



**LAST, BEST AND FINAL
COMPREHENSIVE PROPOSAL
TO CONCLUDE**

2014 NEGOTIATIONS

between

**LOCKHEED MARTIN AERONAUTICS COMPANY
Palmdale, California**

and

**INTERNATIONAL ASSOCIATION OF
MACHINISTS AND AEROSPACE WORKERS
District Lodge 725, Local Lodge 727P**

SUBMITTED FEBRUARY 21, 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~~ 10:00 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.

ARTICLE IX, SECTION 7

RATIFICATION BONUS

Provided that the membership ratifies the contract on or before March 2, 2014, a ~~\$500-\$1,500~~ \$2,700 ratification bonus will be paid within sixty (60) days of ratification to all employees on the active payroll as of **March 3, 2014**, on approved leave of absence for less than one year, or military leave. The entire payment 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 ~~8:00pm~~ 10:00pm EST on Sunday, March 2, 2014.**

ARTICLE IX, SECTION 4

GENERAL WAGE INCREASE (GWI)

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%)~~ three percent (3.0%) 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 Plus (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%) two percent (2.0%)~~ two and one-half percent (2.5%) 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%) two percent (2.0%)~~ two and one-half percent (2.5%).

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%) two percent (2.0%)~~ two and one-half percent (2.5%) 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%) two percent (2.0%)~~ two and one-half percent (2.5%).

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%) two percent (2.0%)~~ two and one-half percent (2.5%) 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%) two percent (2.0%)~~ two and one-half percent (2.5%).

ARTICLE VIII, SECTION 3

RATE RANGES FOR LABOR GRADES

A. FACTORY RATE RANGES

LABOR GRADE	CURRENT STRUCTURE RATE RANGES		MARCH 3, 2014 RATE RANGES	
	MINIMUM	MAXIMUM	MINIMUM	MAXIMUM
18	22.61	36.58	22.61	36.58
17	22.02	36.10	22.02	36.10
16	21.43	35.43	21.43	35.43
15	20.86	34.90	20.86	34.90
14	20.27	34.40	20.27	34.40
13	19.67	33.90	19.67	33.90
12	16.84	32.47	16.84	32.47
11	16.20	32.02	16.20	32.02
10	15.82	31.59	15.82	31.59
9	15.35	31.13	15.35	31.13
8	15.10	30.71	15.10	30.71
7	14.72	30.30	14.72	30.30
6	14.47	26.20	14.47	26.20
5	14.19	25.44	14.19	25.44
4	14.05	24.71	14.05	24.71
3	11.71	23.98	11.71	23.98
2	11.53	23.20	11.53	23.20
1	11.40	22.47	11.40	22.47

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

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B. OFFICE & TECHNICAL RATE RANGES

LABOR GRADE	CURRENT STRUCTURE RATE RANGES		MARCH 3, 2014 RATE RANGES	
	MINIMUM	MAXIMUM	MINIMUM	MAXIMUM
18	21.19	37.33	21.19	37.33
17	20.64	36.06	20.64	36.06
16	20.08	35.02	20.08	35.02
15	19.52	34.41	19.52	34.41
14	18.97	32.57	18.97	32.57
13	18.41	32.34	18.41	32.34
12	16.91	28.40	16.91	28.40
11	16.29	27.79	16.29	27.79
10	15.82	27.19	15.82	27.19
9	15.43	26.57	15.43	26.57
8	15.10	25.91	15.10	25.91
7	14.72	25.60	14.72	25.60
6	14.46	24.89	14.46	24.89
5	11.98	24.17	11.98	24.17
4	11.87	23.47	11.87	23.47
3	11.64	22.81	11.64	22.81
2	11.46	22.10	11.46	22.10
1	11.40	21.40	11.40	21.40

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

ARTICLE VIII, SECTION 4

GUARANTEED PERSONAL RATE (GPR)

GPR MAXIMUMS

LABOR GRADE	FACTORY		OFFICE & TECHNICAL	
	Current	March 3, 2014	Current	March 3, 2014
18	--	--	--	--
17	--	--	--	--
16	--	--	--	--
15	--	--	--	--
14	--	--	--	--
13	--	--	--	--
12	33.70	34.71	33.70	34.71
11	33.30	34.30	33.30	34.30
10	32.29	33.26	32.29	33.26
9	32.04	33.00	32.04	33.00
8	31.87	32.83	31.87	32.83
7	31.63	32.58	31.63	32.58
6	29.81	30.70	29.81	30.70
5	29.58	30.47	29.58	30.47
4	29.45	30.33	29.45	30.33
3	29.32	30.20	29.32	30.20
2	29.16	30.03	29.16	30.03
1	28.96	29.83	28.96	29.83

NOTE: These rates are applicable to employees with bargaining unit rights on the active payroll, or approved leave of absence on March 2, 1993, or employees on layoff on June 14, 1993 and who are recalled to the active payroll while assigned to Labor Grades 1-12.

ARTICLE VIII, SECTION 5

COST-OF-LIVING ADJUSTMENT

- A. In addition to the base rate of pay of each employee, a Cost-of-Living Adjustment (COLA) shall be paid to each employee in accordance with the provisions of this section.
1. Effective **January 3, 2015**, the current cumulative COLA 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.
 2. Effective **January 2, 2016**, the difference between the current cumulative Cost-of-Living Adjustment and such previous adjustment as set forth in subsection 1, 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.
 3. Effective **January 7, 2017**, the difference between the current cumulative Cost-of-Living Adjustment and such previous adjustment as set forth in subsection 2, 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.
 4. **Effective January 6, 2018, the difference between the current cumulative Cost-of-Living Adjustment and such previous adjustment as set forth in subsection 3, 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.**

On each of the above dates, the employee's base rate will increase by the amount of COLA 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.~~

- B. 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."

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C. During the period of Agreement, Cost-of-Living Adjustments shall be made at the following times:

<u>Effective Date of Adjustment - Pay Period Commencing on:</u>	<u>Based Upon Three-Month Average of the Price Indexes for:</u>
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
April 2, 2016	December 2015, Jan 2016, Feb
July 2, 2016	March, April, May
October 1, 2016	June, July, August
January 7, 2017	September, October, November
April 1, 2017	December 2016, Jan 2017, Feb
July 1, 2017	March, April, May
October 7, 2017	June, July, August
January 6, 2018	September, October, November

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.

D. Effective the payroll period commencing on **July 5, 2014**, the COLA 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>
229.5 230.0 and below	0
229.6-229.8 230.1-230.3	\$.01 per hour
229.9-230.1 230.4-230.6	.02 per hour
230.2-230.4 230.7-230.9	.03 per hour
230.5-230.7 231.0-231.2	.04 per hour
230.8-231.0 231.3-231.5	.05 per hour
231.1-231.3 231.6-231.8	.06 per hour
231.4-231.6 231.9-232.1	.07 per hour
231.7-231.9 232.2-232.4	.08 per hour
232.0-232.2 232.5-232.7	.09 per hour
232.3-232.5 232.8-233.0	.10 per hour

And so forth, with \$.01 adjustment for 0.3 point change in the Average Index for the appropriate date set forth in subsection C above.

