

LOCKHEED MARTIN



COMPREHENSIVE PROPOSAL

2016 NEGOTIATIONS

between

**LOCKHEED MARTIN AERONAUTICS COMPANY
Fort Worth**

AND

**INTERNATIONAL ASSOCIATION
OF MACHINISTS AND AEROSPACE WORKERS
AFL-CIO**

AND

**AERONAUTICAL INDUSTRIAL DISTRICT LODGE 776
(Production and Maintenance Unit)**

SUBMITTED JUNE 23, 2016

Period of Agreement: July 11, 2016 through April 10, 2022

Except as specifically modified by this proposal, and items previously agreed upon by the parties during these negotiations, all terms and conditions of the printed Agreement will remain the same.

In all instances, qualified benefit plan language is the controlling document. Nothing contained herein or expressed by the parties orally or in writing constitutes a waiver/deviation from the plan agreement.



ARTICLE TWENTY-FIVE
GROUP INSURANCE AND HEALTH EXPENSE CARE BENEFITS

Section 1. Employee and Dependent Coverage

All group insurance, health **expense care** benefits ~~which include medical, dental and prescription drug coverages~~ 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 ~~Appendix~~ **Appendices C-1 (Life, Accidental Death and Dismemberment, Medical and Disability), C-2 (Dental Plan), C-3, C-4 C-3 (Special Accident Plan), C-5, C-6 C-4 (Vision Plan) and C-7 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 ~~amounts of~~ optional life insurance ~~set forth in the Life Insurance Schedules~~ 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 ~~2013~~ **2017**, at which time such rate will be reviewed and may be increased or decreased according to past and estimated future experience as determined by the insurance carrier in accordance with accepted actuarial principles. Again on 1 January of each subsequent year for the duration of this Agreement, the rates in effect for optional life insurance coverages for the previous policy year will be reviewed and may be increased or decreased according to past and estimated future experience as determined by the insurance carrier in accordance with accepted actuarial principles.

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

Section 4. No matter respecting the group insurance and health **expense 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 ~~2013~~ **2017**, the Company will offer ~~to the~~ employees to which this Agreement relates the **non-represented** Corporate-wide *LM HealthWorks Plan on an identical design basis*.

The Company maintains the right to implement modifications or changes to this Plan. ~~During the life of the Agreement there will be no changes to the co-insurance, the calendar year deductible amounts, the calendar year out-of-pocket maximums, medical plan or the prescription drug formula, except that the Healthy Actions and the associated dollar credits are subject to amendment each plan year.~~ **It is understood that such modifications or changes, regardless of whether**

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such modifications or changes are an improvement, reduction or an elimination of a covered benefit under this Plan, shall be automatically applicable to bargaining unit employees covered by this Agreement.

Employees will have coverage level options of Employee Only, Employee + 1 or Employee + 2 or More. The terms of the Plan will be summarized in a separate Summary Plan Description. Copies of this Summary Plan Description will be furnished to the Union and to each employee eligible for the Plan. The Company cost of the LM *HealthWorks* Plan shall be established annually as of 1 January of each year of the Agreement based on past and estimated future experience as determined in accordance with accepted actuarial principles. This Company cost shall include the estimated cost of any changes since the last review and shall be applicable for the ensuing twelve months until the next annual review. ~~Any employee contributions described in Appendix C 1, Paragraph F of this Agreement are in addition to such cost determined pursuant to this Section.~~

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

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

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

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

~~Effective 1 January 2013 Aetna HMO will continue to be available where currently offered 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.~~

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.

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.** ~~Effective 1 January 2010,~~ Physician visits copays will be \$20.00, emergency room copays will be \$75.00 (waived if admitted to hospital) and inpatient hospital copays will be \$150.00 per admission for covered employees and their covered dependents. Maximum covered expenses per hearing aid per ear will be \$1,000. The number of hearing aids will be limited to one aid per ear per covered employee or covered dependent during any period of three consecutive years. ~~Effective 1 January 2013,~~ Employees will have coverage level options of Employee Only, Employee + 1 or Employee + 2 or More.

The Company cost of its health benefits plan to be allowable toward the cost of the HMO plans ~~elected by any employee~~ shall be established annually as of 1 January of each year of the Agreement based on past and estimated future experience as determined in accordance with accepted actuarial principles. This allowable Company cost shall include the estimated cost of any increase in negotiated health benefits since the last review and shall be applicable for the ensuing twelve months until the next annual review.

Section 5(d). Point of Service (POS) – **Patuxent River Only**

The Point of Service will be available to employees working at 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) and reside within the POS service area.

~~The Company will offer to the employees to which this Agreement relates the option to elect a Point of Service for medical coverage for which the Company has contracted.~~ The terms of the Plan will be summarized in a separate Summary Plan Description. Copies of this Summary Plan Description will be furnished to the Union and to each employee eligible for the Plan.

