

**LOCKHEED MARTIN**



**LAST, BEST AND FINAL**

**COMPREHENSIVE PROPOSAL TO CONCLUDE**

**2018 NEGOTIATIONS**

between  
**LOCKHEED MARTIN AEROPARTS, INC.**  
Johnstown, Pennsylvania

**AND**

**INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE  
WORKERS, AFL-CIO**  
Local Lodge 2171  
District 98

**SUBMITTED May 16, 2018**

**The provisions of both the Economic and Non-Economic Proposals as contained herein are contingent upon written confirmation of acceptance of the package in its entirety by 6:00 p.m. Eastern on Friday, May 18, 2018.**

**Period of Agreement: May 20, 2018 through September 22, 2023**

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.

## APPENDIX "A"

### JOB CLASSIFICATION SECTION

LABOR GRADES - The following classifications shall be assigned to the following Labor Grades:

<u>Job Classification</u>	<u>Labor Grade</u>
Computer-Aided Machining (CAM) Offline Programmer	7
Inspector A	6
Inspector B	5
Inspector C	4
Nondestructive Testing Level II, Tech B	7
Machinist-Six	6
Machinist-Five	5
Machinist-Four	4
Fabrication Welder-Six	6
Fabrication Welder-Five	5
Fabrication Welder-Four	4
Maintenance Mechanic	6
Painter	5
Structural Assembler-Five	5
Structural Assembler-Four	4
Structural Assembler-Three	3
Paint Prep/Chemical Film Operator	4
Production Associate	4
Tool Crib Attendant	3
General Laborer	2
<b>Composite Assembler – Five</b>	<b>5</b>
<b>Composite Assembler – Four</b>	<b>4</b>
<b>Composite Assembler – Three</b>	<b>3</b>

WAGES

SECTION ONE

BA) Effective on the dates immediately below, the base rate of pay for each employee and the labor grade minimums and maximums shall be increased as provided below:

- Monday, May 28, 2018 – 3.0%
- Monday, May 20, 2019 – 2.5%
- Monday, May 18, 2020 – 2.5%
- Monday, May 17, 2021 – 2.5%
- Monday, May 16, 2022 – 3.0%

CB) Automatic Rate Progression

All employees who are not at the maximum rate of their classification shall receive an additional **twenty** cents (**\$0.20**) per hour effective the first Monday of each August, December, and April of each year of this agreement.

SECTION TWO

**Minimums and maximums for labor grades are established as follows:**

	<u>Effective May 28, 2018</u>	
LABOR GRADE	MINIMUM	MAXIMUM
1	\$11.57	\$17.59
2	\$12.40	\$18.48
3	\$14.28	\$20.62
4	\$16.93	\$23.78
5	\$17.78	\$25.11
6	\$18.80	\$26.04
7	\$19.53	\$27.08

	<u>Effective May 20, 2019</u>	
LABOR GRADE	MINIMUM	MAXIMUM
1	\$11.86	\$18.03
2	\$12.71	\$18.94
3	\$14.64	\$21.14
4	\$17.35	\$24.37
5	\$18.22	\$25.74
6	\$19.27	\$26.69
7	\$20.02	\$27.76

	<u>Effective May 18, 2020</u>	
LABOR GRADE	MINIMUM	MAXIMUM
1	\$12.16	\$18.48
2	\$13.03	\$19.41

3	\$15.01	\$21.67
4	\$17.78	\$24.98
5	\$18.68	\$26.38
6	\$19.75	\$27.36
7	\$20.52	\$28.45

Effective May 17, 2021

LABOR GRADE	MINIMUM	MAXIMUM
1	\$12.46	\$18.94
2	\$13.36	\$19.90
3	\$15.39	\$22.21
4	\$18.22	\$25.60
5	\$19.15	\$27.04
6	\$20.24	\$28.04
7	\$21.03	\$29.16

Effective May 16, 2022

LABOR GRADE	MINIMUM	MAXIMUM
1	\$12.83	\$19.51
2	\$13.76	\$20.50
3	\$15.85	\$22.88
4	\$18.77	\$26.37
5	\$19.72	\$27.85
6	\$20.85	\$28.88
7	\$21.66	\$30.03

SECTION THREE

Shift differential shall be \$0.60/hour in addition to employee base rate.