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- E. ~~For eligible employees,~~ The amount of any COLA 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.
- F. In the event that the Bureau of Labor Statistics (BLS), United States Department of Labor, discontinues publication of the Price Index described in subsection B 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 COLA, if any, shall be retroactive to the appropriate effective date.
- G. 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 subsection C, any adjustment in the COLA 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.
- H. 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 subsection C.

ARTICLE IX, SECTION 5

COST-OF-LIVING SUPPLEMENT

In each year of the ~~two~~ **four** years of Cost-of-Living Supplements, employees will be given the option to put the supplement into their 401K Plan if he or she so wishes. The Company will provide the necessary form to employees no later than 30 days prior to supplement distribution.

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 COLA 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.~~

ARTICLE VI, SECTION 3

HOLIDAYS

A. The Company recognizes the following holiday schedule during the period of this Agreement:

2014	May through December	Total Holiday Hours
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

2015	January through December	Total Holiday Hours
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

2016	January through December	Total Holiday Hours
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

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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

2017 January through December Total Holiday Hours

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

2018 January Total Holiday Hours

Jan. 1	Mon.	-	New Year's Holiday	<u>8</u>
				8

Total for Contract Period 392

Article VI, NEW SECTION, Bereavement Leave (pg. 75)

An employee shall be eligible for three (3) days unpaid bereavement leave each calendar year upon a death in his/her immediate family. Employees shall provide verifiable evidence related to the reasons for this leave upon Company request. For purposes of this Section, immediate family shall mean: Mother, Father, Spouse, Same-Sex Domestic Partner, or Lockheed Martin Registered Dependents.

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BENEFITS PLAN

**RETIREMENT PLAN
AMENDMENT AGREEMENT**

This Agreement is entered into effective **March 3, 2014** between the International Association of Machinists and Aerospace Workers (hereinafter referred to as “Union”) for itself and on behalf of the Aeronautical Industrial District Lodge 725 and Lockheed Martin Aeronautics Company, Palmdale, California (hereinafter referred to as “Company”).

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~~ **January 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) ninety dollars (\$90) ninety-five dollars (\$95)~~.

~~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) ninety one dollars (\$91).~~

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~~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) ninety two dollars (\$92).~~

~~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) ninety three dollars (\$93).~~

- 6. For a member who retires and begins receiving a monthly benefit on or after ~~April 1, 2014~~ **January 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. **For employees retiring on or after January 1, 2015 the plan will be amended to include Contingent Annuitant methods with pop-up feature.**
- 8. 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) three hundred ninety dollars (\$390)~~ **four hundred dollars (\$400)** 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 Industrial District
District Lodge 725

Lockheed Martin Aeronautics Co. - Palmdale

By: _____

By: _____

By: _____

By: _____

**HOURLY BASIC BENEFIT PLAN
AMENDMENT AGREEMENT**

This Agreement is entered into effective **March 3, 2014** between the International Association of Machinists and Aerospace Workers (hereinafter referred to as "Union") for itself and on behalf of the Aeronautical Industrial District Lodge 725 and Lockheed Martin Aeronautics Company, Palmdale, California (hereinafter referred to as "Company").

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~~ **will be increased from sixty-five dollars (\$65) to seventy dollars (\$70)**.
3. For employees hired after March 1, 2005, the Company ~~will continue to provide~~ an additional quarterly contribution ~~of~~ **that will be increased from thirty-five dollars (\$35) to forty dollars (\$40)**.
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**.

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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 **2nd** day of **March, 2014**.

FOR THE UNION:

Aeronautical Industrial District
District Lodge 725

By: _____

By: _____

FOR THE COMPANY:

Lockheed Martin Aeronautics Co. - Palmdale

By: _____

By: _____

**MEDICAL PLAN
AMENDMENT AGREEMENT**

This Agreement is entered into effective **March 3, 2014** between the International Association of Machinists and Aerospace Workers (hereinafter referred to as "Union") for itself and on behalf of the Aeronautical Industrial District Lodge 725 and Lockheed Martin Aeronautics Company, Palmdale, California (hereinafter referred to as "Company").

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 and Union agree to meet after the 2018 rates for the medical plans have been finalized and if the actual rates for any plan are shown to be above the thresholds for triggering the 2018 tax, then the parties will meet in an effort to modify such plan(s) to avoid the excise tax 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.

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 plan value to be less than the plan value under the 2014 LM HealthWorks plan design, then the Company has the right to discontinue such plan(s). In addition, in the event that the health insurance provider(s) on their own accord discontinue the plan(s) for any reason then the Company shall have no further obligation to offer such plan(s).

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

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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 Southern California Kaiser HMO will continue to be available where it is currently offered to eligible bargaining unit employees hired prior to March 3, 2014 ~~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~~ ~~\$225~~ \$250 for Employee Only coverage and ~~\$400~~ ~~\$450~~ \$500 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~~ ~~\$225~~ \$250 for Employee Only coverage and ~~\$400~~ ~~\$450~~ \$500 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 medical plan selected ~~until December 31, 2014.~~ The employee will contribute 15% of the cost of the HMO medical plan selected ~~until December 31, 2014.~~

~~Effective January 1, 2015, the employee will contribute 15% of the cost of the HMO medical plan selected plus the difference between the *LM HealthWorks* Company contribution and the total cost of the HMO 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 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:

FOR THE COMPANY:

Aeronautical Industrial District
District Lodge 725

Lockheed Martin Aeronautics Co. - Palmdale

By: _____

By: _____

By: _____

By: _____

**LOCKHEED MARTIN HOURLY EMPLOYEE SAVINGS PLAN PLUS
AMENDMENT AGREEMENT**

This Agreement is entered into effective **March 3, 2014** between the International Association of Machinists and Aerospace Workers (hereinafter referred to as "Union") for itself and on behalf of the Aeronautical Industrial District Lodge 725 and Lockheed Martin Aeronautics Company, Palmdale, California (hereinafter referred to as "Company").

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 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-Palmdale.

Elective Deferral Amount (Dollars) Subject to Corporation Matching Contributions

Up to ~~seventy three dollars (\$73)~~ ~~seventy six dollars (\$76)~~ ~~seventy seven dollars (\$77)~~ ~~seventy eight dollars (\$78)~~ weekly in \$1 dollar increments

Lockheed Martin Aeronautics Company - Palmdale

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 – Palmdale.

