

**Lockheed Martin Space
And
International Association of Machinists and Aerospace Workers
District Lodge 725, Local Lodges 2228, 2786, 610**

February 20, 2018

Company Economic Proposal #2

In addition to all proposals tentatively agreed to date, below are the Company's proposals to modify the Agreement currently in effect. For any contract provision not mentioned, the Company proposes no change at this time:

Proposal # EU- Union EC- Company	Topic	Summary/Union Proposal	Company Proposal/Counter Bold – Updated Prop Language Strike – Previous Prop Language
E-0	Active Medical and New Hires		<p>The Company proposes the following package:</p> <p>Probationary Period – 120 Calendar Days (See local negotiations)</p> <p>New Hires- New Hires will be eligible for benefits on date of hire.</p> <p>Legacy Health Care Plan: 85% Company contribution; Company premium cost cap: See EU-12</p> <p>LM HealthWorks Plan. The LM HealthWorks medical plan currently offered as an option for all employees will be discontinued and no longer available as an option after December 31, 2018. For employees hired March 5, 2018 through December 31, 2018, the Company will credit the LM HealthWorks Health Fund account in the amount of \$250 for Employee Only coverage and \$500 for Employee plus one or more coverage for employees who are enrolled in the LM HealthWorks medical plan.</p> <p>High Deductible Health Plans. Effective January 1, 2019, offered to all employees. For employees hired or rehired on or after March 3, 2014, the High Deductible Health Plans will be the only option available.</p> <p>HSA Contribution: See EU-12</p> <p>Union to agree to withdraw remainder of proposal on Active Medical coverage.</p>

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EU-1	Pension	Increase to \$130 per month per year of Corporate service (past and future) and retroactive to Jan 1, 2018	<p>The Company proposes the following:</p> <p>Article XX BENEFITS Section 8. RETIREMENT AND SAVINGS PLANS</p> <p>A. Lockheed Martin Retirement Plan for Certain Hourly Employees (Retirement Plan). The Retirement Plan provisions as stated in the applicable Plan Documents will govern except where modified herein.</p> <p>a. Eligibility. Employees hired or rehired on or before March 6, 2011 will be eligible to participate in the Retirement Plan. Employees hired on or after March 7, 2011 will not be eligible to participate in the Retirement Plan.</p> <p>b. Retirement Plan Monthly Rates:</p> <ol style="list-style-type: none"> 1) Employees who commence retirement on or after January 1, 2018 will receive ninety-seven dollars (\$97) per month for each year of credited service. 2) An employee who commences retirement and begins receiving a monthly benefit on or after January 1, 2011 under Sections 4.05 (A)(2), 4.05(A)(3), and 6.01(B) of the Retirement Plan will receive a benefit of thirty-three dollars (\$33) per year of credited service.
EU-2	HCAP	Increase HCAP contributions to \$800 per quarter.	<p>The Company counters the Union's proposal with the following:</p> <p>Effective 2018: \$420 per quarter contribution Effective January 1, 2021: \$440 per quarter contribution</p>
EU-3	HSP (401K)	Matched contribution up to \$100 and increase company match to 80% .	<p>The Company counters the Union's proposal as follows:</p> <p>Company match: 50% up to \$82</p>

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EU-4	Basic Benefit Plan	Increase \$100/qtr. Employees hired after 3/1/05 increase to \$160/qtr.	The Company maintains its proposal to maintain current company contribution
EU-11	Bereavement	3 days paid bereavement leave	TBD – The Company is considering
EU- 12	Medical & Healthcare Coverage (HMO) (% premiums) (deductibles & out of pocket max)	Maintain current percentages for medical premiums for the life of the agreement. HSA contribution for employee only at \$3,450 and employee plus one or more at \$6,900	The Company counters the Union's proposal as follows: See E-0 Legacy Health Care Plan: 2019 Company premium cost cap High Deductible Health Plans: HSA Contribution: Employee only: \$750 Employee plus one: \$1,500
EU-13	Medical & Healthcare Coverage (Dental)	Basic Plan increase maximum to \$2,000 and Comprehensive Plan increase maximum \$2,500 Vision Plans	The Company maintains its proposal as follows: Dental: a) Effective January 1, 2019, the Company will pay 80% of the premium cost of the Dental Plan Core or the Dental Plan HMO, if selected... Vision: a) Effective January 1, 2019, the Company will pay 80% of the premium cost of the Vision Plan Core...