SECTION FOUR

**A) By December 14, 2018, each employee who was on the active payroll or on an authorized leave of absence of less than three (3) months on December 3, 2018 shall receive a supplemental wage payment of six hundred dollars (\$600).**

**B) By December 13, 2019, each employee who was on the active payroll or on an authorized leave of absence of less than three (3) months on December 2, 2019 shall receive a supplemental wage payment of six hundred dollars (\$600).**

**C) By December 11, 2020, each employee who was on the active payroll or on an authorized leave of absence of less than three (3) months on November 30, 2020 shall receive a supplemental wage payment of six hundred dollars (\$600).**

**D) By December 10, 2021, each employee who was on the active payroll or on an authorized leave of absence of less than three (3) months on November 29, 2021 shall receive a supplemental wage payment of six hundred dollars (\$600).**



**E) By December 9, 2022, each employee who was on the active payroll or on an authorized leave of absence less than three (3) months on November 28, 2022 shall receive a supplemental wage payment of six hundred dollars (\$600).**

**The supplemental wage payment above may be deferred in three hundred dollar (\$300) increments, without Company matching contribution, to the Hourly Employee Savings Plan Plus (401K) and/or the Health Savings Account (HSA) upon completion of the appropriate election form that is available at the Human Resources office. In order to elect to defer the bonus, the completed election form must be returned to the Human Resources office by November 15<sup>th</sup> of each year.**

## SECTION FIVE

**If this agreement is ratified by Friday, May 18, 2018 without any interruption of the Company's operations, a ratification bonus of four thousand two hundred dollars (\$4,200) will be paid to each employee on the active payroll or an approved leave of absence. Employees will receive this four thousand two hundred dollars (\$4,200) payment in their paycheck on June 22, 2018. In the event the Company proposal dated May 18, 2018 is not ratified by May 19, 2018, this ratification bonus offer is considered void.**

**The Ratification Bonus payment above may be deferred, without Company matching contribution, to the Hourly Employee Savings Plan Plus (401K) upon completion of the appropriate election form that is available at the Human Resources office. In order to elect to defer the bonus, the completed election form must be returned to the Human Resources office within fifteen (15) calendar days following ratification.**

## SECTION SIX

### MACHINIST PAY FOR KNOWLEDGE PROGRESSION

Progression within the machinist job family will be based on the following:

Machinist-Four: Employees placed in the Machinist-Four classification will meet the criteria for the classification as established by the Company.

Machinist-Five: To qualify for the Machinist-Five classification, an employee in the Machinist-Four classification will have 1) graduated from a state approved journeyman machinist program, or 2) received an associate degree in machine technology, or 3) received a machine shop technology certificate of completion with a minimum fifteen hundred (1500) hours training, or 4) has gained a minimum of thirty (30) months active work experience as a Lockheed Martin AeroParts machine shop employee at the Machinist-Four level.

Machinist-Six: Machinist-Five employees will be promoted to the Machinist-Six classification when they have gained three years active experience as a Lockheed Martin AeroParts machine shop employee at the Machinist-Five level. Machinist-Six classification employees will be expected to perform increasingly complex assignments on a variety of machine tools within the shop.

Progression within the machinist job family will be automatic based on meeting educational and experience requirements without regard to the number of employees in the three levels.

#### WELDER PAY FOR KNOWLEDGE PROGRESSION

Progression within the welder job family will be based on the following:

Welder-Four: Employees placed in the Welder-Four classification will meet the criteria for the classification as established by the Company.

Welder-Five: To qualify for the Welder-Five classification, an employee will have 1) graduated from a state approved journeyman welder program, or 2) received an associate degree in welding technology, or 3) received a welding technology certificate of completion with a minimum nine hundred (900) hours training.

Welder-Six: Welder-Five employees will be promoted to the Welder-Six classification when they have gained three years active experience as a Lockheed Martin AeroParts weld shop employee at the Welder-Five level.

Progression within the welder job family will be automatic based on meeting educational and experience requirements without regard to the number of employees in the three levels.

#### STRUCTURAL ASSEMBLER PAY FOR KNOWLEDGE PROGRESSION

Structural Assembler-Three: Employees placed in the Structural Assembler-Three Classification will meet the criteria for the classification as established by the Company.

Structural Assembler-Four: To qualify for the Structural Assembler-Four Classification, an employee will have A) an FAA Airframe Certification, or B) a minimum of five years of structural assembly or repair experience in the military, or C) gained two (2) years as a Lockheed Martin AeroParts, Inc. employee at the Structural Assembler-Three level.