The Company cost of its health benefits plan to be allowable toward the cost of the POS plan ~~elected by any employee~~ shall be established annually as of 1 January of each year of the Agreement based on past and estimated future experience as determined in accordance with accepted actuarial principles. This allowable Company cost shall include the estimated cost of any increase in negotiated health benefits since the last review and shall be applicable for the ensuing twelve months until the next annual review.

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

~~Effective 1 January 2013,~~ Employees will have coverage level options of Employee Only, Employee + 1 or Employee + 2 or More.

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 6(a). ~~Prepaid~~ **Managed** Dental Plans

The Company will offer to the employees to which this Agreement relates the option to elect a ~~Prepaid~~ **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 ~~Prepaid~~ **Managed** Dental Plan shall be paid by the employee to the extent that the cost of such elected ~~Prepaid~~ **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 ~~Prepaid~~ **Managed** Dental Plan. The Company cost of its Comprehensive Dental Plan to be allowable toward the cost of the ~~Prepaid~~ **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. ~~Effective 1 January 2013, e~~Employees will have coverage level options of Employee Only, Employee + 1 or Employee + 2 or More.

Section 6(b). Dental Plans

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

Section 7. Vision Plans

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

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 8. Federal or State Health Requirements Patient Protection and Affordable Care Act (the "PPACA")

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

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, 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).

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.

ARTICLE TWENTY-SIX
RETIREMENT PLAN

TO BE DETERMINED

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

A. HOURLY EMPLOYEE SAVINGS PLAN PLUS

1. The Lockheed Martin Corporation Hourly Employee Savings Plan Plus (the Plan or HSP) agreed to between the Company and the Union, as described in this Article, shall remain in force for the duration of this Agreement.
2. The Company shall have the responsibility for the administration of the Lockheed Martin Corporation Hourly Employee Savings Plan Plus.
3. No matter respecting the Lockheed Martin Corporation Hourly Employee Savings Plan Plus or any differences arising thereunder shall be subject to the Grievance Procedure established in this Agreement.
4. Government Approvals: The Lockheed Martin Corporation Hourly Employee Savings Plan Plus as agreed to between the Company and the Union shall be contingent upon approval by the Internal Revenue Service and its compliance with all applicable provisions of the Employee Retirement Income Security Act of 1974 (ERISA), subsequent amendments, and any other laws affecting qualified retirement plans and the regulations and orders issued pursuant to such laws. The Company shall make whatever amendments or changes to the Plan and its operation necessary to assure continued compliance with the law and continuation as a tax qualified plan.
5. The terms of the Plan are summarized in a separate Summary Plan Description. Copies of this Summary Plan Description will be furnished to the Union and to each employee eligible for the Plan.
6. ~~Effective 20 April 2009 the Plan will be amended to eliminate the requirement to complete at least six months of service with the Company. These changes will be effective as soon as administratively feasible after the ratification of the Agreement.~~ **All employees who are (or become) eligible to make contributions to the Plan may elect may contribute as the following follows:**

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a. Employee Basic (Matched) Contributions

Employees may elect to contribute up to ~~\$59~~ \$61 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

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.

amendments, and any other laws affecting qualified retirement plans and the regulations and orders issued pursuant to such laws. The Company shall make whatever amendments or changes to the Plan and its operation necessary to assure continued compliance with the law and continuation as a tax qualified plan.

5. For each employee hired on or after 10 April 2006, the Company will make a quarterly contribution of \$40.00.
6. The terms of the Plan are summarized in a separate Summary Plan Description. Copies of this Summary Plan Description will be furnished to the Union and to each employee eligible for the Plan.

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

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

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

Base pay shall include an employee's straight time base hourly rate (excluding any COLA float, shift bonus, lead pay, set-up pay, field rate, or other per hour additives) multiplied by the employee's regular straight time hours worked plus pay for holidays, pay while on vacation or sick leave, jury duty pay or bereavement leave pay. Base pay does not include overtime, bonuses, lump sum COLA payments, ratification bonuses, payments in lieu of vacation or sick leave, or any other payment made by the Company.

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

APPENDIX B

PART 1

RETIREMENT PLAN FOR HOURLY EMPLOYEES

TO BE DETERMINED

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.

APPENDIX B
PART 2
ACTIVE EMPLOYMENT AFTER THE ATTAINMENT OF AGE 65

TO BE DETERMINED

APPENDIX C
GROUP INSURANCE AND HEALTH EXPENSE CARE BENEFITS

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

APPENDIX C-1--LIFE, ACCIDENTAL DEATH AND DISMEMBERMENT,
MEDICAL, AND DISABILITY

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

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

Basic Life Insurance	\$34,000 \$35,000	Company Paid
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The amount of basic life insurance is subject to disability payment in the event of total and permanent disability prior to age 60.