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 Industrial District
District Lodge 725

By: _____

By: _____

FOR THE COMPANY:

Lockheed Martin Aeronautics Co. - Palmdale

By: _____

By: _____

EFFECTIVE DATES

Article I, Section 2, Period of Agreement modified as follows:

This Agreement shall remain in full force and effect from the effective date provided in Article IX, Section 1 hereof, until and including **March 4, 2018** and thereafter from year to year, unless one party or the other gives notice in writing during the period from 12:01 a.m., **December 1, 2017** through midnight, **December 31, 2017**, or during a like period in subsequent years, proposing modifications or amendments. Such notice shall specify the modifications or amendments desired. The parties agree to commence negotiations within ~~15~~ **30** 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.

**JOB EQUITY PROPOSALS
2014 NEGOTIATIONS**

FACTORY – Upgrades and Job Description Revisions

Code	LG	Title
4633	17 to 18	Mechanic – Automotive, Sr.
6236	17 to 18	Inspector – General Flight

OFFICE AND TECHNICAL – Upgrades and Job Description Revisions

Code	LG	Title
8579	9 to 10	Identification / Visitor Control Specialist

Article VII, Section 14, Subsection F, Field Duty Pay

F. An employee assigned to field duty shall receive a per diem **for meals and incidental expenses at the rate approved by the U.S. Government** ~~(which is defined as an allowance for each full day the employee is on field duty assignment)~~ in accordance with the following schedule. **Lodging and air transportation shall be reimbursed for necessary, actual and reasonable business expenses while on field duty assignment. The Company reserves the right to amend, modify, or otherwise change the provisions of this section if business conditions or policy warrants such change.**

~~1. For the first 90 days of such field duty, \$50.00 per day;~~

~~2. For all days after 90 of such field duty, \$45.00 per day.~~

~~In field duty locations of inordinately high residence cost, and where advanced Company approval has been obtained, any expenses for room cost that exceed one-half the specified per diem shall be an allowable addition to such per diem. Such per diem may include cost of meals, lodging, laundry, valet services and expenses connected with obtaining hotel reservations.~~

~~If by advanced arrangement of the Company, such as at military bases and aboard ship, etc., room and/or board are furnished to the employee in whole or in substantial part, the per diem shall be proportionately reduced. In no such instance will the per diem be less than \$2.50.~~

NEW LETTER: Voluntary Separation Incentive Program

Mr. Marion "Bud" Duryea
Grand Lodge Representative
Aerospace/Defense Industry Related District Lodge 725
International Association of Machinists and Aerospace Workers
39047 10th St East
Palmdale, CA 93550

Reference: Voluntary Separation Incentive Program (VSIP)

Dear Mr. Duryea:

Given the competitive and evolving nature of our business climate, the parties acknowledge that offering certain special monetary incentives (the "Special Incentives") under a Program to certain eligible employees is a mutually beneficial and viable method of reducing manpower as well as avoiding or reducing the impact of an involuntary layoff.

This will confirm our discussions and the mutual understandings reached during the 2014 labor contract negotiations concerning subject. The essential elements of the VSIP that the Company intends to offer are outlined below:

1. The Company may offer Special Incentives under a one-time Program to a predetermined number of eligible employees who as of the effective date of the Program (a) are assigned to a classification identified by the Company as being affected by the Program, including a classification that may span departments; (b) have at least twenty-five (25) years of seniority; and (c) are either actively employed or on a Company-approved leave of absence for other than union business.
2. The Special Incentives would be conditioned on, among other things, the employee's (a) voluntary separation from employment with the Company on a date specified by the Company in its sole discretion (the "Separation Date") with no seniority rights, including no recall rights, to the Company in the future and (b) timely and voluntary execution on or after the Separation Date and non-revocation of a release of claims provided by the Company (a "Release").
3. If the Company offers a Program, the Program would occur on a one-time basis over a period of several months, in 2014 or 2015, as determined by the Company in its sole discretion. The Program would be non-precedent setting as between the Union and the Company.
4. The Company would in its sole discretion be responsible for (a) establishing, offering, administering, and interpreting all aspects of any Program offered; (b) defining Program terms and conditions, establishing eligibility requirements, and determining Special Incentives; (c) amending or terminating the Program at any time with or without prior notice and with or without regard to whether any Special Incentives are paid; and (d) deciding all issues or disputes arising under or relating to the Program. No matter respecting the Program or any differences arising thereunder shall be subject to any grievance procedure established by any other agreement between the parties.

5. **If the Company offers a Program, it would prepare and distribute the necessary forms and paperwork to the Union and eligible employees. After receiving notice from the Company of their eligibility to participate in such a Program, eligible employees who desire to voluntarily participate in the Program would be expected to, among other things, notify the Company in writing within a specified timeframe, or within any other timeframe determined by the Company, as to their desire to voluntarily participate in the Program.**

6. **The Company anticipates calculating the Special Incentives payable to eligible employees under any Program offered based on a formula equal to \$1,000.00 for each completed year of seniority, not to exceed \$30,000.00 in total per eligible employee. The Special Incentives would be subject to all applicable taxes and withholdings. The Company would pay Special Incentives to eligible employees in a lump sum within 30 days of the (a) Separation Date or (b) expiration of the revocation period in the Release, whichever occurs later. No Special Incentives would be paid (a) earlier than eight calendar days of the Company's receipt of the signed Release or after an employee timely revoked his or her Release, or (b) later than March 15th of the calendar year following the year in which the Separation Date occurs.**

Sincerely,

Josh Flood
Manager, Labor Relations

NON-ECONOMIC TENTATIVE AGREEMENTS

Article I, Section 2, Period of Agreement (pg. 4-6)

...

Such notice shall specify the modifications or amendments desired. The parties agree to commence negotiations within ~~15~~ **30** 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.

In the event of instructions from the Federal Government to alter or change the working schedule now in effect, the Company may, upon 15 days' written notice, reopen negotiations with the Union to the end of amending such Sections of this Agreement as pertain to hours of work and/or overtime payment for the sole purpose of considering objectives required by the Government.

Any notice given under this Section shall be deemed to be served when mailed postage prepaid, registered or certified mail, return receipt requested, to the ~~Director of Human Resources~~ **Manager of Labor Relations**, Lockheed Martin Aeronautics Company, a Division of Lockheed Martin Corporation, 1011 Lockheed Way, Palmdale, California 93599 for service upon the Company, and when similarly mailed to the President/Directing Business Representative, Aerospace/ Defense Industry Related District Lodge 725, IAM, 39047 10th Street East, Palmdale, California 93550 for service upon the Union. The date of receipt shown on this registered or certified mail return receipt shall be the controlling date for all purposes under this Agreement.

The committee representing the Union for the purpose of negotiating any modifications or amendments proposed, pursuant to this Article I, Section 2, shall be composed of not to exceed eight members who are employees of the Company, not to exceed two additional members who are representatives of Aerospace/Defense Industry Related District Lodge 725, IAM, and not to exceed one additional member who shall be a representative designated by and for the International Association of Machinists and Aerospace Workers, except that one additional technical or specialist representing the International Association of Machinists and Aerospace Workers may serve with the committee from time to time as needed in matters regarding technical or special items being considered.

