The proposed agreement would cover the period between March 5, 2018 and March 11, 2023.

Your IAM Bargaining Committee unanimously recommends ratification of this five-year agreement that delivers wage improvements, retirement contributions and a strong benefits package.

The following highlights the key elements of the proposed agreement:

### $4,200 Ratification Bonus; GWI Increases; No Lump Sums
- $4,200 Ratification Bonus in 2018.
- 3.0% General Wage Increase in 2018.
- 2.5% General Wage Increase in 2019.
- 2.5% General Wage Increase in 2020.
- 2.5% General Wage Increase in 2021.
- 3.0% General Wage Increase in 2022.

### Pension Increases – NO FREEZE
- Your Bargaining Committee secured the highest union pension benefit in the company.
- 2018-2021 pension increases to $100 per year of credited service.
- Retirements after 2022 pension increase to $102 per year of credited service.
- Eliminated 40 year life time cap currently in place.

### Improvements to Retirement Plans
- Improvements to Hourly Capital Accumulation Plan. For eligible members, the company will contribute $500 per quarter.
- Members contributing to the Hourly Savings Plan Plus, the company will match 50% up to $84 per week of your contributions.
- Basic Benefit Plan improved to $120 per quarter for members hired after March 1, 2005. Members hired before March 1, 2005 will receive a quarterly contribution of $75.

### Maintained Blue Cross HMO Medical Plans
- Legacy Blue Cross HMO plans currently offered remain an option for members hired before March 4, 2014.
- Company will pay 85% of the annual premiums for the life of the contact.

### Expanded Health Care Options and Added Health Savings Account with Company Contributions
- In 2019, the company will replace LMHealthWorks with new High Deductible Health Plans (HDHP). Members can choose among three different HDHP options that range in costs and deductibles.
- The company will pay 87% of the annual plan cost.
- Members who enroll in a new HDHP in 2019 receive a one-time company contribution of $1,250 (individual)/$2,500 (family) to their Health Savings Account (HSA).
IAM Delivers Improved Wages, Cash Bonus and Long Term Wage Growth

Your IAM Bargaining Committee negotiated a competitive package that provides increases in wages over the next five years. This includes a ratification bonus, General Wage Increases and wage improvements for a variety of job positions. We fought for NO LUMP SUMS to keep wages growing every year at all sites.

Pay Improvements

**Contract Provides One Time Ratification Bonus**
You will receive a ratification bonus of $4,200 pre-tax (payable within 60 days of ratification). You have the choice to receive the bonus as CASH or TAX DEFERRED when deposited to your Hourly Savings Plan Plus (HSP). Contract must be ratified on March 4, 2018 by 6 p.m. ET. You can choose to defer the ratification bonus to your HSP in $400 increments.

**Yearly General Wage Increases**
- 3.0% General Wage Increase in 2018.
- 2.5% General Wage Increase in 2019.
- 2.5% General Wage Increase in 2020.
- 2.5% General Wage Increase in 2021.
- 3.0% General Wage Increase in 2022.

In 2018 eligible retirees, will receive a $1,000 bonus payment in addition to GWI if retiring by Dec. 31, 2018.

**Breakdown of Wage/Bonus Increases**

<table>
<thead>
<tr>
<th>Year</th>
<th>Wage Growth</th>
<th>Average yearly income for IAM Member</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$72,048</td>
<td>Increase of $2,098 from 2017</td>
</tr>
<tr>
<td>2019</td>
<td>$73,850</td>
<td>Increase of $1,802 from 2018</td>
</tr>
<tr>
<td>2020</td>
<td>$75,696</td>
<td>Increase of $1,846 from 2019</td>
</tr>
<tr>
<td>2021</td>
<td>$77,588</td>
<td>Increase of $1,892 from 2020</td>
</tr>
<tr>
<td>2022</td>
<td>$79,916</td>
<td>Increase of $2,328 from 2021</td>
</tr>
</tbody>
</table>

**Cash Bonuses**

<table>
<thead>
<tr>
<th>Year</th>
<th>COLA Supplement &amp; Bonus</th>
<th>Over the life of the agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$5,000 pre-tax</td>
<td>$82,000 pre-tax</td>
</tr>
<tr>
<td>2019</td>
<td>$800 pre-tax</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>$800 pre-tax</td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>$800 pre-tax</td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td>$800 pre-tax</td>
<td></td>
</tr>
</tbody>
</table>

More than $29,300* in Compounded Wage Growth over the Agreement

* Assumes average hourly rate of $33.63. Excludes lump sum payments and overtime.

