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**LOCKHEED MARTIN**



**COMPREHENSIVE PROPOSAL**

**TO CONCLUDE**

**2014 NEGOTIATIONS**

**between**

**LOCKHEED MARTIN AERONAUTICS COMPANY  
Marietta, Georgia**

**and**

**INTERNATIONAL ASSOCIATION OF  
MACHINISTS AND AEROSPACE WORKERS  
Local Lodges 709, 1027, 2386**

**SUBMITTED FEBRUARY 18, 2014**

**Period of Agreement: March 3, 2014 through March 4, 2018**

**The provisions of both the Economic and Non-Economic Proposal as contained herein is contingent upon written confirmation of acceptance of the package in its entirety by 8:00 pm (EST) on Sunday, March 2, 2014.**

Except as specifically modified by this proposal, and items previously agreed upon by the parties during these negotiations, all terms and conditions of the existing Agreement, which is scheduled to expire March 2, 2014 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.

## Lockheed Martin Aeronautics Company - Marietta

### RATIFICATION BONUS

Provided the membership ratifies the contract on or before **March 2, 2014**, a **\$500** ratification bonus will be paid within sixty (60) days of ratification to each bargaining unit employee on the active payroll, on approved leave of absence of less than one year, or military leave as of **March 3, 2014**.

The entire ratification bonus may be deferred to the Hourly Savings Plan Plus (401K) upon completion of the appropriate form **within 15 days following ratification**. **Payment of the lump sum wage supplement is contingent upon written confirmation of the acceptance of the agreement by 8:00 pm (EST) on Sunday, March 2, 2014.**

# Lockheed Martin Aeronautics Company - Marietta

## ARTICLE VIII, SECTION 2

### WAGE PAYMENTS

#### FIRST YEAR

Within 60 calendar days of the ratification date, each employee on the active payroll, military leave or on approved leave of absence on such date, shall receive a Supplemental Wage Payment (SWP) in an amount equal to two percent (2%) of his/her bargaining unit compensation during the period of January 1, 2013 through December 31, 2013. This SWP will exclude compensation received under employee rewards and recognition programs, tuition assistance programs, grievance settlements and other lump sum payments. The SWP may be deferred to the Hourly Savings Plan (401K) upon completion of the appropriate form within 15 calendar days following ratification.

#### SECOND YEAR

On March 14, 2015, a general wage increase in the amount of ~~one percent (1.0%)~~ **one and one-half percent (1.5%)** will be effective for each bargaining unit employee on the active payroll, on approved leave of absence of less than one year, or military leave, who has completed the probationary period. The minimum and maximum for all GPR and non-GPR labor grades shall also be increased by ~~one percent (1.0%)~~ **one and one-half percent (1.5%)**.

#### THIRD YEAR

On March 12, 2016, a general wage increase in the amount of ~~one percent (1.0%)~~ **one and one-half percent (1.5%)** less than one year, or military leave, who has completed the probationary period. The minimum and maximum for all GPR and non-GPR labor grades shall also be increased by ~~one percent (1.0%)~~ **one and one-half percent (1.5%)**.

#### FOURTH YEAR

On March 11, 2017, a general wage increase in the amount of ~~one percent (1.0%)~~ **one and one-half percent (1.5%)** will be effective for each bargaining unit employee on the active payroll, on approved leave of absence of less than one year, or military leave, who has completed the probationary period. The minimum and maximum for all GPR and non-GPR labor grades shall also be increased by ~~one percent (1.0%)~~ **one and one-half percent (1.5%)**.

# Lockheed Martin Aeronautics Company - Marietta

## ARTICLE VIII – PAY RATES

### RATE RANGES For GPR Eligible Employees

Effective March 3, 2014  
Marietta

LABOR GRADE	FACTORY		OFFICE & TECHNICAL	
	<u>Current</u>	<u>March 3, 2014</u>	<u>Current</u>	<u>March 3, 2014</u>
18	37.20	37.20	37.20	37.20
17	36.21	36.21	36.19	36.19
16	35.78	35.78	35.51	35.51
15	35.31	35.31	34.97	34.97
14	34.95	34.95	33.19	33.19
13	34.59	34.59	32.98	32.98
12	34.28	34.28	32.69	32.69
11	34.09	34.09	32.51	32.51
10	33.10	33.10	32.32	32.32
9	32.90	32.90	32.10	32.10
8	32.64	32.64	31.91	31.91
7	32.52	32.52	30.88	30.88
6	30.58	30.58	30.58	30.58
5	30.44	30.44	30.44	30.44
4	30.34	30.34	30.34	30.34
3	30.26	30.26	30.26	30.26
2	30.09	30.09	30.09	30.09
1	29.90	29.90	29.90	29.90

NOTE: All individuals with bargaining unit rights on the active payroll, approved leave of absence or on layoff June 14, 1993 (when subsequently recalled) shall be eligible for a Guaranteed Personal Rate (GPR) while assigned to Labor Grades 1 thru 14 Factory and 1 thru 15 Technical and Office.