The committee representing the Company for the purpose of negotiating any modifications or amendments proposed, pursuant to this Article I, Section 2, shall not exceed 11 members.

Article I, Section 14, Maintenance Subcontracting Review System (pg. 13)

~~Each job being subcontracted is subject to review and approval by the Plant Engineering Manager or designee. An new electronic form has been developed to replace the Request for Purchase Request and will be used for each subcontracted job. At the time of management approval for release of the purchase request to Procurement, the form will be available electronically for Senior Steward review.~~

~~Once per month or as requested, the Plant Engineering Manager or designee will hold a monthly meeting (first Monday of each month) with the Union Business Representative and/or designee for the purpose of discussing subcontract work and any problem-solving, if necessary. The Senior Steward or Group Steward and Plant Engineering Manager or designee will attend the meeting. Any problems not resolved may be referred to the next level of management by either Labor Relations or the Union.~~

It is understood that the above review systems will in no way prejudice the right of any employee to file a grievance under the Company-Union Agreement.

Article II, Section 2, Business Representatives and Union Officials (pg. 22)

Business Representatives of the Union shall have access to the Company's plants, or to the departments of the Company's plants to which they are assigned, for the purpose of contacting Union Stewards concerning employee complaints or grievances or matters arising out of the application of this Agreement. Such visits shall be subject to such regulations as may be made from time to time by the Company, the U.S. Army, the U.S. Navy, **U.S. Marine Corps**, and the U.S. Air Force. The Company shall not impose regulations which will exclude the Business Representative from the plants or render ineffective the intent of this provision. In each case before entering the Company's plants for the above purpose, the Business Representative shall notify the Labor Relations Department, **in writing, to include fax and/or email**, of the date and time such Business Representative will be in the plant and the organizational unit(s) in which such Business Representative will contact the Union Steward(s).

No full-time Union official or Business Representative shall discuss any problem with supervision of any department or with employees (other than Stewards), except on the employee's free time.

Article III, Section 3, Method of Handling Grievances (pg. 25-29)

...

Step 3. The Union shall deliver to the Labor Relations Office written notice that it desires to present the grievance to the Labor Relations Committee as hereinafter set forth. Unless the Union, within 21 working days after receipt by the Labor Relations Office of said written notice, schedules the grievance for hearing and decision by the Labor Relations Committee, such grievance shall be deemed to be waived. **Labor Relations shall deliver to the Union its answer in writing, within seven (7) ~~ten (10)~~ working days following the hearing, unless extended by mutual agreement.** If that committee fails to settle the grievance, either party may proceed in accordance with Section 6 of this Article.

...

Article III, Section 6, Arbitration (pg. 29-31)

- A. Any grievance which has not been settled pursuant to Sections 2, 3, 4 and 5 of this Article and which involves the interpretation or application of this Agreement may be referred to arbitration. Unless the party seeking to have the grievance referred to arbitration has delivered to the other written notice to that effect within seven working days after the Labor Relations Committee has rendered its decision, such grievance shall be deemed to be waived. Unless the party giving such notice of referral to arbitration proceeds to arbitration of such grievance within a period of 14 working days from the date of giving such written notice, such party shall be deemed to have waived its position on such grievance. **Any grievance certified to arbitration which is not arbitrated within one year of the date the grievance is certified in writing to Step 3 Arbitration of the grievance procedure filed will be considered closed and is ineligible for arbitration consideration unless extended by mutual agreement between the parties.**
- B. The parties shall by mutual agreement select an arbitrator. If the Company and the Union fail to agree upon an arbitrator, one shall be selected from the Master Working List as hereinafter described. Each party will submit the names of five arbitrators who shall be registered with the Federal Mediation and Conciliation Service. The parties shall also request from the Federal Mediation and Conciliation Service an additional list of twenty arbitrators from the Southern California area, in which the Company and Union will down select to a list of ten arbitrators. The combined lists of 20 arbitrators will constitute the Master Working List of arbitrators. When the parties desire to select an arbitrator, seven names shall be drawn at random from the Master Working List of arbitrators. From the list of seven arbitrators, the parties shall alternately strike one name until only one name remains (the right to strike the first name having been determined by lot), and that person shall be the arbitrator.

If for any reason an arbitrator becomes permanently unavailable, the party who submitted the arbitrator's name will submit another name, or if the arbitrator was submitted by the Federal Mediation and Conciliation Service, the parties will request an alternate name from the Service.

During the month of ~~October~~ **March**, either party may request to repeat the above selection procedure. The new panel will be effective on ~~November~~ **April** 1st of that year or upon receipt of the list from the Federal Mediation and Conciliation Service, whichever is later.

...

Article IV, Section 1, Subsection B

B. Return From Salary:

An employee who has acquired seniority under Section 2 hereof, transferred from a classification covered by this Agreement to a salaried classification within the Lockheed Martin Aeronautics Company, Palmdale, California, a Division of Lockheed Martin Corporation, prior to January 1, 2006, shall continue to accumulate seniority and, in case of placement in a classification covered by this Agreement, such seniority shall apply. An employee transferred from an occupation covered by this Agreement to a salaried occupation within the Company on or after January 1, 2006, shall not continue to accumulate seniority, but will retain the seniority previously accumulated while holding an occupation covered by this Agreement. In case of transfer to an occupation covered by this Agreement, such seniority shall apply and will continue to accumulate. An employee who does not continue to accumulate seniority under the preceding sentence, but who acquired seniority under Section 2 of Article IV of this Agreement prior to July 1, 1958, and who prior to such date transferred from a classification covered by this Agreement to a salaried classification within Lockheed Martin Corporation or a subsidiary corporation of the Lockheed Martin Corporation shall continue to accumulate seniority and, in case of placement in a classification covered by this Agreement, such seniority shall apply. **An employee transferred from an occupation covered by this Agreement to a salaried occupation within the Company on or after March 3, 2014, who remains in a salaried position within the Company longer than one (1) calendar year, shall lose all previously accumulated seniority. An employee transferred from an occupation covered by this Agreement to a salaried occupation within the Company on or after March 3, 2014, who transfers back into a classification covered by this Agreement within one (1) calendar year, shall retain previously accumulated seniority.**

Article IV, Section 3, Subsection D, Temporary Layoff Procedure

D. Temporary Layoff Procedure:

Temporary layoffs may be made for periods of not exceeding ~~15~~ **20** working days. Extensions of this time period may be made by mutual agreement between the Company and the Union in unusual circumstances. Such layoffs shall be made in order of Company-wide seniority applied by classification within the particular unit of organization, work unit or project affected where ability, skill and efficiency are substantially equal.