**Additional Wage Improvements**
- **Increased Lead Pay:** Team lead will now receive $1 added to their base hourly rate. Current leads are grandfathered under updated pay approach.
- **All GWIs will be applied to the minimums and maximums** of the labor grades
- **Multiple Job Classification Upgrades.**

**Additional Contract Enhancements**
- New Business Travel Accident Insurance.
- Machinists Custom Choices worksite benefits program confirmed through life of the agreement.
- New hire benefits established on day one.
Retirement Plans

IMPROVED Retirement Savings with Increased Company Contributions

Your retirement is important and the IAM secured improvements for all members to their retirement and saving plans. Members who have the Hourly Savings Plan Plus (HSP) and Hourly Capital Accumulation Plan (HCAP) receive company contributions.

How Does Your Retirement Savings Grow During the Life of the Contract?

### Hourly Savings Plan Plus

<table>
<thead>
<tr>
<th>Component</th>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee contribution</td>
<td>$84 / week</td>
<td>+ $42 / week</td>
</tr>
<tr>
<td>Agreement Total Value</td>
<td><strong>$37,198</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Hourly Savings Plan Plus Company Contribution Increases**

The company will match 50% up to $84 per week of your employee contributions. That compares to $78 in the previous agreement. Members may increase their unmatched contributions up to the IRS limit.

### Hourly Capital Accumulation Plan

<table>
<thead>
<tr>
<th>Component</th>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company Contribution</td>
<td>$500 / Qtr.</td>
<td><strong>$11,354</strong></td>
</tr>
<tr>
<td>Agreement Total Value</td>
<td><strong>$11,354</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Improvement to Accumulation Plan Contribution By the Company**

The company will also make contributions to the Hourly Capital Accumulation Plan. Eligible members hired or rehired on or after March 7, 2011 will receive a company contribution of $500 per quarter for the life of the agreement. This is a 25% increase from the $400 quarterly contribution in the current contract.

### Basic Benefit Plan

<table>
<thead>
<tr>
<th>Component</th>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company Contribution for Members Hired After March 1, 2005</td>
<td>$120 / quarter</td>
<td><strong>$2,725</strong></td>
</tr>
<tr>
<td>Agreement Total Value</td>
<td><strong>$2,725</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Basic Benefit Plan Improvements**

For eligible members, hired or rehired on or after March 1, 2005, the company will make a quarterly contribution of $120. Members hired before March 1, 2005 will receive a quarterly contribution of $75. No employee contribution is needed for the Basic Benefit Plan.

**Total Value of Retirement Contributions Over the Life of the Agreement***

**$51,277**

*Retirement value assumes an IAM Employee, working 40 hours weekly, with an average base rate of $33.63 in 2017. Value is over the life of the contract with 5% growth. Illustration does not include retirement contributions before March 4, 2018 and represents total value of retirement contributions over the life of the agreement for an employee hired after March 7, 2011.*
IAM Protects Pension and Improves Retiree Medical

Your IAM Bargaining Committee fought to protect your long term financial security with improvements to pension plans for eligible members. The IAM also secured improvements to retiree medical, creating further stability and security for members who retire from the company.

**Pension Increase Provides More Financial Security for Retirees**

Your Bargaining Committee secured the highest union pension benefit in the company. Employees who commence retirement between Jan. 1, 2018 and December 31, 2021, will receive $100 per year of credited service. Employees who commence after Jan. 1, 2022 will receive $102 per year of credited service. This is an increase from the $95 per year of credited service in the current contract.

Effective Jan. 1, 2018 the 40 year cap will be eliminated.

**Improved Under-Age 65 Retiree Medical - KAISER HMO Available**

Company subsidy increased to $7,000 (Retiree) or $14,000 (Retiree+1) annually. Maintained current Kaiser HMO option in California. We were able to add the Kaiser Georgia Pre-65 HMO as an option for employees retiring on or after July, 2018. On January 1, 2019 Kaiser Georgia Pre-65 HMO will be available to all past and future retirees.