# Lockheed Martin Aeronautics Company - Marietta

## ARTICLE VIII – PAY RATES

### RATE RANGES for Non-GPR Employees

Effective March 3, 2014  
Marietta

LABOR GRADE	FACTORY		OFFICE & TECHNICAL	
	<u>Current</u>	<u>March 3, 2014</u>	<u>Current</u>	<u>March 3, 2014</u>
18	37.20	37.20	37.20	37.20
17	36.21	36.21	36.19	36.19
16	35.78	35.78	35.14	35.14
15	35.31	35.31	34.14	34.14
14	34.09	34.09	33.17	33.17
13	32.63	32.63	32.63	32.63
12	31.19	31.19	31.19	31.19
11	30.21	30.21	30.21	30.21
10	29.21	29.21	29.21	29.21
9	28.26	28.26	28.26	28.26
8	27.24	27.24	27.24	27.24
7	26.26	26.26	26.26	26.26
6	25.13	25.13	25.13	25.13
5	24.03	24.03	24.03	24.03
4	22.91	22.91	22.91	22.91
3	21.79	21.79	21.79	21.79
2	20.69	20.69	20.69	20.69
1	19.59	19.59	19.59	19.59

NOTE: These ranges are applicable only to employees hired or rehired after June 14, 1993.

# Lockheed Martin Aeronautics Company - Marietta

## ARTICLE VIII – PAY RATES

### JOB CLASSIFICATIONS AND RATE RANGES

Effective March 3, 2014

#### CLARKSBURG

LABOR GRADE	FACTORY GPR		FACTORY NON-GPR	
	<u>Current</u>	<u>March 3, 2014</u>	<u>Current</u>	<u>March 3, 2014</u>
C403	36.48	36.48	36.48	36.48
C353	36.21	36.21	36.21	36.21
C493	35.79	35.79	35.79	35.79
C363	34.97	34.97	34.13	34.13
C423	34.95	34.95	34.08	34.08
C413	34.28	34.28	31.19	31.19
C463	34.28	34.28	31.19	31.19
C383	32.52	32.52	26.26	26.26
C443	32.52	32.52	26.26	26.26
C453	32.52	32.52	26.26	26.26
C473	32.45	32.45	26.20	26.20
C483	19.58	19.58	19.58	19.58

GPR Range Note: These ranges are only applicable to those employees eligible for a Guaranteed Personal Rate (GPR) as defined by the agreement.

Non-GPR Range Note: These ranges are applicable only to employees hired or rehired after June 14, 1993.

# Lockheed Martin Aeronautics Company - Marietta

## ARTICLE VIII – PAY RATES

### JOB CLASSIFICATIONS AND RATE RANGES

Effective March 3, 2014

#### MERIDIAN

LABOR GRADE	FACTORY GPR		FACTORY NON-GPR	
	<u>Current</u>	<u>March 3, 2014</u>	<u>Current</u>	<u>March 3, 2014</u>
L403	36.48	36.48	36.48	36.48
L353	36.21	36.21	36.21	36.21
L493	35.79	35.79	35.79	35.79
L363	34.97	34.97	34.13	34.13
L423	34.95	34.95	34.08	34.08
L413	34.28	34.28	31.19	31.19
L463	34.28	34.28	31.19	31.19
L383	32.52	32.52	26.26	26.26
L443	32.52	32.52	26.26	26.26
L453	32.52	32.52	26.26	26.26
L473	32.45	32.45	26.20	26.20
L483	19.58	19.58	19.58	19.58

GPR Range Note: These ranges are only applicable to those employees eligible for a Guaranteed Personal Rate (GPR) as defined by the agreement.

Non-GPR Range Note: These ranges are applicable only to employees hired or rehired after June 14, 1993.

# Lockheed Martin Aeronautics Company - Marietta

## ARTICLE VIII, SECTION 3

### COST-OF-LIVING ADJUSTMENT

- (1) In addition to the base rate of pay of each employee, a Cost-of-Living Adjustment shall be paid to each employee in accordance with the provisions of this section.
- (2) (a) Effective **January 3, 2015**, the current cumulative Cost-of-Living Adjustment payable on that date (including the amount effective on that date) shall be added to the GPR and non-GPR maximums and minimums of the rate ranges in Article VIII, Section 2.  
  
(b) Effective **January 2, 2016**, the difference between the current cumulative Cost-of-Living Adjustment, and such previous adjustment as set forth in subsection 2(a), if any, payable on that date (including the amount effective on that date) shall be added to the GPR and non-GPR maximums and minimums of the rate ranges in Article VIII, Section 2.

On each of the above dates, the employee's base rate will increase by the amount of Cost-of-Living Adjustment being received by that employee on that date.

**Employees hired or rehired on or after March 3, 2014 are not eligible for Cost-of-Living Adjustment. Effective January 3, 2016, all Cost-of-Living Adjustments provisions shall be discontinued.**

- (3) The Cost-of-Living Adjustment, if any, shall be determined in accordance with changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers, (CPI-W), (United States City Average – All Items, 1982-1984 = 100), revised by the Bureau of Labor Statistics based on the 1982-1984 Survey of Consumer expenditures, and published monthly by the Bureau of Labor Statistics, U.S. Department of Labor, and hereinafter referred to as the "Price Index."
- (4) During the period of Agreement, Cost-of-Living Adjustments shall be made at the following times:

<b>Effective Date of Adjustment - Pay Period Commencing on:</b>	<b>Based Upon Three-Month Average of the Price Indexes for:</b>
July 5, 2014	March 2014, April, May
October 4, 2014	June, July, August
January 3, 2015	September, October, November
April 4, 2015	December 2014, Jan 2015, Feb
July 4, 2015	March, April, May
October 3, 2015	June, July, August
January 2, 2016	September, October, November



## Lockheed Martin Aeronautics Company - Marietta

In determining the three-month average of the Indexes for each specified period, the computed average shall be rounded to the nearest 0.1 Index Point.