Structural Assembler-Five: To qualify for the Structural Assembler-Five Classification, an employee will have A) an FAA Airframe Certification plus gained two (2) years as a Lockheed Martin AeroParts, Inc. employee at the Structural Assembler-Four level, or B) gained thirty (30) months as a Lockheed Martin AeroParts, Inc. employee at the Structural Assembler-Four level.

Progression within the assembler job family will be automatic based on meeting educational and experience requirements without regard to the number of employees in the three levels.

#### COMPOSITE ASSEMBLER PAYS FOR KNOWLEDGE PROGRESSION

**Composite Assembler-Three: Employees placed in the Composite Assembler-Three Classification will meet the criteria for the classification as established by the Company.**

**Composite Assembler-Four: To qualify for the Composite Assembler-Four Classification, an employee will have A) an FAA Airframe Certification, or B) a minimum of five (5) years**

**of composite assembly or repair experience in the military, or C) gained two (2) years as a Lockheed Martin AeroParts, Inc. employee at the Composite Assembler-Three level.**

**Composite Assembler-Five: To qualify for the Composite Assembler-Five Classification, an employee will have A) an FAA Airframe Certification plus gained two (2) years as a Lockheed Martin AeroParts, Inc. employee at the Composite Assembler-Four level, or B) gained thirty (30) months as a Lockheed Martin AeroParts, Inc. employee at the Composite Assembler-Four level.**

**Progression within the assembler job family will be automatic based on meeting educational and experience requirements without regard to the number of employees in the three levels.**

## APPENDIX "B"

### SAVINGS PLANS

#### HOURLY EMPLOYEE SAVINGS PLAN PLUS

Effective as soon as administratively practicable, all eligible employees may elect to contribute up to the maximum of ~~sixty-six sixty-seven sixty-eight~~ **seventy-four** dollars (~~\$66.00~~) (~~\$67.00~~) (~~\$68.00~~) (**\$74.00**) weekly in one dollar (\$1.00) increments. The Company will match employee weekly contributions into the plan at a fifty percent (50%) rate.

Employees may direct investment of the Company match between multiple investment fund options as provided for within the plan.

Additionally, employees ~~will be able to~~ **may contribute an unmatched amount not to exceed the IRS limits.** ~~up to an additional one hundred dollars (\$100.00) weekly in one dollar (\$1.00) increments in unmatched funds into their savings plan accounts.~~

#### HOURLY CAPITAL ACCUMULATION PLAN

A) Effective ~~July 1, 2014~~ **July 1, 2018**, a Company contribution of ~~three hundred and twenty five~~ **four hundred and ten four hundred and thirty five five hundred** dollars (~~\$325.00~~) (~~\$410.00~~) (~~\$435.00~~) (**\$500.00**) will be made to each employee's account for each quarter that the employee is actively at work. Funds will be immediately vested and subject to investment at the discretion of the employee into the same options available under the Hourly Employee Savings Plan Plus.

B) ~~Effective July 1, 2015~~ **July 1, 2019**, a Company contribution of ~~three hundred and fifty~~ **four hundred and fifteen** dollars (~~\$350.00~~) (~~\$415.00~~) will be made to each employee's account for each quarter that the employee is actively at work. Funds will be ~~immediately vested and subject to investment at the discretion of the employee into the same options available under the Hourly Employee Savings Plan Plus.~~

C) ~~Effective July 1, 2016~~ **July 1, 2020**, a Company contribution of ~~three hundred and seventy five~~ **four hundred and twenty** dollars (~~\$375.00~~) (~~\$420.00~~) will be made to each employee's account for each quarter that the employee is actively at work. Funds will be ~~immediately vested and subject to investment at the discretion of the employee into the same options available under the Hourly Employee Savings Plan Plus.~~

D) ~~Effective July 1, 2017~~ **July 1, 2021**, a Company contribution of ~~four hundred~~ **four hundred and twenty five** dollars (~~\$400.00~~) (~~\$425.00~~) will be made to each employee's account for each quarter that the employee is actively at work. Funds will be ~~immediately vested and subject to investment at the discretion of the employee into the same options available under the Hourly Employee Savings Plan Plus.~~

## APPENDIX "C"

### GROUP INSURANCE PLANS

The Company agrees to provide insurance coverage as indicated to employees covered by this Agreement. The terms of these Plans, which shall be the governing document, will be summarized in a separate summary plan description (SPD). This Appendix "C" replaces in ~~their~~ **its** entirety the Group Insurance Plans provisions contained in Appendix "C" of the May 21 17, 2011 2014 labor agreement, as well as any other agreement. The Group Insurance Plans provisions contained in Appendix "C" of the May 21 17, 2011 2014 labor agreement shall remain in full force through December 31, 2014 2018, except as may be modified herein.

