance with the provisions of this Article.

~~SICK LEAVE PERSONAL BUSINESS~~

~~Section 13-Each~~ **An** employee shall be granted ~~sick leave~~ **personal business** with pay in accordance with the following provisions.

~~Sick Leave Personal Business Eligibility~~

Section ~~13-G~~ 5. Absence from work with pay on authorized vacation, ~~sick leave~~ **personal business**, jury duty, Grand Jury duty, bereavement leave or military leave shall be considered as time worked for purposes of computing ~~sick leave~~ **personal business** eligibility. ~~In addition,~~ ~~Unpaid~~, full-day absences due to authorized leave for temporary union business will be considered as time worked for computing ~~sick leave~~ **personal business** eligibility when the temporary union leave is requested by the Union District Office and approved by the Company.

~~Sick Leave Personal Business Accrual~~

Section ~~13-B~~ 5-A. ~~Sick leave~~-**Personal Business** begins to accrue for each employee on the first day of hire ~~and~~. ~~Sick leave~~ will accrue at the ~~monthly~~ rate of four (4) hours per calendar month or partial calendar month. ~~The sick~~ **An employee's sick leave personal business** balance ~~for each employee~~ will be credited with the preceding month's ~~sick leave~~ **personal business** accrual no later than the first workday of the month following the month of accrual. ~~except that a~~ ~~Probationary~~ employees shall not receive any ~~sick leave~~ **personal business** credit until the successful completion of the probationary period. An employee's ~~sick leave~~ **personal business** balance will be available for use immediately upon being credited but no later than the first day following the month of accrual. Time lost, not to exceed ninety (90) days, due to occupational illness or ~~occupational~~ injury shall be counted for the purpose of ~~sick leave~~-**personal business** accrual if the employee returns to the active payroll ~~of the Company~~.

Section ~~13-C~~ 5-B. The maximum ~~sick leave~~-**personal business** accrual balance is sixty (60) hours. ~~However, each employee may continue to accrue sick leave hours in excess of sixty (60) hours, and at the end of the year accrued hours in excess of sixty (60) hours will be paid out and any sick leave personal business accrued in excess of 60 hours will be paid out at the end of the~~

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calendar year (thereby, reducing the accrued balance to sixty (60) hours to begin the new **calendar year**). Payments for excess ~~sick leave~~ **personal business** hours will be ~~distributed~~ **made** as early as practicable in the new **calendar year**, which will normally be on or before the third full pay period of the new calendar year. Any ~~sick leave~~ **personal business** time taken between the last accrual process run for the year and the payout of excess hours will be deducted from the balance prior to the payout.

Sick Leave Personal Business Pay

~~Section 13-D 6. If an employee has earned his/her sick leave and has not taken same prior to terminating his/her employment with the Company, including termination by quitting, discharge, retirement, military service, death, and layoff due to a reduction in force because of lack of work, or is~~ **An employee who has been** granted a leave of absence as provided in Article Ten, Section ~~2~~ **4, or terminated from the payroll** then he/she shall be paid for each hour of unused, ~~earned~~ **sick leave personal business** Payment of the unused, ~~earned~~ **sick leave** shall be at the **employee's** regular hourly rate of pay in effect at the time of the payment.

~~Section 13-F. 6-A. Sick leave pay is to compensate an employee due to absence resulting from illness or injury. Sick leave may be used to care for family members who reside in the employee's household or, from time to time rely on the employee for care. The sick leave days with pay for employees who have established eligibility therefore shall be taken as sick leave only and not as additional vacation. The Company may require the employee to present a doctor's certificate to the Company prior to payment of sick leave Personal business pay provided the employee is in Step III or higher of the Attendance Control Program.~~

SICK LEAVE PERSONAL BUSINESS

~~Section 13-G. 7. Absence from work with pay on authorized vacation, sick leave~~ **personal business**, jury duty, Grand Jury duty, bereavement leave or military leave shall be considered as time worked for purposes of computing ~~sick leave~~ **personal business** eligibility. In addition, unpaid full-day absences due to authorized leave for temporary union business will be considered as time worked for computing ~~sick leave~~ **personal business** eligibility when the temporary union leave is requested by the Union District Office and approved by the Company.

Bereavement BEREAVEMENT

Pay and Leave

~~Section 14-A 8. An employee shall be eligible for three (3) days of paid bereavement leave with pay upon a death in his/her~~ **their** immediate family. To receive bereavement pay, the leave must be taken ~~not~~ **no** later than ~~seven (7)~~ **ten (10) calendar** days after ~~date of the funeral~~ **memorial services**. Bereavement pay will not be granted for ~~Saturday, Sunday, and holidays~~ or **an employee's scheduled off-day, holiday, or any day which the employee will would have** otherwise been compensated. ~~by the Company.~~

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Section 8-A. For purposes of this Section, immediate family shall mean **the following:** Mother, Father, Brother, Sister, Children, Spouse, Mother-in-law, Father-in-law, Brother-in-law, Sister-in-law, Stepmother, Stepfather, Stepbrother, Stepsister, Stepchildren, Half-brother, Half-sister, Grandparents, or Grandchildren.

~~Section 14-B~~ **8-B.** An employee shall **make a** request ~~such for~~ bereavement leave ~~on a form to be provided by the Company. Such request shall be made~~ before **the their** absence ~~due to death in the employee's immediate family~~ **to attend the memorial service** when possible, or immediately upon the employee's return to work **when it is not possible to do so in advance of their absence** from such absence. ~~Bereavement leave shall be granted upon receipt of the request form.~~

ARTICLE THIRTY
DURATION

Section 1. This Agreement shall become effective on ~~the 2nd day of July 2012~~ day of **11 July 2016**, and shall remain in force until 11:59 p.m. on ~~the 3rd day of July 2016~~ **10 Apr 2022** 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~~ **interest** 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~~ **written notice to amend** within ten (10) days ~~after~~ **following** 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~~ **both parties** serves a notice of ~~desire~~ to amend in accordance with this Article, negotiations ~~concerning said amendments shall be undertaken~~ **commence** as provided in Section 3 ~~above~~ **of this Article**. 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~~ **does** not occur sooner than the next renewal date. The parties may by mutual agreement extend such termination date, it being ~~expressly understood~~ **recognized** 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 until 22 April 2012~~ **2 July 2012 until 10 July 2016**, whether written or oral, between the parties ~~hereto~~.

Section 6. "Contract Re-affirmance" – Effective 10 July 2019 the parties shall expressly reaffirm this Agreement for its remaining stated term through 10 April 2022.

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