- (5) Effective the payroll period commencing on **July 5, 2014**, the Cost-of-Living Adjustment factor shall be determined in accordance with the following table:

Three-Month Average BLS Consumer <u>Price Index</u>	Cost-of-Living Adjustment <u>Factor</u>
<b>229.5 and below</b>	<b>0</b>
<b>229.6-229.8</b>	<b>\$.01 per hour</b>
<b>229.9-230.1</b>	<b>.02 per hour</b>
<b>230.2-230.4</b>	<b>.03 per hour</b>
<b>230.5-230.7</b>	<b>.04 per hour</b>
<b>230.8-231.0</b>	<b>.05 per hour</b>
<b>231.1-231.3</b>	<b>.06 per hour</b>
<b>231.4-231.6</b>	<b>.07 per hour</b>
<b>231.7-231.9</b>	<b>.08 per hour</b>
<b>232.0-232.2</b>	<b>.09 per hour</b>
<b>232.3-232.5</b>	<b>.10 per hour</b>

And so forth, with \$.01 adjustment for 0.3 point change in the Average Index for the appropriate date set forth in Paragraph (4) above.

- (6) **For eligible employees**, the amount of any Cost-of-Living Adjustment in effect at the time shall be included for all hours worked after the effective date of the adjustment and in computing overtime payments, vacation and sick leave payments, pay for unused sick and injury leave, military leave, holiday, jury duty, jury examination and witness payments, and for no other purpose.
- (7) In the event that the Bureau of Labor Statistics (BLS), United States Department of Labor, discontinues publication of the Price Index described in Paragraph (3) above, the Company and the Union shall enter into immediate negotiations to determine the appropriate index to be used. The purpose of these negotiations shall be to ensure that the payments to be made under this Article will be as intended by the parties and shall be no less than that which would have occurred had the Price Index been continued unchanged in its present form. In the event the parties are unable to agree within sixty (60) days of the discontinuance of the Price Index, this dispute shall be submitted to final and binding arbitration as provided for in the Agreement. The Cost-of-Living Adjustment, if any, shall be retroactive to the appropriate effective date.
- (8) In the event the Bureau of Labor Statistics does not issue the appropriate Price Indexes on or before the beginning of one of the pay periods referred to in Paragraph (4), any adjustment in the Cost-of-

## Lockheed Martin Aeronautics Company - Marietta

Living Adjustment required by such appropriate Indexes shall be effective at the beginning of the first pay period, **or as soon as administratively practicable**, after receipt of the Indexes.

- (9) No adjustment, retroactive or otherwise, shall be made due to any revision which may later be made in the published figures for the Price Index for any month or months specified in Paragraph (4).

# Lockheed Martin Aeronautics Company - Marietta

## ARTICLE VIII, SECTION 4

### SUPPLEMENTAL COST-OF-LIVING PAYMENTS

On or before **December 19, 2014**, a Supplemental Cost-of-Living Payment in the amount of **eight hundred dollars (\$800)** will be paid to each employee on the active payroll, on approved leave of absence for less than one year, or military leave on **December 6, 2014**.

On or before **December 18, 2015**, a Supplemental Cost-of-Living Payment in the amount of **eight hundred dollars (\$800)** will be paid to each employee on the active payroll, on approved leave of absence for less than one year, or military leave on **December 5, 2015**.

On or before **December 16, 2016**, a Supplemental Cost-of-Living Payment in the amount of **eight hundred dollars (\$800)** will be paid to each employee on the active payroll, on approved leave of absence for less than one year, or military leave on **December 3, 2016**.

On or before **December 15, 2017**, a Supplemental Cost-of-Living Payment in the amount of **eight hundred dollars (\$800)** will be paid to each employee on the active payroll, on approved leave of absence for less than one year, or military leave on **December 2, 2017**.

The entire Supplemental Cost-of-Living Payment may be deferred to the Hourly Savings Plan Plus (401K) upon completion of the appropriate form.

**Employees hired or rehired on or after March 3, 2014 are not eligible for Supplemental Cost-of-Living Payment. ~~Effective January 3, 2016 all Cost of Living provisions shall be discontinued.~~**

# Lockheed Martin Aeronautics Company - Marietta

## ARTICLE VI, SECTION 3

### HOLIDAYS Local Lodge 709

(1) The Company recognizes the following holiday schedule during the period of this Agreement:

<b>2014</b>	<b>May through December</b>	<b>Total Holiday Hours</b>
May 26	Mon. - Memorial Day	8
July 4	Fri. - Independence Day	8
Sept. 1	Mon. - Labor Day	8
Nov. 27	Thurs. - Thanksgiving Day	8
Nov. 28	Fri. - Day after Thanksgiving Day	8
Dec. 24	Wed. - Christmas Holiday	8
Dec. 25	Thur. - Christmas Holiday	8
Dec. 26	Fri. - Christmas Holiday	8
Dec. 29	Mon. - Christmas Holiday	8
Dec. 30	Tue. - Christmas Holiday	8
Dec. 31	Wed. - Christmas Holiday	<u>8</u>
		88
<b>2015</b>	<b>January through December</b>	
Jan. 1	Thur. - New Year's Holiday	8
May 25	Mon. - Memorial Day	8
July 3	Fri. - Independence Day	8
Sept. 7	Mon. - Labor Day	8
Nov. 26	Thurs. - Thanksgiving Day	8
Nov. 27	Fri. - Day after Thanksgiving Day	8
Dec. 24	Thur. - Christmas Holiday	8
Dec. 25	Fri. - Christmas Holiday	8
Dec. 28	Mon. - Christmas Holiday	8
Dec. 29	Tues. - Christmas Holiday	8
Dec. 30	Wed. - Christmas Holiday	8
Dec. 31	Thur. - Christmas Holiday	<u>8</u>
		96

## Lockheed Martin Aeronautics Company - Marietta

<b>2016</b>	<b>January through December</b>	<b>Total Holiday Hours</b>
Jan. 1	Fri. - New Year's Holiday	8
May 30	Mon. - Memorial Day	8
July 4	Mon. - Independence Day	8
Sept. 5	Mon. - Labor Day	8
Nov. 24	Thurs. - Thanksgiving Day	8
Nov. 25	Fri. - Day after Thanksgiving Day	8
Dec. 23	Fri. - Christmas Holiday	8
Dec. 26	Mon. - Christmas Holiday	8
Dec. 27	Tues. - Christmas Holiday	8
Dec. 28	Wed. - Christmas Holiday	8
Dec. 29	Thurs. - Christmas Holiday	8
Dec. 30	Fri. - Christmas Holiday	<u>8</u>
		96

<b>2017</b>	<b>January through December</b>	<b>Total Holiday Hours</b>
Jan. 2	Mon. - New Year's Holiday	8
May 29	Mon. - Memorial Day	8
July 3	Mon. - Independence Day	8
July 4	Tue. - Independence Day	8
Sept. 4	Mon. - Labor Day	8
Nov. 23	Thurs. - Thanksgiving Day	8
Nov. 24	Fri. - Day after Thanksgiving Day	8
Dec. 22	Fri. - Christmas Holiday	8
Dec. 25	Mon. - Christmas Holiday	8
Dec. 26	Tues. - Christmas Holiday	8
Dec. 27	Wed. - Christmas Holiday	8
Dec. 28	Thurs. - Christmas Holiday	8
Dec. 29	Fri. - Christmas Holiday	<u>8</u>
		104

<b>2018</b>	<b>January</b>	<b>Total Holiday Hours</b>
Jan. 1	Mon. - New Year's Holiday	<u>8</u>
	<b>Total for Contract Period</b>	<b>392</b>

Lockheed Martin Aeronautics Company - Marietta  
HOLIDAYS

Local Lodges 1027 and 2386\*

<b>2014</b>	<b>May through December</b>	<b>Total Holiday Hours</b>
May 26	Mon. - Memorial Day	10
July 3	Thur. - Independence Day	10
Sept. 1	Mon. - Labor Day	10
Nov. 27	Thurs. - Thanksgiving Day	10
Dec. 24	Wed. - Christmas Holiday	10
Dec. 25	Thurs. - Christmas Holiday	10
Dec. 29	Mon. - Christmas Holiday	10
Dec. 30	Tue. - Christmas Holiday	10
Dec. 31	Wed. - Christmas Holiday	<u>10</u>
		90
<b>2015</b>	<b>January through December</b>	
Jan. 1	Thurs. - New Year's Holiday	10
May 25	Mon. - Memorial Day	10
July 2	Thurs. - Independence Day	10
Sept. 7	Mon. - Labor Day	10
Nov. 26	Thurs. - Thanksgiving Day	10
Dec. 24	Thurs. - Christmas Holiday	10
Dec. 28	Mon. - Christmas Holiday	10
Dec. 29	Tue. - Christmas Holiday	10
Dec. 30	Wed. - Christmas Holiday	10
Dec. 31	Thurs. - Christmas Holiday	<u>10</u>
		100
<b>2016</b>	<b>January through December</b>	<b>Total Holiday Hours</b>
May 30	Mon. - Memorial Day	10
July 4	Mon. - Independence Day	10
July 5	Tues. - Independence Day	10
Sept. 5	Mon. - Labor Day	10
Nov. 24	Thurs. - Thanksgiving Day	10
Dec. 26	Mon. - Christmas Holiday	10
Dec. 27	Tue. - Christmas Holiday	10
Dec. 28	Wed. - Christmas Holiday	10
Dec. 29	Thur. - Christmas Holiday	<u>10</u>
		90

## Lockheed Martin Aeronautics Company - Marietta

<b>2017</b>	<b>January thru December</b>			
Jan. 2	Mon.	-	New Year's Holiday	10
May 29	Mon.	-	Memorial Day	10
July 3	Mon.	-	Independence Day	10
July 4	Tue.	-	Independence Day	10
Sept. 4	Mon.	-	Labor Day	10
Nov. 23	Thurs.	-	Thanksgiving Day	10
Dec. 25	Mon.	-	Christmas Holiday	10
Dec. 26	Tue.	-	Christmas Holiday	10
Dec. 27	Wed.	-	Christmas Holiday	10
Dec. 28	Thur.	-	Christmas Holiday	<u>10</u>
				100
<b>2018</b>	<b>January</b>			
Jan. 1	Mon.	-	New Year's Holiday	10
<b>Total Holiday Hours</b>				<b>390</b>

\* In order to provide the equivalent of **49** holidays or **392** hours of holiday pay, each employee on the active payroll as of **January 1, 2016**, or on an approved leave of absence of less than one year, or on military leave will have an additional **two (2)** hours credited to their vacation balance on **January 9, 2016**.