**Improved Over-Age 65 Retiree Medical - Retirements before July 1, 2018**

The current MERMP and Senior HMO offerings will continue to be available for those who commence retirement prior to July 1, 2018 and the current contribution formula will remain the same as the current contract. Effective Jan. 1, 2018, the MERMP lifetime maximum will be increased to $75,000 for all past and future MERMP eligible employees. This is an increase from $30,000 in the current contract.

**Via Benefits™ For Over-Age 65 Lockheed Martin Retirees – Retirements on or after July 1, 2018**

Via Benefits is a marketplace that helps Medicare-eligible, over-age 65 retirees research and enroll in individual health care plans which include medical, dental and vision. Additionally, eligible retirees and their spouses receive services to help them select the best coverage for their needs. Via Benefits will be available to IAM retirees commencing retirement on or after July 1, 2018. The Company will contribute $175 per month ($2,100 annually) to their Health Reimbursement Arrangement (HRA) for those that enroll through Via Benefits. The company contribution can be used to pay for eligible medical, prescription drug, dental, and vision premiums— as well as eligible out-of-pocket healthcare expenses.

**2018-2021**

Pension benefit increases 5.3% to $100 per year of credited service.

$36,000* Per year upon retirement

* 30 years of credited service

**Retirees After 2022**

Pension benefit increases 7.4% to $102 per year of credited service.

$36,720* Per year upon retirement

* 30 years of credited service

**PAID Bereavement**

- **PAID BEREAVEMENT LEAVE FOR ALL MEMBERS** – All members will have up to three days of PAID bereavement leave per occurrence. The leave can be used for paid time off in the event of a death of an immediate family member. The definition of immediate family member was also expanded to match the company policy.
**Health Care Benefits – Your Medical Plan Options**

**IAM Delivers Upgraded Health Care Options**
Your IAM Bargaining Committee secured health care options for members—the legacy HMO plans will remain available to eligible members and the company will continue to pay 85% of the premiums. LMHealthWorks is replaced by new High Deductible Health Plans (HDHP) paired with a tax free Health Savings Account (HSA).

**New Health Plans Provide More Choices and Ability to Pay for Medical Expenses with Tax Free Health Savings Account**
In 2019 LMHealthWorks will be replaced with High Deductible Health Plans. All members have the option to participate in the new HDHP offerings, which provide at least three different plan designs. All options cover the same types of services, pay benefits after you meet the deductible and provide preventive care at no cost. Your geographic region determines your plan carriers, which may include Aetna, CareFirst BlueCross BlueShield, Cigna, and Kaiser Permanente. As part of the HDHP offerings, you will be eligible to participate in a Health Savings Account (HSA) to help offset your medical expenses. The HSA includes many tax advantages and company contributions.

### 3 HDHP Medical Plans

<table>
<thead>
<tr>
<th>Medical Plan Designs (single/family)</th>
<th>Monthly Premium</th>
<th>Annual Deductible</th>
</tr>
</thead>
<tbody>
<tr>
<td>HDHP 1</td>
<td>$1,600/$3,200</td>
<td>$1,600</td>
</tr>
<tr>
<td>Out of Pocket: $3,200/$6,850</td>
<td>$3,200/$6,850</td>
<td></td>
</tr>
<tr>
<td>HDHP 2</td>
<td>$2,400/$5,100</td>
<td>$2,400</td>
</tr>
<tr>
<td>Out of Pocket: $4,800/$10,900</td>
<td>$4,800/$10,900</td>
<td></td>
</tr>
<tr>
<td>HDHP 3</td>
<td>$3,500/$6,850</td>
<td>$3,500</td>
</tr>
<tr>
<td>Out of Pocket: $6,550/$13,100</td>
<td>$6,550/$13,100</td>
<td></td>
</tr>
</tbody>
</table>

*Individual Cap on Out of Pocket Maximum limited to $6,850

Out of Pocket Maximum Provides Enhanced Financial Protections

### Tax Free Health Savings Account:

**Tax Advantages & Grow Your HSA with Company Provided Contributions**

- **$2,500** One-Time Company HSA Contribution for Family Coverage
- **($1,250 for Single Coverage)**
- **$1,000** Annual Wellness Incentives for employee and spouse
- **$800** COLA Supplement