Article IV, Section 8, Subsection C, Promotion (pg. 52-53)

- C. In selecting an employee for such promotion to an available opening, the following standards shall apply:
1. Availability for Release: Operational requirements shall be considered insofar as they pertain to the release of an employee from his or her present job when such promotion involves a transfer between departments. Release shall be effective within fifteen (15) working days from the time promotion is granted. In the event it is necessary to retain an employee more than fifteen (15) working days, the employee shall be eligible for a periodic increase in pay as provided in Article VII, Section 1, paragraph A as if they had reported to the newly-promoted job on the sixteenth (16) work day.
 2. Where ability, skill and efficiency are substantially equal, preference shall be given to the next senior qualified employee within the applicable unit. As between employees who have not acquired seniority rights, pursuant to the provisions of Article IV, Section 2 of this Agreement, where ability, skill and efficiency are substantially equal, preference shall be given to the employee in the department in which the promotion is made who has the longest service with the Company.
 3. **During the first one hundred ~~eighty~~ twenty (120) calendar days following an employee's promotion and/or transfer to a classification not previously held, the employee may be returned to his or her most recent previously held classification, seniority permitting, if the employee is deemed unable to successfully perform in the new classification. Employees promoted and/or transferring into a classification not previously held shall not be returned to his or her most recent previously held classification for ~~thirty~~ sixty (60) calendar days following the promotion and/or transfer. Employees shall receive written performance feedback within the first 60 thirty (30) calendar days following a promotion and/or transfer to a classification not previously held.**

Article VI, Section 1, Subsection A, Vacations – Definitions (pg. 62-63)

- A. Definitions:
1. The term "seniority" as used in this Section shall be the seniority to which an employee is entitled under the provisions of Article IV and Article VI, Section 4 of this Agreement, except that for purposes of Sections 1 and 2 of this Article, an employee's seniority shall be deemed to date from the first day of the month in which the employee's seniority began.
 2. The term "service time" as used in this Section shall be those days worked by an employee, including holidays and regular days off during weeks worked, days on paid vacation and on sick leave. Service time shall also include days off work due to occupational injury or occupational illness if the employee returns upon recovery to the active payroll of the Company, provided that such days off shall not exceed six consecutive months. With respect to an employee who is

Lockheed Martin Aeronautics Company - Palmdale

terminated, laid off, on leave of absence or entered the Armed Forces pursuant to Article IV, Section 6 of this Agreement, the above time worked up to the time of such termination, entry in the Armed Forces, layoff or leave of absence shall count as service time provided:

- a. The employee returns to work for the Company after the period of such termination, entry in the Armed Forces, layoff or leave of absence;
- b. The employee retains his or her seniority rights with the Company during such period.

Service time shall not include days when an employee is severed from the active payroll due to termination, entry in the Armed Forces, layoff or prolonged leave of absence.

3. An employee's vacation begins to accrue on the first day of hire. Vacations will be accrued at the monthly rate shown below for any calendar month or partial calendar month. Employees' vacation balances will be credited with the preceding month's vacation accrual **prior to** ~~on~~ the first workday of the month following the month of accrual.
4. Pay for each week of vacation for a full-time employee means pay for 40 hours at the employee's regular base rate of pay and shall include the amount of bonus premiums as discussed in Supplement "E". An employee's regular base rate of pay does not include overtime. Pay for each week of vacation for an employee who is a part-time employee shall be proportionately reduced. A "full-time" employee means an employee who is regularly scheduled to work **a 9/80 work week consisting of a two-week schedule of nine-hour shifts Monday through Thursday and an eight-hour shift on an alternate Friday**, ~~five or more standard daily shifts per week~~ and all other employees shall be deemed to be part-time employees. An employee who is above the maximum vacation accrual allowance must take all of his or her excess days by year-end. All excess accruals will be paid off at the end of the year. Effective March 1, 2006, pay and time must be taken concurrently. Pay for each week of accrued (deferred) vacation shall be based on the employee's base rate as defined in this subsection A, paragraph 4.

(See Supplement "E")

Article VI, Section 4, Leaves Without Pay (pg. 70-71)

...

The Union may request, and the Company will grant, leaves of absence of three days or more without pay to Union members for Union business of Lodge 725 and excused absences of less than three days without pay to Union members for Union business of Lodge 725. All such leaves and excused absences will be requested only in reasonable numbers and at reasonable times upon 24 hours written notice to the Company, except when such notice is waived by mutual agreement. Except as may be mutually agreed in specific instances, the number of employees on such leaves and excused absences shall not at any one time exceed in number, one employee from a department consisting of less than ten employees, or two employees from a department consisting of ten or more employees, and the total of

all employees in the Company on such leaves and excused absences shall not, at any one time, exceed ~~50~~ ~~10~~ 100 employees.

Article VII, Section 5, Distribution and Maintenance of Overtime Records (pg. 79-83)

- A. "Affected groups" shall be by employee classification, by shift, and by department except when a different affected group may be established because of operating requirements by agreement with the Senior Steward, Department Manager, Business Representative and Labor Relations Representative. Union or Company will not unreasonably refuse to change the affected group within a shift in a department.

Employees who have been on loan for five or more working days will be considered as members of the "affected group" for purposes of equitable distribution of overtime, and will be given equal opportunity for overtime in accordance with Article VII, Section 4 of the Agreement. An employee loaned for less than five working days may only be offered overtime when any of the following conditions exist:

1. All of the affected employees of the home department/ shift are requested to work overtime.
2. The borrowed employee possesses special skills necessary to perform the overtime assignment, and none of the affected employees of the department is qualified to perform the work.
3. Continuity of work operations requires the borrowed employee to follow through on overtime on work started during regular working hours. When this condition exists to the point that operational requirements would be adversely affected, the employee on temporary loan may be assigned to the overtime work.

Additions to an affected group shall be given a starting total of the average hours of the group as of the first day of the week they join the affected group. Additions shall include employees returning from field duty of over 30 days, transfers, new hires, shift changes, promotions or other reclassifications.

- B. Overtime hours for an affected group will be "zeroed out" only by agreement with the Senior Steward, Department Manager, Business Representative and Labor Relations Representative.

Reduction of hours in an affected group may be made by using a common factor.

Example: All employees in an affected group have more than 100 accumulated hours; thereby, all may be reduced by 100 resulting in no relative changes in the status of the group.

- C. Overtime records (**ask lists**) shall be maintained on either Form #6832 or #6832A, or on a form or a system that provides the same information as is shown on the referenced forms and which accurately reflects each employee's overtime status. **a form and/or system mutually agreed upon by the Union and the Company and shall include the overtime assignments and any critical tasks to be performed. Employees who do not possess the required certifications to perform the**

overtime assignment shall not be charged for the refusal.

- D. An employee returning from an absence of more than one week, ~~from prolonged absence, or military leave~~ shall be given the average number of hours worked by his or her group during the employee's absence (vacation, union business or jury duty excluded), except as noted below:

Exceptions:

(1) Employees assigned to field duty for less than 30 calendar days who remain on the roster of their regular department shall be charged with the actual overtime hours worked on such field duty assignments or double the average number of overtime hours worked by the group during their absence, whichever is the higher.