# Lockheed Martin Aeronautics Company - Marietta

## RETIREMENT PLAN AMENDMENT AGREEMENT

This Agreement is entered into effective **March 3, 2014** between Lockheed Martin Aeronautics-Marietta (hereinafter referred to as "Company") and the International Association of Machinists and Aerospace Workers for itself and on behalf of the following Local Lodges (hereinafter referred to as "Union"): the Aeronautical Machinist Local Lodges 709, 1027 and 2386.

### RECITAL

The Company and the Union have negotiated and reached agreement, subject to the conditions set forth below, that the Company will modify the Retirement Plan for certain hourly employees (hereinafter referred to as "Plan") as soon as administratively practicable.

### AGREEMENT

Therefore, subject to the conditions set forth herein, the parties agree as follows:

1. The changes in the Plan as provided herein are subject to the Company's obtaining and retaining all necessary permits and approvals of cognizant State and Federal authorities required to establish and continue the qualification of the Plan for Federal income tax purposes under applicable provisions of the United States Internal Revenue Code and to meet the requirements of the Employee Retirement Income Security Act (ERISA) of 1974, as amended, and regulations thereunder.
2. All legally required changes will be incorporated in the final document.
3. Except as specifically amended as provided herein, the Plan as in effect on March 2, 2008 shall continue in full force and effect.
4. This Agreement shall remain in effect for the same period as the **2014** Collective Bargaining Agreement between the Company and the Union and may be opened for amendment or termination at the same time and under the same conditions as provided in that Collective Bargaining Agreement.
5. For a member who retires and begins receiving a monthly benefit on or after **April 1, 2014** the monthly normal retirement benefit shall be determined by multiplying the member's years of credited service by ~~eighty-eight dollars (\$88)~~ **eighty-nine dollars (\$89)**.

For a member who retires and begins receiving a monthly benefit on or after **January 1, 2015** the monthly normal retirement benefit shall be determined by multiplying the member's years of credited service by ~~eighty-nine dollars (\$89)~~ **ninety dollars (\$90)**.



Lockheed Martin Aeronautics Company - Marietta

For a member who retires and begins receiving a monthly benefit on or after January 1, 2016 the monthly normal retirement benefit shall be determined by multiplying the member's years of credited service by ~~ninety dollars (\$90)~~ ninety-one dollars (\$91).

For a member who retires and begins receiving a monthly benefit on or after January 1, 2017 the monthly normal retirement benefit shall be determined by multiplying the member's years of credited service by ~~ninety-one dollars (\$91)~~ ninety-two dollars (\$92).

6. For a member who retires and begins receiving a monthly benefit on or after **April 1, 2014** under Sections 4.05(A)(2), 4.05(A)(3), and 6.01(B) of the Plan will receive a benefit of **thirty-three dollars (\$33)** per year of credited service.

Notwithstanding any provision in the Plan to the contrary, for any Member who retires on or after January 1, 1996, the credited service counted for benefit determination under this Supplement A-6, paragraph 4, will also be counted as credited service under Section 6.02 of the Plan (Early Retirement Benefits – 85 point determination only).

7. Individuals hired or rehired on or before March 6, 2011 will be eligible to participate in the Defined Benefit Pension Plan. Individuals hired or rehired on or after March 7, 2011 will not be eligible for the Defined Benefit Pension Plan.

Individuals hired or rehired on or after March 7, 2011 will participate in the Company-funded Hourly Capital Accumulation Plan (HCAP). Participants will receive deposits of ~~three hundred sixty dollars (\$360)~~ **three hundred seventy-five dollars (\$375)** per quarter of active employment into their own HCAP account and will be able to manage their investment options for future savings and income purposes.

Executed by the authorized representatives of the parties this **2nd** day of **March, 2014**.

FOR THE UNION:

FOR THE COMPANY:

Aeronautical Machinist Local  
Lodges 709, 1027, 2386

Lockheed Martin Aeronautics Co. - Marietta

By: \_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

# Lockheed Martin Aeronautics Company - Marietta

## HOURLY BASIC BENEFIT PLAN AMENDMENT AGREEMENT

This Agreement is entered into effective **March 3, 2014** between Lockheed Martin Aeronautics-Marietta (hereinafter referred to as "Company") and the International Association of Machinists and Aerospace Workers for itself and on behalf of the following Local Lodges (hereinafter referred to as "Union"): the Aeronautical Machinist Local Lodges 709, 1027 and 2386.

### RECITAL

The Company and the Union have negotiated and reached agreement, subject to the conditions set forth below, that the Company will modify and enhance the Lockheed Martin Hourly Basic Benefit Plan (hereinafter referred to as "Plan") as described below as soon as administratively practicable.