The following revisions will be effective on January 1, 2015 2019 **unless otherwise noted below**. ~~In the event an employee is absent from work on the effective date of any revised group insurance benefit, the effective date of coverage will be deferred until the employee is considered to be actively at work.~~

#### EMPLOYEE CONTRIBUTIONS

~~Employees on the active payroll will contribute to their medical plan at the weekly rates indicated below. Weekly payroll deductions may be pre-tax dollars.~~

<u>LM HealthWorks Plan (LMHW)</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
EMPLOYEE	8%	8%	8%	10%
	<del>of the cost of the plan selected</del>			
EMPLOYEE PLUS ONE	8%	8%	8%	10%
	<del>of the cost of the plan selected</del>			
EMPLOYEE PLUS TWO OR MORE	8%	8%	8%	10%
	<del>of the cost of the plan selected</del>			
 <u>HMO Medical Plan</u>				
EMPLOYEE	8%	8%	8%	10%
	<del>of the cost of the plan selected</del>			
EMPLOYEE PLUS ONE	8%	8%	8%	10%
	<del>of the cost of the plan selected</del>			
EMPLOYEE PLUS TWO OR MORE	8%	8%	8%	10%
	<del>of the cost of the plan selected</del>			

~~The Company will continue to pay 92% of the cost of the LMHW or HMO medical plans until December 31, 2017. The employee will contribute 8% of the cost of the LMHW or HMO medical plans until December 31, 2017.~~

~~Employees may annually change medical plan options or elect to decline coverage at the time of benefit open enrollment. Employees with other available healthcare who elect to~~



~~decline coverage will be paid a weekly opt-out credit of \$11.54 provided that the employee is not covered as a dependent under another Company sponsored medical plan.~~

## MEDICAL PLANS

### *LM HealthWorks Plan (LMHW)*

~~Effective January 1, 2015, the 2014 Corporate-wide LM HealthWorks Plan will be offered to all individuals of the bargaining unit. During the life of the agreement, and after its expiration, there will be no changes to the co-insurance, the calendar year deductible amounts, the calendar year out-of-pocket maximum, medical plan or the prescription drug formula.~~

### Health Maintenance Organization Plan (HMO)

The UPMC of PA HMO will ~~continue to~~ be available where it is currently offered to all bargaining unit employees in Pennsylvania **hired prior to May 19, 2018.** and will continue through the length of the collective bargaining agreement. ~~Should the UPMC of PA HMO no longer be available as a medical coverage option for employees, the Company will make an attempt to secure a HMO option comparable to the plan offering being discontinued. All offered HMO Plan(s) will be a plan filed with the State and will meet the corporate standards for quality and coverage. The specific terms and provisions of the Plan shall be determined by the Insurance Carrier. If a comparable HMO is not available, the Company will make an attempt to secure another Health Insurance Plan option comparable to the plan offering that is being discontinued.~~

**The Company will pay 90% of the premium cost of the medical plan selected. The employee will contribute 10% of the premium cost. Effective January 1, 2019, the Company will pay 92% of the premium cost of the medical plan selected. The employee will contribute 8% of the premium cost.**

### *LM HealthWorks Plan*

**Effective May 19, 2018 the LM HealthWorks Plan is the only offered medical plan to employees hired or rehired on or after May 19, 2018. The LM HealthWorks medical plan currently offered as an option for all employees will be discontinued and no longer available as an option after December 31, 2018. The weekly contribution formula in effect prior to the effective date of the Agreement will remain in effect through December 31, 2018. Balances remaining in the LM Health Fund will be converted to a limited purpose Health Reimbursement Account.**