(2) Overtime hours worked by an employee on loan will become a permanent part of the employee's overtime record.

- E. Employees will be charged twice the number of hours worked on the seventh day or on a holiday.
- F. Subject to operating requirements, overtime may be refused without the employee being charged for refusal if the overtime is on the sixth or seventh workday immediately preceding such employee's vacation, or if the employee has been released for Union business and the Company properly notified in advance.
- G. Employees asked to work weekend overtime after the lunch break on Friday or Thursday for a 9/80 workweek will not be charged for refusal. **Employees asked to work in-week overtime after the lunch break that results in an extension of their current, regularly scheduled shift, will not be charged for refusal.**
- H. Employees will not be offered overtime on the sixth or seventh day of the workweek immediately preceding and/or following vacation unless they request in writing to be considered three working days or more prior to the overtime day.
- I. Employees may request in writing that they do not wish to be considered for overtime. Such request will continue until such time as a written request is received to again be considered. At the time the employee again wants to be considered for overtime in the same affected group, the employee will receive the average of his or her affected group or his or her previous overtime hours, whichever is higher.
- J. The Company will give notice to the Senior Steward and the employees by Thursday or Wednesday during a 9/80 workweek for scheduled weekend overtime and as early as possible for in-week overtime. It must be recognized that there may be some exceptions because of last-minute emergencies or schedule changes.
- K. **Overtime records will be provided to the Senior Steward upon request, and may will be posted in a location mutually agreed upon by the Department Manager and Senior Steward no later than three working days from the end of the pay period** ~~on a daily basis where practical, but in no event~~

Lockheed Martin Aeronautics Company - Palmdale

~~more than three working days from the date the overtime is performed, unless the Senior Steward and the Department Manager agree otherwise. Following the posting of weekend overtime, a copy of the current overtime record will be provided to the Senior Steward.~~

- L. When it is contemplated that an employee will be loaned to another department for five or more consecutive working days, copies of the loan paperwork will be given both to the Senior Steward of the employee's regular department and of the department to which loaned.
- M. Swing and graveyard shifts will be given overtime assignments in relative proportion to the day shift work force, operational requirements permitting.
- N. Employees who agree to work overtime will be charged ~~quadruple~~ **ten times** the number of hours for which they did not report or did not work.
- O. Employees will not be charged for in-week overtime missed if a paid sick or previously approved vacation day(s) is used.
- P. **The Department Manager shall not be required to re-assign critical work in progress for the purposes of overtime distribution upon agreement between the Department Manager and Senior Steward or designated alternate. ~~The Department Manager shall determine when job continuity is required due to the nature of the task and the associated skill and ability of the employee performing the task during regular working hours shall serve as the criteria for determining whether job continuity is required.~~ In cases where job continuity is warranted, the employee performing the task during regular business hours shall follow through on his/her task on overtime.**
- Q. **At the request of either party, quarterly meetings between Union and Company management will be held to discuss matters regarding overtime administration.**
- R. Should unforeseen problems arise in any of the above items, such item may be reopened for revision.

Article VII, Section 11, Pay Period (pg. 89)

Paychecks to employees shall be issued within eight days after the end of the pay period and shall represent the earnings of the employee from Saturday to, and including, Friday of such pay period. **In addition to the current methods of pay delivery options, which include Paper Checks and Direct Deposit, the Company may offer, and at any time discontinue the pay delivery option of Pay Cards.**

Article VII, Section 13, Subsection A: Lead – Rate of Pay (pg. 89)

A. Rate of Pay:

Leads shall be paid at a rate of \$.50 an hour above the maximum of the highest classification, including the Lead's own classification, of an employee who remains within the group led for not less than a major portion of a given pay period. For example, a Machinist - General appointed to Lead over a group of **Machinists – Milling Machine Mechanics–Maintenance** would receive a rate of pay based upon the classification of Machinist - General even though the Lead is the only one in the group holding such a classification. A Lead leading a group in which more than one classification is represented shall be classified in the classification covering the job duties the employee will normally perform. For example, a **Machinist – Milling Machine Mechanic–Maintenance** appointed to Lead over a group which includes a Machinist - General would be classified as a **Machinist – Milling Machine Mechanic–Maintenance - Lead**.

The classification of a higher-classified employee, who because of unusual circumstances is temporarily assigned under a Lead to perform the same type of work as done by the group led, shall not be used to determine the Lead's rate of pay.

Article VII, Section 16, Bonus for A&P Certificate (pg. 94)

The Company will pay a bonus, outside of the rate structure set forth in Article VIII, Section 3 of the Agreement, in the amount of thirty cents (\$.30) per hour to those employees who possess a valid FAA Airframe & Power Plant Certificate. The bonus will be paid to employees when assigned to one of the following classifications: General Flight Mechanic (Code 4156), Inspector General Flight (Code 6236), General Flight Electrical and Instrument Mechanic (Code 4124), Flight Test Instrument Technician (Code 4143), or Advanced Technology and Systems Technician (Code 3569). To be paid the bonus, employees must present the original certificate for verification to Labor Relations or **Onboarding**.

Article VII, Section 17, Bonus for Parachute Riggers Certificate (pg. 95)

The Company will pay a bonus, outside of the rate structure set forth in Article VIII, Section 3 of the Agreement, in the amount of twenty cents (\$.20) per hour to those employees who possess a valid FAA Parachute Riggers Certificate. The bonus will be paid to employees assigned to the Flight Safety and Survival Equipment Technician (Code 6413). To be paid the bonus, employees must present the original certificate for verification to Labor Relations or **Onboarding**.

Supplement E, Bonus and Premium Chart (pg. 135)

On Line 25, 26 Jury Duty Pay, Witness Pay; under heading odd work week (odd WW) change excluding (Excl) to including (Incl).

Supplement F, Letter 13, Paragraph 3 (pg. 161)

3. One year or later, following the issuance of a written criticism, an employee may request in writing of his or her Department Manager to have it removed. If the employee, during the intervening period of time, has demonstrated sufficient improvement and the ability to maintain an acceptable and satisfactory record, the Department Manager will remove the written criticism. ~~The decision of the Department Manager will not be subject to the grievance procedure.~~

Supplement F, NEW LETTER, Electronic Grievances

Mr. Marion "Bud" Duryea
Grand Lodge Representative
Aerospace/Defense Industry Related District Lodge 725
International Association of Machinists and Aerospace Workers
39047 10th St East
Palmdale, CA 93550

Reference: Electronic Grievances

Dear Mr. Duryea:

This letter confirms the understanding reached between the company and the union during contract negotiations, that the Senior Board and Labor Relations will have the responsibility to review and make recommendations for the implementation of electronic grievance filing between the union and the company.