### AGREEMENT

Therefore, subject to the conditions set forth herein, the parties agree as follows:

1. The changes in the Plan as provided herein are subject to the Company's obtaining and retaining all necessary permits and approvals of cognizant state and Federal authorities required to establish and continue the qualification of the Plan for Federal income tax purposes under applicable provisions of the United States Internal Revenue Code and to meet the requirements of the Employee Retirement Income Security Act (ERISA) of 1974, as amended, and regulations thereunder.
2. The Company will continue to provide quarterly contributions for each employee of **sixty-five dollars (\$65)**.
3. For employees hired after March 1, 2005, the Company will continue to provide an additional quarterly contribution of **thirty-five dollars (\$35)**.
4. This Agreement is applicable to the employees of the Company covered by the **2014** Collective Bargaining Agreement between the Company and the Union; however, the applicability of the Plan shall be determined and be governed by the Plan's provisions and need not be limited to the employees of the Company. The Company will take no action in contravention of this Agreement with respect to employees covered by said Collective Bargaining Agreement, except as may be necessary to obtain approval of governmental authorities as referred to in paragraph 1 above.
5. The amendments stated herein or incorporated herein shall become effective **March 3, 2014**.

## Lockheed Martin Aeronautics Company - Marietta

6. This Agreement shall be of no effect after its expiration or termination and shall not affect the rights of the Company thereafter to continue, amend, modify, suspend or terminate the Plan. This Agreement shall remain in effect for the entire period as the **2014** Collective Bargaining Agreement between the Company and the Union and may be opened for modification, amendment, or termination at the same time and under the same conditions as provided in such Collective Bargaining Agreement.

Executed by the authorized representatives of the parties this **2<sup>nd</sup>** day of **March, 2014**.

FOR THE UNION:

Aeronautical Machinist Local  
Lodges 709, 1027, 2386

By: \_\_\_\_\_

By: \_\_\_\_\_

FOR THE COMPANY:

Lockheed Martin Aeronautics Co. - Marietta

By: \_\_\_\_\_

By: \_\_\_\_\_

# Lockheed Martin Aeronautics Company - Marietta

## MEDICAL PLAN AMENDMENT AGREEMENT

This Agreement is entered into effective **March 3, 2014** between Lockheed Martin Aeronautics-Marietta (hereinafter referred to as "Company") and the International Association of Machinists and Aerospace Workers for itself and on behalf of the following Local Lodges (hereinafter referred to as "Union"): the Aeronautical Machinist Local Lodges 709, 1027 and 2386.

### RECITAL

The Company and the Union have negotiated and reached agreement, subject to the conditions set forth below, that the Company will modify the Medical Plan for certain hourly employees (hereinafter referred to as "Plan") as soon as administratively practicable.

### AGREEMENT

Therefore, subject to the conditions set forth herein, the parties agree as follows:

Recognizing the impending implementation of health care legislation in 2018, 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 discontinue ~~after~~ the health insurance benefits provided above solely for the purpose of avoiding implementation of a High Cost Coverage Excise Tax pursuant to PPACA.

Effective January 1, 2015, the 2014 Corporate-wide Health Plan (*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 subject to the aforementioned paragraph. Should the Company introduce or change health care options during the term of this Agreement and after its expiration, such options may, within the Company's discretion, be extended to individuals covered by this Agreement on the same basis as would be available to employees not represented by a labor organization. Same basis applies to any and all aspects including but not limited to eligibility, effective dates and plan designs. Employees will have coverage level options of Employee Only, Employee + 1 or Employee + 2 or more.

The Blue Cross Blue Shield of Georgia HMO and United HealthCare of Mississippi HMO will continue to be available where it is currently offered to eligible bargaining unit employees hired prior to March 3, 2014 in Georgia and Mississippi ~~until December 31, 2014~~.

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The Aetna West Virginia POS will continue to be available where it is currently offered to eligible bargaining unit employees hired prior to March 3, 2014 in West Virginia ~~until December 31, 2014.~~

Effective January 1, 2015, the Company will pay 87% of the cost of the *LM HealthWorks* medical plan (company contribution). The employee will contribute 13% of the cost of the *LM HealthWorks* medical plan.

Effective January 1, 2015, the Company will credit the *LM HealthWorks* Health Fund account at \$200 for Employee Only coverage and \$400 for Employee plus one or more coverage for employees who are enrolled in the *LM HealthWorks* medical plan. Employees enrolled in the *LM HealthWorks* medical plan on January 1 of each year of the Agreement will receive health fund credits in the amount of \$200 for Employee Only coverage and \$400 for Employee plus one or more coverage. In the event that coverage under *LM HealthWorks* will trigger the application of the Cadillac Plan 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.

The Company will continue to pay 85% of the cost of the HMO or POS medical plan selected until December 31, 2014. The employee will contribute 15% of the cost of the HMO or POS medical plan selected until December 31, 2014.

Effective January 1, 2015, the employee will contribute 15% of the cost of the HMO or POS medical plan selected plus the difference between the *LM HealthWorks* Company contribution and the total cost of the HMO or POS plan selected. If the cost of the medical plan selected is less than the *LM HealthWorks* Company contribution, the employee will contribute 15% of the cost of the HMO or POS medical plan selected.

Effective March 3, 2014, the *LM HealthWorks* Plan (LMHW) will be the only offered medical plan for those employees hired or rehired on or after March 3, 2014.

Executed by the authorized representatives of the parties this 2nd day of March, 2014.