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EU-14	<p style="text-align: center;">Medical & Healthcare Coverage Post 65</p> <p style="text-align: center;">(MERMP Lifetime Max)</p> <p style="text-align: center;">(MERMP Contribution)</p>	<p>MERMP lifetime max increase to \$50,000</p> <p>Company contributions of \$500.00 for single and \$1,000 for family</p> <p>Company subsidy in form of credit to HRA at \$330 monthly per enrolled retiree and \$660 monthly per enrolled spouse</p>	<p>The Company counters the Union's proposal as follows:</p> <p>MERMP: \$50,000 for all future retirees eligible</p> <p>Company HRA Subsidy for Via Benefits: \$1,200 annually (\$100 per month) per enrolled retiree \$1,200 annually (\$100 per month) per enrolled spouse.</p>
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EU-15	Medical & Healthcare Coverage (STD)	\$600 per week benefit up to 27 weeks unless provided by State SDI.	The Company counters the Union's proposal as follows: After July 1, 2018, the maximum will increase to \$390 per week.
EU-16	Medical & Healthcare Coverage (Hearing Aid)	Maximum coverage expenses per hearing aid per ear will be \$2000 annually.	The Company maintains its proposal as follows: See various Company medical plan designs (See Exhibit 1)
EU-17	Medical & Healthcare Coverage (Life and AD&D)	Increase to \$50,000	The Company counters the Union's proposal as follows: Effective January 1, 2019 \$42,000
EU-18	Retirement Benefits (Early retiree coverage)	Increase company contribution to \$10,000 annually for single coverage and \$20,000 for family coverage	The Company counters the Union's proposal as follows: Retiree-Only: \$6,250 cap Retiree+Family: \$12,500 cap
EU-25	GWI (Increases)	Wage Increases (5%, 5%, 5%, 6%, 5%)	The Company counters the Union's wage proposal as follows: Year 1: 2.0 % Lump Sum Year 2: 1.5 % General Wage Increase Year 3: 1.5 % General Wage Increase Year 4: 1.5 % General Wage Increase Year 5: 2.0 % Lump Sum

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EU-27	COLA Supplements	Increased \$1,200 to \$2,000 from \$800	Refer to Company proposal EC-1
EU-32 C-9	New Hire Benefits and Probationary Period	Day 1 coverage	Refer to E-0
EC-1	COLA Supplements & COLA	Eliminate	The Company maintains its proposal to delete current Article VIII, Section 4 and Article VIII, Section 3 regarding COLA and COLA Supplements in its entirety (including any other COLA references in the current collective bargaining agreement).
EC-2	Benefits	Continuation of health benefits Codify current practice Union Counter: coverage for 90 days	The Company maintains that coverage for employees and eligible dependents will continue for 31 days.
EC-4	Benefits	Group Universal Life	The Company proposes to modify Section 5 of Article XX as follows: Section 5. OTHER PLANS Group Universal Life (GUL) Insurance. ... Employees may elect coverage options of one (1x) times up to six eight (6x 8x) times Annual Base Pay. For coverage effective January 1, 2019, employees will be granted a one-time Group Universal Life Insurance special enrollment during the 2019 Annual Enrollment period. During this period, employees may enroll or increase one level up to the plan maximum in the Group Universal Life Insurance plan for the year beginning January 1, 2019 without providing Proof of Insurability (POI). Employees must be actively at work on or after January 1, 2019 for any coverage increase to be effective.

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EC-10	Voluntary Benefits	Supplemental Insurance	<p>The Company proposes the following:</p> <p>Section 5. OTHER PLANS</p> <p>G. Voluntary Supplemental Insurance. Effective January 1, 2019, voluntary supplemental insurance will be offered to employees on the "same basis as" offered to non-bargaining unit employees. The employee pays 100% of the cost.</p> <ul style="list-style-type: none"> a. Offerings include Voluntary Accident, Voluntary Hospital Indemnity and Voluntary Critical Illness. b. "Same basis as" is understood to mean that any improvements, modifications, reductions, eliminations or changes to the plan(s) for non-bargaining unit employees shall be automatically applicable to bargaining unit employees covered by this Agreement. Same basis applies to any and all aspects of the plan(s) including but not limited to eligibility, plan offerings, effective dates and plan designs. <p>G. H. Flexible Spending Accounts.</p>
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EC-11	Ratification		<p>The Company proposes the following:</p> <p>Article 8 Section 3. Ratification Bonus</p> <p>Provided that the membership ratifies the contract on March 4, 2018 by 3:00 p.m. EST, a \$1,000 ratification bonus will be paid within 60 days of ratification to all eligible employees on the active payroll as of March 5, 2018, or employees on an approved leave of absence for less than one year, or on military leave. A \$1,200 bonus will be paid no later than January 31, 2019 to all eligible employees on active payroll as of March 5, 2018 or employees on an approved leave of absence for less than one year, or on military leave.</p> <p>The entire 2018 ratification bonus may be deferred to the Hourly Savings Plan Plus (401K) upon completion of the appropriate form within fifteen (15) calendar days following ratification. The 2019 bonus may be deferred in five hundred (\$500) dollar increments to the Hourly Savings Plan Plus (401K) and/or the Health Savings Account (HSA) upon completion of the appropriate form by November 15, 2018.</p>
EU-10 EU-26 EU-28 EU-29 EU-30 EU-33	Employee Benefits (Holiday Schedule) GWI (Applied to min/max) Lead Pay Airframe or Power Plant License Holders Parachute Riggers License Holders EBS		Defer to local discussions
EC-3, EC-5 – EC-9	Benefits		See Article XX Benefits

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EU-5	Job Security		Reject - The Company rejects the Union's proposals
EU-6	Job Security (Severance)		
EU-7	Vacation		
EU-8	Employee Benefits (Sick Leave)		
EU-9	Employee Benefits (MLK and Veterans Day)		
EU-19	Retirement Benefits ("Opt out" of early retiree medical coverage)		
EU-20	ARP		
EU-21	Promotion		
EU-22	Shift Differential and Odd Work Week		
EU-23	Field Duty		
EU-24	Overtime		
EU-31	Grievances		

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