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.

Retirement Life Insurance

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

Group Universal Life Insurance (GUL)

Employee may choose from one (1) to six (6) times annual base pay

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

Proof of Insurability required for:

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

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

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

Dependent Optional Term Life (DOTL) Insurance

Employee may elect coverage for spouse— one (1), two (2), or three (3) times employee's annual base pay. Spouse is required to provide Proof of Insurability (POI) if **they** elect three times **the** employee's 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 aAgreement 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 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.

B. ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE:
Amount of Accidental Death and Dismemberment Insurance:

Effective 1 January ~~2013~~ **2017**: ~~\$34,000~~ **\$35,000**

C. ELIGIBILITY FOR GROUP INSURANCE AND MEDICAL PLAN COVERAGE: ~~New hires will be eligible for coverage on their hire date. on or after 20 April 2009 are required to complete ninety (90) days of continuous service before being~~ **As soon as administratively practicable, all employees (including employees within their 90-day waiting period) are eligible for coverage under the Group Life Insurance, Accidental Death and Dismemberment Insurance, and Medical Plan Coverage. The 90-day waiting period only applies to new hires. For purposes of this Appendix, new hires are defined as anyone who has not been previously employed by any element of the Lockheed Martin Corporation.**

D. **Effective 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 2013 2017, as provided for in Article Twenty-Five, Section 5(a) LM HealthWorks Plan, the Company will offer the non-represented Corporate-wide LM HealthWorks Plan on an identical plan design basis. ~~– a Lockheed Martin Preferred Provider Organization (PPO) plan.~~**

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 January 1 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 1 January 2013~~ **11 July 2016**, as provided for in Article Twenty-Five, **Section 5(d) Point of Service (POS) – Patuxent River Only**, the Company will offer the Lockheed Martin Point of Service (POS) plan **only in Patuxent River, 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 2013~~ **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:

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.

If an employee elects the LM *HealthWorks* Plan, the Company will pay ~~87%~~ **90%** of the cost of the LM *HealthWorks* Plan. The Employee will contribute ~~13%~~ **10%** of the cost of the LM *HealthWorks* Plan.

If an employee elects the HMO, the Company will pay ~~87%~~ **80%** of the cost of the HMO and the employee will contribute ~~13%~~ **20%** of the cost of the HMO.

If an employee elects the POS – **Patuxent River only**, the Company will pay ~~85%~~ **80%** of the cost of the POS and the employee will contribute ~~15%~~ **20%** of the cost of the POS.

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

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

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

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

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

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

G. WEEKLY DISABILITY BENEFITS:

~~Effective 1 January 2013, t~~The weekly disability benefit will be 55% of base weekly wages not to exceed \$340 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

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.

who have five (5) years of continuous service or Disability Retirement under age 55 with ten (10) years of continuous service (as defined in ~~Section Paragraph~~ **Paragraph H, paragraph sub-section 3** below) may elect to have coverage under the LM *HealthWorks* Retiree Plan, **LM Essentials Retiree Plan**, Point of Service Plan (**Patuxent River Only effective 1 January 2017**) or continued coverage under a Lockheed Martin offered HMO which provides for retiree coverage.

- b. Subject to limitations in ~~Section Paragraph~~ **Paragraph H, paragraph 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 ~~Section Paragraph~~ **Paragraph H, paragraph sub-section 3** below), may elect to have coverage under the LM *HealthWorks* Retiree Plan, **LM Essentials Retiree Plan**, Point of Service Plan (**Patuxent River Only effective 1 January 2017**) or continued coverage under a Lockheed Martin offered HMO which provides for retiree coverage.
- c. Subject to limitations in ~~Section Paragraph~~ **Paragraph H, paragraph 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 (**Patuxent River Only effective 1 January 2017**) or continued coverage under a Lockheed Martin offered HMO which provides for retiree coverage.
- d. Except as provided in ~~Section Paragraph~~ **Paragraph H, paragraph 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, ~~Section 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. ~~As shown in~~ **Refer to** the table below. The retiree cost sharing percentages apply for the total monthly cost for the pre-age 65 medical benefits plan under which the retiree is covered to a maximum of ~~\$441.00~~ **\$454.50**

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.

(i.e. 90% of a total monthly cost of ~~\$490.00~~ **\$505.00**) for single coverage, or ~~\$882.00~~ **\$909.00** (i.e. 90% of a total monthly cost of ~~\$980.00~~ **\$1,010.00**) 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 ~~Section Paragraph H, paragraph section~~ **Section Paragraph H, paragraph 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.

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.