FOR THE UNION:

Aeronautical Machinist Local  
Lodges 709, 1027, 2386

By: \_\_\_\_\_

By: \_\_\_\_\_

FOR THE COMPANY:

Lockheed Martin Aeronautics Co. - Marietta

By: \_\_\_\_\_

By: \_\_\_\_\_

# Lockheed Martin Aeronautics Company - Marietta

## LOCKHEED MARTIN HOURLY EMPLOYEE SAVINGS PLAN PLUS AMENDMENT AGREEMENT

This Agreement is entered into effective **March 3, 2014** between Lockheed Martin Aeronautics-Marietta (hereinafter referred to as "Company") and the International Association of Machinists and Aerospace Workers for itself and on behalf of the following Local Lodges (hereinafter referred to as "Union"): the Aeronautical Machinist Local Lodges 709, 1027 and 2386.

### RECITAL

The Company and the Union have negotiated and reached agreement, subject to the conditions set forth below, that the Company will modify and enhance the Lockheed Martin Hourly Employee Savings Plan (hereinafter referred to as "Plan") as described below as soon as administratively practicable.

### AGREEMENT

Therefore, subject to the conditions set forth herein, the parties agree as follows:

1. The changes in the Plan as provided herein are subject to the Company's obtaining and retaining all necessary permits and approvals of cognizant State and Federal authorities required to establish and continue the qualification of the Plan for Federal income tax purposes under applicable provisions of the United States Internal Revenue Code and to meet the requirements of the Employee Retirement Income Security Act (ERISA) of 1974, as amended, and regulations thereunder.
2. The Company will amend the Plan as follows effective on **March 3, 2014**, or on such other date as provided below, with respect to employees of the Company on such effective date who are covered by the Collective Bargaining Agreement between the Company and the Union:

A. Amend Supplement A-4 as follows:

Company matching contributions will be in cash and will be 50% of the matched elective deferral amount.

A weekly elective deferral amount subject to Corporation matching contributions under Section 4.01 may be specified as follows for eligible employees of Lockheed Martin Aeronautics-Marietta.

Elective Deferral Amount (Dollars)  
Subject to Corporation Matching Contributions

Up to ~~seventy-three dollars (\$73)~~ **seventy-six dollars (\$76)** weekly in \$1 dollar increments

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B. Amend Supplement A-4 as follows:

Paragraph (2) (b) (iii) has been amended to provide a maximum unmatched elective deferral amount of **two hundred fifty dollars (\$250)** for all eligible employees of Lockheed Martin Aeronautics-Marietta.

**Combined Before-Tax and Roth 401(k) Contributions cannot exceed the annual IRS limit of \$17,500 for 2014 (IRS limit is subject to change each year). If Contributions should exceed the IRS limit, any excess will automatically be reclassified as After-Tax Contributions.**

These changes will be effective as soon as administratively practicable after ratification of the agreement.

Executed by the authorized representatives of the parties this **2nd** day of **March, 2014**.

FOR THE UNION:

Aeronautical Machinist Local  
Lodges 709, 1027, 2386

By: \_\_\_\_\_

By: \_\_\_\_\_

FOR THE COMPANY:

Lockheed Martin Aeronautics Co. - Marietta

By: \_\_\_\_\_

By: \_\_\_\_\_

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### Part A, Section 3

#### Period of Agreement and Procedure for Amending or Replacing Agreement

To be modified as follows:

(A) This Agreement shall remain in full force and effect from **March 3, 2014**, until and through **March 4, 2018** and thereafter from year to year unless either the IAM&AW or LM AERO - MARIETTA gives notice in writing to the other party to this Agreement during the period from December 31, **2017**, or during a like period in any subsequent year proposing modifications or amendments to this Agreement. Such notice shall specify the modifications or amendments desired. All of the parties to this Agreement agree to commence negotiations within fifteen (15) days after the giving of such notice and it is the intent of the parties to confine negotiations to such modifications or amendments as are specified in such notice. **However, the 15 day time period for commencing negotiations may be extended by mutual agreement.** In the event of a failure of the parties to reach an Agreement upon such modifications or amendments by **March 4, 2018**, or by the first Sunday in March of any subsequent yearly period for which this Agreement remains in full force and effect, either the IAM&AW or LM AERO - MARIETTA, at any time thereafter, may terminate this Agreement. **Observers or specialists may participate in the above referenced negotiations if mutually agreed upon by the parties.**







continue to pay the difference between the cost of the Comprehensive and the Comprehensive Plus Dental Plan.

- B. Continue the opt-out credit for dental coverage: \$2.31 per week but only if an employee is not covered as a dependent under another Company-sponsored dental plan. (Part-time employees may not receive opt-out credits as part of their pay.)
- C. Employees will have coverage level options of Employee Only, Employee + 1 or Employee + 2 or more.

#### **IV. VISION PLAN – NO BENEFIT LEVEL CHANGES**

- A. Continue the current Vision 24 Plan. The cost of the Vision 24 Plan will continue to be Company paid. There will be no cost to the employee.
- B. Continue the current Vision 12 Plan. The cost of the Vision 12 plan will be paid by the employee to the extent that the cost of such plan exceeds the Company contribution for the Vision 24 Plan.
- C. Employees will have coverage level options of Employee Only, Employee + 1 or Employee + 2 or more.

#### **V. COMPANY PAID LIFE AND AD&D INSURANCE (EMPLOYEE ONLY)**

- A. Basic Life insurance is increased from \$34,000 to ~~\$35,000~~ \$37,000 for employees who are actively at work on or after January 1, 2015.
- B. Basic AD&D insurance is increased from \$34,000 to ~~\$35,000~~ \$37,000 for employees who are actively at work on or after January 1, 2015.