Sincerely,

Josh Flood
Manager, Labor Relations

Supplement F, NEW LETTER, Acquisition of New Business

Mr. Marion "Bud" Duryea
Grand Lodge Representative
Aerospace/Defense Industry Related District Lodge 725
International Association of Machinists and Aerospace Workers
39047 10th St East
Palmdale, CA 93550

Reference: Acquisition of New Business

Dear Mr. Duryea:

The Company and Union recognize that in order for Lockheed Martin to compete as a world class aircraft manufacturer, the Site must strategically leverage existing resources while eliminating inefficiencies which may exist in the current ~~hourly~~ Site structure. Additionally, in order to sustain Site competitiveness and attract potential future investment opportunities for ensuring business viability and continuity, the parties are committed to joint collaboration in new business ventures.

In order to facilitate this joint collaboration, upon mutual agreement, the parties may mutually agree to enter into 'position to win' discussions when a new business venture is identified by the Company. These discussions could include wage and benefit economic targets and operational modifications that would need to be achieved in order to submit a proposal for new business. Provided the membership votes and ratifies any modified operational agreements previously discussed, the parties agree to open the collective bargaining agreement subject to a new program confirmation by the Company for the purpose of integrating the new program work into the existing contractual provisions of the CBA, and any modified operational agreements previously agreed to ~~and~~ in order to enact the agreed-upon wage and benefit agreements achieved in the position to win discussions.

Sincerely,

Josh Flood
Manager, Labor Relations

Supplement F, NEW LETTER: Incentive Program

Mr. Marion "Bud" Duryea
Grand Lodge Representative
Aerospace/Defense Industry Related District Lodge 725
International Association of Machinists and Aerospace Workers
39047 10th St East
Palmdale, CA 93550

Reference: Incentive Program

Dear Mr. Duryea:

The Company and Union acknowledge the value of giving special recognition awards for exceptional and/or significant improved performance to teams as well as individual employees where the Company, in its sole discretion, identifies an individual employee or group of employees who have made significant contribution(s) to the Company, a special recognition or spot award may be utilized for recognizing the employee(s) in the form of a monetary or non-monetary award. This contribution may be demonstrated in a single one-time event or over a period of sustained high performance and may include an interval based award tied to the achievement of performance metrics as defined by management. The Company will inform the Union when team-based awards are granted. The issuance of Special Recognition or Spot Awards will be in accord with Aero Code policy AC-3697.

Sincerely,

Josh Flood
Manager, Labor Relations

Lockheed Martin Aeronautics Company - Palmdale

LOCKHEED MARTIN AERONAUTICS COMPANY,
A Division of Lockheed Martin

Installed: 1949
Reviewed: **2014**
Revised: **2014**
Upgraded: **2014**
Combined:

PALMDALE
IAM&AW FACTORY JOB DESCRIPTION

Code: RP4633
Grade: 47 **18**

MECHANIC - AUTOMOTIVE, SENIOR

PERFORMS SUCH TYPICAL DISTINGUISHING DUTIES AS:

Maintains, repairs, **retrofits, modifies** and overhauls gasoline, **propane**, diesel, hydraulic, **hybrid**, and electrical powered vehicles and equipment, exercising applicable knowledge of **diverse the** vehicle and equipment operations; tears down, diagnoses trouble, determines nature and extent of required corrective action for electrical systems (including starting, charging, ignition, and lighting systems), fuel systems (including fuel lines, pumps, tanks, injection systems, and electronic controls), cooling systems, steering, suspension, and braking systems (including ABS), power train electronic control systems, supplemental restraint systems, evaporative emissions systems, exhaust systems, heating, air conditioning, and ventilation systems; performs repairs, **retrofits and modifications** for aforementioned systems as well as repairs, **retrofits, modifies**, overhauls or replaces such units and parts as transmissions, differentials, clutches, transistorized ignition systems, starters, distributors, generators, fuel pumps, carburetors, crankshafts, main bearings, brakes, **exhaust systems and components** and propane fuel equipment; installs and fits piston rings, wrist pins and hydraulic cylinders; sets up, adjusts, and interprets electronic engine analyzing test equipment and results. Reassembles units and makes complete operational checkout to verify proper functioning of vehicle and equipment.

Performs auto body work and adjustments of, but not limited to, bumpers, fenders, doors, door latches and handles, door glass, window regulators, mirrors, and trim.

Performs rework of the level of difficulty of the operations described above.

Must meet minimum job skills requirements as outlined below to qualify for and hold this classification:

- Four years of experience in the repair and overhaul of gasoline, diesel, hydraulic and electrically-powered vehicles or successful completion of a two year automotive technician course.
- **Must possess knowledge and experience of diverse vehicles and powered equipment.**
- Must possess a valid California Class "C" driver's license.
- Must possess licenses and/or certifications required by the Company, **as well as State and Federal laws and regulations.**

MECHANIC - AUTOMOTIVE, SENIOR (Continued)

PERFORMS SUCH RELATED DUTIES AS:

Makes major motor tune-ups as required.

May be required to work on equipment in a variety of environmental conditions.

May develop, implement, assist with, and/or maintain preventative maintenance systems and programs.

Mounts, balances, and repairs automotive tires.

Washes, steam cleans, cleans, refuels and otherwise services above equipment.

Makes emergency service calls on occasion of equipment breakdown and operates tow truck as required.

Orders, Picks up, delivers, unloads, and stocks automotive parts and supplies.

Prepares proper paperwork **and electronic records,** documenting **consumption, supplies,** maintenance and repair actions **in a variety of electronic and manual records systems.**

Repairs bicycles as required.

Lockheed Martin Aeronautics Company - Palmdale

LOCKHEED MARTIN AERONAUTICS COMPANY,
A Division of Lockheed Martin

Installed: 1996
Reviewed: **2014**
Revised: **2014**
Upgraded: **2014**
Combined: 1996

PALMDALE
IAM&AW FACTORY JOB DESCRIPTION

Code: RP6236
Grade: ~~17~~**18**

INSPECTOR - GENERAL FLIGHT

PERFORMS SUCH TYPICAL DISTINGUISHING DUTIES AS:

Inspects all types of products, including experimental, ~~and~~ prototype **and production parts,** assemblies and air vehicles, during various stages of production, assembly, teardown, reassembly, flight, flight test, and delivery; certifies workmanship, functional systems and test apparatus operation, and airworthiness, including all stages of preflight, power runs, engineering flight tests, production acceptance and verification flights; exercises a knowledge of engineering, inspection, and airworthiness requirements for experimental and production aircraft, and production methods and practices for aircraft structure, electrical, hydraulic and mechanical functional systems, accessories, power plants, instruments, and aircraft performance under simulated or actual flight conditions; inspects completed aircraft area by area, including cabin and flight stations, wing and wing tank sealing, etc., inspects disassembly, alteration, modification, reassembly and testing of standard or developmental installations, instruments, structure, rigging, **flight safety and survival equipment, aircraft coatings, to include LO stack-up and bonding materials,** functional units and test gear; inspects structure and components, accessories, instruments, and functional installations for completeness, workmanship, safety, foreign objects and conformance to Company, customer, and F.A.A. requirements; inspects and approves installation of parts, components, assemblies and functional systems on aircraft or aircraft assemblies, and makes operational checks under simulated flight conditions; inspects systems installations, fuel operations, including final fuel checks of tanks after fluid soak, and pressure tests.