### High Deductible Health Plans

**Effective January 1, 2019, the Corporate-wide High Deductible Health Plans (HDHP) will be offered to employees on the "same basis as" offered to non-bargaining unit employees. For employees hired or rehired on or after May 19, 2018, the High Deductible Health Plans will be the only options available.**

**The Company will pay ~~90%~~ 92% of the premium cost of the medical plan selected. The employee will contribute ~~10%~~ 8% of the premium cost.**

**Employees enrolled in a High Deductible Health Plan as of January 1, 2019 will receive a one-time Company contribution to a Health Savings Account (HSA) upon initial enrollment. The contribution for employee-only coverage is \$500 \$1,000. The contribution for employee plus one or more coverage is \$1,000 \$2,000.**

**Employees enrolled in a High Deductible Health Plan as of January 1, 2020 will receive a one-time Company contribution to a Health Savings Account (HSA) upon initial enrollment. The contribution for employee-only coverage is \$250. The contribution for employee plus one or more coverage is \$500.**

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

#### **Medical Opt-Out Credit**

~~Employees may annually change medical plan options or elect to decline coverage at the time of benefit open enrollment. Employees with other available healthcare who elect to decline coverage will be paid a weekly opt-out credit of \$11.54 provided that the employee is not covered as a dependent under another Company-sponsored medical plan. Any employee who chooses to opt-out of medical coverage provided for under this Agreement shall receive a medical opt-out credit of \$11.54 per week. To be eligible for an opt-out credit, employees are required to certify, on an annual basis, that they have medical coverage elsewhere. Employees are ineligible for an opt-out credit if the employee is covered as a dependent under another Company-sponsored medical plan. Part-time employees are not eligible for an opt-out credit.~~

~~Should the Company expand health care options during the term of this agreement; such options will be extended to individuals covered by this agreement on an identical design basis.~~

~~It is the intent of both the Company and Union that none of the benefits provided in connection with the aforementioned health insurance benefits (e.g. medical, health care spending accounts) 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”). Accordingly, in order to avoid such a tax and in keeping with the intent of the parties, the Company reserves the right, both during the term of this Agreement and after its expiration, to amend, modify and/or alter the health insurance benefits provided above solely for the purpose of avoiding implementation of a High Cost Coverage Excise Tax pursuant to PPACA.~~

#### DENTAL PLAN

~~Employees will have the "Comprehensive Dental Plan" provided to them and their families at Company expense. The "Comprehensive Plus Dental Plan" will continue to be available to employees that elect to pay the difference in plan costs. Effective January~~

~~01, 2015, include dental implants into the Comprehensive and Comprehensive Plus Dental Plan Designs.~~

**The Comprehensive Dental Plan and Comprehensive Plus Dental Plan currently offered as options for all employees will be discontinued and no longer available as options after December 31, 2018. The current weekly contribution formula in effect immediately prior to the effective date of the Agreement shall remain in effect through December 31, 2018.**

**Effective January 1, 2019, the Dental Plan Core, Dental Plan Enhanced and Dental Plan HMO (where available) will be offered to employees on the “same basis as” offered to non-bargaining unit employees.**

**Effective January 1, 2019, the Company will pay 100% of the premium cost of the Dental Plan Core or the Dental Plan HMO, if selected. If the employee selects Dental Plan Enhanced, the employee is responsible for any additional premium costs between the selected plan and the Dental Plan Core.**

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

Employees may annually change dental plan options or elect to decline coverage at the time of benefit open enrollment.

#### VISION PLAN

~~The Company will offer to 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 Plan exceeds the company contribution for the Vision 24 Plan. The cost of the Vision 24 and Vision 12 Plans shall be established annually as of 1 January of each year of the Agreement based on past and estimated future experience as determined in accordance with accepted actuarial principles. This cost shall be applicable for the ensuing twelve (12) months until the next annual review.~~

**The Vision 24 and the Vision 12 Plan currently offered as options for all employees will be discontinued and no longer available as options after December 31, 2018. The current weekly contribution formula in effect immediately prior to the effective date of the Agreement shall remain in effect through December 31, 2108.**

**Effective January 1, 2019, the Vision Core and the Vision Plan Enhanced will be offered to employees on the “same basis as” offered to non-bargaining unit employees.**



Effective January 1, 2019, the Company will pay 100% of the premium cost of the Vision Plan Core. If the employee selects Vision Plan Enhanced, the employee is responsible for any additional premium costs between the selected plan and the Vision Plan Core.