Potential HSA Contributions in 2019 for eligible employees

Enjoy the Many Benefits of a Health Savings Account

- **No use it or lose it** - You keep all contributions (including company contributions); even if you leave the company.
- **Tax free benefits**, earnings & withdrawals. **NO FICA**
- Use your HSA debit card to conveniently pay for health care expenses.
- Potentially **grow your balance** by investing portions of your funds in investment accounts.
- Annual contribution limits are determined by the IRS.
- **At age 65, you can make penalty free withdrawals** for any reason and continue to receive tax-free benefits for qualified medical expenses, including Medicare premiums.

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** IAM Maintains Legacy Blue Cross HMO Health Care Plans for Eligible Members**
The legacy Blue Cross HMO plans, including prescription drug coverage, will remain available to eligible members hired prior to March 3, 2014. The company will pay 85% of the premium costs and the member will contribute 15%. Due to IRS regulations, members enrolled in the legacy Blue Cross HMO plans are not eligible for the new Health Savings Account (HSA).
**NEW – Accident Insurance Available**
Most major medical insurance plans only pay a portion of the associated expenses. With the Accident Insurance Plan, you receive additional financial support. The coverage pays a cash benefit, in addition to your medical benefits, that correspond with hospital and intensive care confinement. The cash benefit is payable directly to you and can be used to help pay for deductibles, treatment, rent and more. You can elect to enroll in the accident insurance plan Annual Enrollment.

**NEW – Hospital Indemnity Insurance**
Hospital Indemnity insurance provides additional financial protection for hospital stays when a sickness or injury occurs. The coverage pays a cash benefit, in addition to your medical benefits, for hospital confinement. The cash benefit is payable directly to you and can be used to help pay for deductibles, treatment, rent and more. You can elect to enroll in the hospital indemnity plan during Annual Enrollment.

**NEW – Critical Illness Insurance**
The new Critical Illness insurance provides additional financial stability, beyond your standard medical benefits, for you and your family. The insurance allows you to select the benefit coverage amount you want based on your individual need and budget. If diagnosed with a covered critical illness, you will receive a cash benefit based on the percentage payable for the condition. You can elect to enroll in the critical insurance plan during Annual Enrollment.

**Optional Benefits**
Significant Contract Changes Improve Work Environment for Members

- Secured negotiated progressive discipline process into the agreement. **No one disciplined without just cause.** Capped suspension during investigations.

- Preserved rewards and recognitions and incentive options for workers.

- **On a one-time basis effective March 5, 2018, all attendance discipline records currently on file with the Company will be removed.**

- Personal business for all **granted** up front each year.

- Addressed grievance procedure and **achieved increases** in company back pay liability.

- Notice periods and Union involvement before alternate work schedule changes.

- Secured membership ratification before any new business changes.

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**60 Company Paid Holidays**

**2018 (11 days)**
- Memorial Day, May 28
- Independence Day, July 4
- Labor Day, September 3
- Thanksgiving Day, November 22
- Day After Thanksgiving, November 23
- Christmas Holiday, December 24–31

**2019 (12 days)**
- New Year's Day, January 1
- Memorial Day, May 27
- Independence Day, July 4
- Labor Day, September 2
- Thanksgiving Day, November 28
- Day After Thanksgiving, November 29
- Christmas Holiday, December 24–31

**2020 (12 days)**
- New Year's Day, January 1
- Memorial Day, May 25
- Independence Day, July 3
- Labor Day, September 7
- Thanksgiving Day, November 26
- Day after Thanksgiving, November 27
- Christmas Holiday, December 24–31

**2021 (12 days)**
- New Year's Day, January 1
- Memorial Day, May 31
- Independence Day, July 5
- Labor Day, September 6
- Thanksgiving Day, November 25
- Day after Thanksgiving, November 26
- Christmas Holiday, December 24–31

**2022 (12 days)**
- New Year's Day, January 3
- Memorial Day, May 30
- Independence Day, July 4
- Labor Day, September 5
- Thanksgiving Day, November 24
- Day after Thanksgiving, November 25
- Christmas Holiday, December 23–30

**2023 (1 day)**
- New Year's Day, January 1