Must be able to thoroughly and efficiently document findings, determine acceptable corrections according to Company and/or Customer policies, specifications, manuals, Technical Orders, or any other governing documents, and provide such recommendations in physical or electronic format to multiple organizations, including but not limited to Planning, Engineering and Customers.

Must obtain certifications required by Company, customer or law, and have a minimum of four years experience as an assembly or production flight line inspector or flight line mechanic, or possess a valid A & P License with two years of practical experience.

Must be able to demonstrate a knowledge of or have completed training in inspection principles, Blueprint II, basic computer operations, operation and trouble shooting or aircraft systems, repair technology, and operation of ground support equipment and aircraft functional systems.

INSPECTOR - GENERAL FLIGHT (Continued)

~~Must be able to inspect all types of products, including experimental, prototype and production parts, assemblies and air vehicles, during various stages of assembly, flight, flight test and delivery. Must be able to certify workmanship, functional systems and test apparatus operation, and airworthiness, including all stages of preflight, power runs, engineering flight tests, production acceptance and certification flights.~~

PERFORMS SUCH RELATED DUTIES AS:

Inspects preflight, post-flight, flight test and flight servicing of aircraft for workmanship, operations and airworthiness modifications.

Signs off aircraft for flight and prepares certification documents evidencing compliance with Company, customer, and F.A.A. regulations; accepts or rejects conditional flight releases and certifies release documents as required.

Inspects sighting, adjusting and firing of guns, cannon or other armament or weapons systems per functional test procedures.

Verifies transit leveling of aircraft and correct zero or normal reading of instruments such as compass, bank and turn indicator, artificial horizon, etc.

Witnesses operational checkout of aircraft electronic systems prior to, during or subsequent to flights.

Inspects fuel, oil and hydraulic tanks, lines and systems for freedom from foreign material, for proper functioning under test equipment actuation, and for workmanship and conformance to specification.

Operates control surfaces, checks instrument readings, powerplant or other operations during power runs.

Accompanies ship on production and/or customer acceptance flights, as assigned, and inspects characteristics and operation of aircraft including components, accessories, controls, powerplants, instruments, and other items.

Collaborates with authorized company, customer and/or vendor liaison personnel in the inspection of complete aircraft for successive production and acceptance, including

delivery or redelivery to the customer. ~~Performs surveillance inspections as required.~~

Approves acceptable items and withholds unacceptable items per company procedures.

May perform surveillance inspection and other related inspection assignments incidental to the primary duties described herein.

Lockheed Martin Aeronautics Company - Palmdale

Operate a computer workstation and related state-of-the art office equipment.

INSPECTOR - GENERAL FLIGHT (Continued)

NOTE: Employees currently in or on recall to this combination classification will receive adequate training on Company time in job duties unrelated to their current or previously-held classification.

NOTE: This job incorporates duties previously described in the following classifications:

6063	Inspector - Engineering Flight Test
6239	Inspector - General Flight

LOCKHEED MARTIN AERONAUTICS COMPANY,
A Division of Lockheed Martin

Installed: 1951
Reviewed: **2014**
Revised: **2014**
Upgraded: **2014**
Combined: 2000

PALMDALE
IAM&AW OFFICE & TECHNICAL JOB DESCRIPTION

Code: RP8579
Grade: **9 10**

IDENTIFICATION / VISITOR CONTROL SPECIALIST

PERFORMS SUCH TYPICAL DISTINGUISHING DUTIES AS:

Fingerprints and photographs new employees and authorized plant visitors such as vendors, customers, ~~Air Force and Navy~~ **government** personnel, outside contractors and their representatives and, as required, secures authorization for entry of said personnel; **designs**, prepares, ~~and~~ issues **and tracks** badges, passes and related credentials using an automated badging system, verifies proper security clearance **and Program accesses levels** of ~~aliens by U.S. Military representatives~~ **employees and non-employees**, applying a knowledge of identification procedures, personnel records functions and paperwork; makes badge changes using an automated badging system for employees affected by transfer, shift change, medical limitations, and maintains electronic data bases and records of such transactions; arranges the documentary clearance, return and storage of tools, ~~safety materials, keys~~ and identification materials, ~~and determines proper charges and refunds for lost items, working to standard cost lists~~; checks gate passes for proper signatures and type of materials withdrawn on those passes; maintains complete identification files, including such documents and data as employee fingerprints and photographs, records of issuance and losses of passes, badges, tool checks, keys and related personnel data. Performs specialized security clerical work as applicable to authorize ~~Visit Control~~ **visits** and prepares authorizations for badges, passes and related credentials to provide identification and entry of employees and ~~authorized~~ visitors. Utilizes **a variety of** computerized processing systems, **as required** such as the ~~Integrated Security Systems (ISS)~~; Verifies facility and personnel clearances for subcontractors and other Company visitors; Performs routine administrative duties including typing, receptionist, FAX monitoring and computer tasks as they pertain to Visitor Control.

PERFORMS SUCH RELATED DUTIES AS:

Issues, records and makes periodic audit of ~~supplementary pass books such as one-time gate passes, interdepartmental passes~~ **parking placards, smart badge disposition** and related identification materials, **sends and** receives correspondence and issues standard forms pertinent to the disposition of employee tool boxes.

Operates miscellaneous **office and** identification equipment such as **typewriters**, ~~tool-check stamping machine, badge press, laminating machine, electric badge opener~~ **hole punch**,

IDENTIFICATION / VISITOR CONTROL SPECIALIST (continued)

electric corner rounder (tool chits), proxy reader, identification scanners, signature pads, fingerprint scanner, identification cameras and related equipment.

Trims and matches photos and laminates passes.

Operates typewriter, **Facsimile machine (FAX)** computer workstation, encoders and related state-of-the-art office equipment in the performance of the duties described herein.

Ensures accuracy and completeness of data entered into mechanized systems.

In absence of visit or visit authorization, prepares visit requests in VMS System.

Briefs employees, contractors and visitors on Company rules, regulations and Security requirements.

Monitors Resource Mail Box to ensure all requests and inquiries for Badge/ID and Visit Control are assigned to appropriate individual.

Verifies authorization, orders and tracks production stamps, tool chits, and property passes.

Performs incidental clerical duties as required.

JOB SKILLS REQUIREMENTS

Must meet minimum job skill requirements as outlined below to qualify and hold this classification:

- Must be able to operate a typewriter at a net speed of 40 words per minute.
- Ability to exercise tact and discretion in dealing with people at all levels.
- **Must be able to maintain privacy of employee, government, and non-employee personal information.**

Be able to demonstrate knowledge of, or have successfully completed training in the following job skills:

- Computer terminal operations.
- Personal computer and related software packages.