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

#### HEALTH INSURANCE CONTINUATION

Continuation of health benefits (medical-dental-vision plans, as appropriate) will be offered as described in the Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985 (the “Act”) to those employees and dependents who lose coverage as a result of a ‘qualifying event’ as defined by the Act. The full cost of such coverage continuation plus applicable administration fees will be paid by the employee or dependent(s).

If laid off, active medical coverage for employee and eligible dependents will continue until end of the month of the date of the layoff at no cost to the employee. The length of time medical coverage is continued as a result of layoff will be included as part of the total length of time coverage may be continued under the Act or Insurance Continuation (as applicable).

#### ACCIDENT AND SICKNESS (Short Term Disability) SHORT TERM DISABILITY

~~Employee Accident and Sickness~~ The Company provides short term disability coverage insurance with a weekly benefit of three hundred and fifty dollars (\$350.00) per week. For leaves commencing on or after July 1, 2018, the Company will provide weekly benefit of ~~three hundred and sixty~~ ~~three hundred and seventy~~ three hundred ninety dollars ~~(\$360.00)~~ ~~(\$370.00)~~ ~~(\$390.00)~~ per week. ~~will be provided at Company expense.~~ In addition to the company provided benefit, there will be a one hundred dollar (\$100) employee optional benefit. Employees electing to purchase the optional benefit will do so by weekly payroll deduction. ~~Weekly benefits may be paid up to 26 weeks provided the disability begins while insured, the employee is under the care of a physician and continues to be disabled as determined by the Short Term Disability carrier.~~

#### LIFE INSURANCE

The Company provides Employee basic life insurance. ~~will be provided at Company expense.~~ All employees receive Basic Life Insurance coverage of ~~The benefit will be increased to thirty-eight thousand dollars (\$38,000).~~ Effective January 1, 2019, the amount will increase to ~~thirty-nine~~ forty-three thousand dollars ~~(\$39,000)~~ ~~(\$40,000)~~ ~~(\$43,000)~~ for employees who are actively at work on or after January 1, 2019.

#### ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE (AD&D)

The Company provides AD&D Insurance. ~~will be provided at Company expense. All employees receive AD&D insurance coverage of The benefit will be increased to thirty-eight thousand dollars (\$38,000). Effective January 1, 2019, the amount will increase to thirty-nine~~ **forty-three thousand dollars (\$40,000) (\$43,000) for employees who are actively at work on or after January 1, 2019.**

#### **BUSINESS TRAVEL ACCIDENT PLAN**

**The Lockheed Martin Business Travel Accident Plan will automatically be extended to employees covered by this Agreement on a “same basis as” plan design as offered to non-bargaining unit employees. This change will be made as soon as administratively practicable.**

#### **EMPLOYEE-PAID OPTIONAL INSURANCES**

**Group Universal Life (GUL) Insurance. ~~An optional~~ The Company offers Group Universal Life (GUL) Plan Insurance. The employee pays 100% of the cost. Effective January 1, 2019, employees may elect coverage options of one (1) times , paying up to six ~~(6)~~ **eight (8) times the employee's Annual Base Pay, will be offered as an employee-paid option.****

**~~Additionally, under the Group Life Plan, Dependent Optional Life and Special Accident (Employee and Family) insurances will be offered as employee-paid options. Summaries of these plans have been reviewed between the parties. For coverage effective January 1, 2019, employees will be granted a one-time Group Universal Life Insurance special enrollment during the 2019 Annual Enrollment period. During this period, employees may enroll or increase one level up to the plan maximum in the Group Universal Life Insurance plan for the year beginning January 1, 2019 without providing Proof of Insurability (POI). Employees must be actively at work on or after January 1, 2019 for any coverage increase to be effective~~**

**Dependent Optional Term Life (DOTL) Insurance. The Company offers Dependent Optional Term Life (DOTL) Insurance. The employee pays 100% of the cost.**

**A. Spouse. An employee may elect coverage for a spouse at coverage levels equal to one (1x), two (2x), or three (3x) times employee's Annual Base Pay. The spouse is required to provide Proof of Insurability (POI) if electing three (3x) times the employee's annual base pay or if the employee enrolls the spouse after thirty (30) days of the employee's or the spouse's first day of eligibility.**

**B. Dependent Children. An employee may elect coverage for any eligible dependent child(ren) at coverage levels of \$5,000, \$10,000 or \$25,000.**