#### **VI. SHORT-TERM DISABILITY**

- A. ~~Increase~~ Continue the short term disability weekly maximum ~~from~~ of \$340 ~~to~~ \$350 consistent with the offset provisions of the plan.

#### **VII. OTHER OPTIONAL EMPLOYEE PAID COVERAGES**

- A. Group Universal Life (GUL) insurance – no coverage change.
- B. Dependent Optional Term Life (DOTL) insurance – no coverage change.
- C. Special Accident insurance – no coverage change.
- D. Effective January 1, 2018, the Health Care Spending Account (HCSA) will be eliminated based on the implementation of the High Cost Coverage Excise Tax.

- E. Dependent Care Spending Account (DCSA) – no change except as may be required by federal legislation.

**VIII. GENERAL ELIGIBILITY**

- A. The 90-day waiting period for all benefits will only apply to new hires.
- B. Effective on the 91<sup>st</sup> day, the chart below outlines the default coverages that will become effective at the end of the election period if no positive election has been made for medical, dental, or vision.

Plan	New hire default coverage level
Medical	<i>LM HealthWorks</i> plan - Employee Only Coverage
Dental	Comprehensive Dental Plan – Employee Only Coverage
Vision	Vision 24 – Employee Only Coverage

- C. The chart below outlines the default coverage for current employees that will become effective at the end of the annual enrollment election period if no positive election has been made for medical, dental, or vision.

Current plan	
Medical: <i>LM HealthWorks</i> plan Elimination of HMO or POS	<i>LM HealthWorks</i> plan same coverage level <i>LM HealthWorks</i> plan converted to same coverage level as the eliminated HMO and POS plans
Dental: Comprehensive Dental Comprehensive Plus Dental Managed Dental	Comprehensive Dental same coverage level Comprehensive Plus Dental same coverage level Managed Dental same coverage level
Vision: Vision 24 Vision 12	Vision 24 same coverage level Vision 12 same coverage level

**IX. LEGAL AND ADMINISTRATIVE UPDATES**

- A. Update all claims, appeals and any other text in accordance with federal legislation.
- B. Update medical, dental, vision, life, accident, and disability Summary Plan Descriptions text to include current standard text changes from claims administrators.

## RETIREE CHANGES

THE FOLLOWING CHANGES WILL BE EFFECTIVE **JANUARY 1, 2015:**

### I. UNDER-AGE 65 RETIREES

- A. **Recognizing the impending implementation of health care legislation in 2018**, 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 **discontinue alter** the health insurance benefits provided above solely for the purpose of avoiding implementation of a High Cost Coverage Excise Tax pursuant to PPACA.
- B. The following under-age 65 plans will be continued **until December 31, 2014** for current and future eligible retirees:
1. Marietta: Blue Cross Blue Shield of Georgia HMO
  2. Clarksburg: Aetna West Virginia POS
  3. Meridian: United HealthCare of Mississippi HMO
- C. The 2014 *LM HealthWorks* plan will be offered to current and future eligible retirees effective January 1, 2015. The *LM HealthWorks* 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, and after its expiration, subject to Retiree Section I A, 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.
- D. The 2014 *LM Essentials* plan will be offered to current and future eligible retirees effective January 1, 2015. The *LM Essentials* plan for retirees under age 65 will be the same design as is in effect throughout Lockheed Martin. During the life of the Agreement, and after its expiration, subject to Retiree Section I A, 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.
- E. Should the Company introduce or change health care options during the term of this Agreement, such options may be extended to individuals covered by this Agreement on an identical design basis.

- F. Effective January 1, 2015, continue current service based contribution formula and increase the annual contribution cap from \$5,500 to ~~\$5,550~~ \$5,600 Retiree Only / \$11,000 to ~~\$11,100~~ \$11,200 Family for employees retiring on or after March 3, 2014.

**II. MEDICARE ELIGIBLE RETIREES**

- A. Recognizing the impending implementation of health care legislation in 2018, 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 discontinue ~~alter~~ the health insurance benefits provided above solely for the purpose of avoiding implementation of a High Cost Coverage Excise Tax pursuant to PPACA.
- B. Continue the current Medicare Eligible Retiree Medical Plan (MERMP).
- C. Continue current Contribution Formula: The retiree pays a basic monthly contribution and the Company bears the rest of the cost of coverage up to the maximum monthly Company subsidy. The retiree pays any cost over the maximum monthly Company subsidy.

Effective January 1, 2015, for employees retiring on or after March 3, 2014, the contribution formula will be as follows:

	Single Coverage	Family Coverage *
Monthly Contributions for Medicare Eligible Retirees (MERMP and Senior HMOs)	Increase from \$30 to <b>\$60</b> + 100% of the amount over the maximum monthly Company subsidy	Increase from \$60 to <b>\$120</b> + 100% of the amount over the maximum monthly Company subsidy
Maximum Monthly Medicare Eligible Company Subsidy	\$330 (\$3,960 per calendar year)	\$660 (\$7,920 per calendar year)
* Standard LMC rules regarding contribution calculations apply where family members are under and over age 65.		

- D. Contributions for the Senior HMOs will be the same as the formula for the MERMP.