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

The terms of the LM HealthWorks Retiree Plan and Point of Service **(Patuxent River Only effective 1 January 2017)** 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 ~~expand~~ **introduce or change** health care options for **pre-65 non-represented retirees** during the term of this Agreement **and after its expiration**, such options ~~will~~ **may, at the Company's discretion**, be extended to

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individuals covered by this Agreement on an identical design basis with the same pre-65 non-represented retiree contributions.

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 Retiree Plan, 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).

I. MEDICAL COVERAGE FOR RETIREES ELIGIBLE FOR MEDICARE

- A. Except as provided in ~~Section Paragraph I~~, paragraph 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.

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.

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**.

D. Subject to limitations described above in **Section Paragraph I, paragraph 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 ~~2013~~ **2017**, only for employees retiring on or after the first day of this Agreement, the flat monthly contribution will be:

Single	Family
\$30 \$50	\$60 \$100

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 aAgreement except for legally required changes or any mutually agreed to changes. Copies of this Summary Plan

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.

Description will be furnished to the Union and to each employee eligible for the Plan.

~~Effective 1 January 2010,~~ †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
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

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.

	MEDICARE ELIGIBLE RETIREE MEDICAL PLAN (MERMP)
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
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

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.

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.

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 MERMP plan design, 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).

- E. 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 \$1,800 annually (\$150 per month) per enrolled retiree and \$1,800 annually (\$150 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

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option(s) at the time of retirement commencement or when the retiree and/or spouse turns age 65.

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 (Patuxent River Only effective 1 January 2017)** 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 ~~Section~~ **Paragraph J. paragraph section 1.** may delay enrollment in a plan if they are covered under another group health care plan. ~~The 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).**

F. Active Medical coverage is not required at time of retirement in order to begin or delay coverage in a retiree medical plan.

K. CONTINUATION OF BENEFITS DUE TO DEATH:

1.
 - a. In the event of the death of an active employee ~~on or after 20 April 2009~~, 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 ~~Section~~ **Paragraph K, paragraph 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.

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2. In the event of the death of a retiree ~~on or after 10 April 2000~~, coverage for the surviving spouse and/or dependent children will continue as long as they remain eligible or until the surviving spouse remarries.

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

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

**APPENDIX C-2
DENTAL PLAN**

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

~~ELIGIBILITY: New hires on or after 20 April 2009 are required to complete 90 days of continuous service before being~~ **will be eligible for coverage on date of hire. As soon as administratively practicable, all employees (including employees within their 90 day waiting period) are eligible for coverage under a Dental Plan. The 90 day waiting period only applies to new hires. For purposes of this Appendix, new hires are defined as anyone who has not been previously employed by any element of the Lockheed Martin Corporation.**

~~This Appendix C-2 is changed to~~ reflects the **current** Comprehensive Dental Plan and the Comprehensive Plus Dental Plan ~~effective 1 January 2010.~~

~~Effective 1 January 2010~~

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	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

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.

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

~~APPENDIX C-3~~
~~PRESCRIPTION DRUG PLAN~~

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

~~APPENDIX C-4 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 on or after 20 April 2009 are required to complete 90 days continuous service to be being **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. The 90 day waiting period only applies to new hires. For purposes of this Appendix, new hires are defined as anyone who has not been previously employed by any element of the Lockheed Martin Corporation.**~~

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

~~Effective 1 January 2004 tThe following schedule is applicable.~~

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

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.

SPECIAL ACCIDENT PLAN - Optional		
\$100,000	\$50,000	\$50,000
\$200,000	\$100,000	
\$300,000	\$150,000	
\$400,000	\$200,000	
\$500,000	\$250,000	
<p>(1) Salary limit of 10 times annual pay if amount above \$300,000 is desired.</p> <p>(2) Employee must be enrolled in order to elect spouse and/or child coverage.</p> <p>(3) If more than one child is covered, the employee only pays for the cost of one child --- but all children are covered for the same amount of insurance selected by the employee. Different amounts for children are not permitted.</p>		

During ~~2012~~ **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-5
HEARING AID BENEFIT PLAN

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

APPENDIX C-6 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 plans~~ **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.

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.

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

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

OVERVIEW:

VISION 24	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	Up to \$85 Covered in full after a \$20 copay	Elective	Up to \$65
• Medically necessary*			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 aAgreement 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.

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.

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-7 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 on or after 20 April 2009 are required to complete 90 days of service.~~ **will be eligible for coverage on date of hire. As soon as administratively practicable, all employees (including employees within their 90-day waiting period) are eligible for**

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

participation. ~~The 90 day waiting period only applies to new hires. For purposes of this Appendix, new hires are defined as anyone who has not been previously employed by any element of the Lockheed Martin Corporation.~~

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

BENEFIT:

Health Care Spending Account (HCSA)

Annual Contribution Elections

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

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.

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: ➤ 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.

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.