**Special Accident Insurance. The Company offers Special Accident Insurance. The employee pays 100% of the cost.**

**A. Self. An employee may elect coverage with options of \$25,000, \$50,000, \$100,000, \$200,000, \$300,000, \$400,000, or \$500,000. Amounts in excess of \$300,000 cannot exceed (10x) times Annual Base Pay.**

**B. Spouse. An employee may elect coverage for a spouse with options of \$10,000, \$25,000, \$50,000, \$100,000, \$150,000, \$200,000 or \$250,000.**

**C. Dependent Child(ren).** An employee may elect coverage for eligible dependent child(ren) in the amounts of \$10,000, \$25,000 or \$50,000.

**VOLUNTARY SUPPLEMENTAL INSURANCE**

Effective January 1, 2019, voluntary supplemental insurance will be offered to employees on the “same basis as” offered to non-bargaining unit employees. The employee pays 100% of the cost.

Offerings include Voluntary Accident, Voluntary Hospital Indemnity and Voluntary Critical Illness.

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

**HEALTH CARE AND DEPENDENT CARE FLEXIBLE SPENDING ACCOUNTS**

~~Employees will be able to designate weekly pre-tax deductions from their pay for either or both Health Care or Dependent Care Spending Accounts. These monies can then be used to pay for appropriate reimbursable expenses under the terms of the respective plans. The Company offers access to the following Flexible Spending Accounts which may be used to pay for eligible expenses using pre-tax dollars. Flexible Spending Accounts are governed by IRS regulations and are subject to change.~~

~~Effective January 1, 2018, the Health Care Spending Account (HCSA) will be eliminated based on the implementation of the High Cost Coverage Excise Tax.~~

**Health Care Spending Account (HCSA).** The minimum calendar year contribution is \$100.

**Dependent Care Spending Account (DCSA).** The minimum calendar year contribution is \$100.

**GENERAL PROVISIONS**

- A. New Hires** are eligible for benefits on date of hire. The benefit offerings and current weekly contribution formula in effect immediately prior to the effective date of this Agreement shall remain in effect through December 31, 2018.
- B. NEW HIRES.** For new hires on or after May 19, 2018, the chart below outlines the default coverages which will become effective retroactively to the hire date if no active election has been made for medical, dental, or vision during benefits enrollment.

<b>Plan</b>	<b>2018 Default Coverage</b>	<b>2019+ Default Coverage</b>
<b>Medical</b>	<i>LM HealthWorks</i> - Employee Only Coverage	<b>Broad Network 1</b> - Employee Only Coverage

<b>Dental</b>	<b>Comprehensive Dental Plan – Employee Only Coverage</b>	<b>Dental Plan Core – Employee Only Coverage</b>
<b>Vision</b>	<b>Vision 24 Plan – Employee Only Coverage</b>	<b>Vision Plan Core – Employee Only Coverage</b>

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

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

**E.**

<b>Current Plan</b>	<b>Annual Enrollment Default</b>
<b>Medical:</b>	<b>Medical:</b>
<b>No Coverage</b>	<b>No Coverage</b>
<b>High Deductible Health Plan</b>	<b>Same High Deductible Health Plan Same coverage level</b>
<b>HMO plan</b>	<b>Same HMO plan Same coverage level</b>
<b>Dental:</b>	<b>Dental:</b>
<b>No Coverage</b>	<b>No Coverage</b>
<b>Dental Plan Core</b>	<b>Dental Plan Core Same coverage level</b>
<b>Dental Plan Enhanced</b>	<b>Dental Plan Enhanced Same coverage level</b>
<b>Dental HMO (where available)</b>	<b>Dental HMO Same coverage level (where available)</b>
<b>Vision:</b>	<b>Vision:</b>
<b>No Coverage</b>	<b>No Coverage</b>

<b>Vision Plan Core</b>	<b>Vision Plan Core</b> <b>Same coverage level</b>
<b>Vision Plan Enhanced</b>	<b>Vision Plan Enhanced</b> <b>Same coverage level</b>

## **Attachment A**

### **Mutual Agreement Healthcare Legislation and Taxation**

**Recognizing the impending implementation of healthcare 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, healthcare 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”) or any other healthcare taxation legislation that may evolve over the life of this agreement.**

**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. In addition, in the event 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).**