

ARTICLE TWENTY-FIVE
GROUP INSURANCE AND HEALTH EXPENSE BENEFITS

Section 1. Employee and Dependent Coverage

All group insurance and health expense benefits which include medical, dental, prescription drug coverages and employee premium payments or equivalent established under the terms of the contract between the Company and the Union in effect immediately prior to the effective date of this Agreement, shall remain in full force and effect for the duration of this Agreement, except as and until modified by the agreed upon amendments set forth in Appendix C-1, C-2, C-3, C-4, C-5, C-6 and C-7 **and K**, or the further provisions of this Article.

Section 2. Determination of Employee Premium Rate for Optional Life Insurance

The employee weekly contributions for the amounts of optional life insurance set forth in the Life Insurance Schedules in Appendix C-1 shall be based upon estimated future experience as determined by the insurance carrier in accordance with accepted actuarial principles. The rate for the current coverage shall remain in effect until 1 January ~~2007~~ **2010**, at which time such rate will be reviewed and may be increased or decreased according to past and estimated future experience as determined by the insurance carrier in accordance with accepted actuarial principles. Again on 1 January ~~2008~~ **2011**, and 1 January ~~2009~~ **2012**, the rates in effect for optional life insurance coverages for the previous policy year will be reviewed and may be increased or decreased according to past and estimated future experience as determined by the insurance carrier in accordance with accepted actuarial principles.

Section 3. The Company shall have the responsibility for the administration of the group insurance and the health expense benefits program.

Section 4. No matter respecting the group insurance and health expense benefits program or any differences arising thereunder, including the rates which are established by the insurance carrier, shall be subject to the Grievance Procedure established in this Agreement.

Section 5(a). Health Maintenance Organizations (HMO)

The Company will offer to the employees to which this Agreement relates, when and to the extent required by P. L. 93-222, being the Health Maintenance Organization Act of 1973, such optional provisions for the furnishing of health services as may be required by the Act. The Company cost of its health benefits plan to be allowable toward the cost of the HMO plan elected by any employee shall be established annually as of 1 January of each year of the Agreement based on past and estimated future experience as determined in accordance with accepted actuarial principles. This allowable Company cost shall include the estimated cost of any increase in negotiated health benefits since the last review and shall be applicable for the ensuing twelve months until the next annual review. Any employee contributions described in Appendix C-1, Section F of this Agreement are in addition to such cost determined pursuant to this Section.

Effective 1 January ~~2007~~ **2010**, prescription drug benefits will be provided by the HMO. Retail pharmacy will be available for up to a 30 day supply at a ~~\$5.00~~ ~~\$2.00~~ **\$3.00** copay per covered

generic prescription, a ~~\$15.00~~ ~~\$10.00~~ **\$12.00** copay per covered preferred prescription and a ~~\$30.00~~ ~~\$20.00~~ **\$25.00** copay per covered non-preferred prescription. Prescription Drug Mail Order service will be available for up to a 90 day supply at a ~~\$10.00~~ ~~\$4.00~~ **\$6.00** copay per covered generic prescription, a ~~\$30.00~~ ~~\$20.00~~ **\$24.00** copay per covered preferred prescription, and a ~~\$60.00~~ ~~\$40.00~~ **\$50.00** copay per covered non-preferred prescription. Effective 1 January 2007 **2010**, physician visits copays will be ~~\$15.00~~ **\$10.00**, emergency room copays will be \$50.00 (waived if admitted to hospital) and inpatient hospital copays will be \$100.00 per admission for covered employees and their covered dependents.

Section 5(b). Point of Service (POS)

The Company will offer to the employees to which this Agreement relates the option to elect a Point of Service for medical coverage for which the Company has contracted. The terms of the Plan will be summarized in a separate Summary Plan Description. Copies of this Summary Plan Description will be furnished to the Union and to each employee eligible for the Plan. The Company cost of its health benefits plan to be allowable toward the cost of the POS plan elected by any employee shall be established annually as of 1 January of each year of the Agreement based on past and estimated future experience as determined in accordance with accepted actuarial principles. This allowable Company cost shall include the estimated cost of any increase in negotiated health benefits since the last review and shall be applicable for the ensuing twelve months until the next annual review. Any employee contributions described in Appendix C-1, Section F of this Agreement are in addition to such cost determined pursuant to this Section.

Section 5(c). Preferred Provider Organization (PPO)

The Company will offer to the employees to which this Agreement relates the option to elect a Preferred Provider Option for medical coverage for which the Company has contracted. The terms of the Plan will be summarized in a separate Summary Plan Description. Copies of this Summary Plan Description will be furnished to the Union and to each employee eligible for the Plan. The Company cost of its health benefits plan to be allowable toward the cost of the PPO plan elected by any employee shall be established annually as of 1 January of each year of the Agreement based on past and estimated future experience as determined in accordance with accepted actuarial principles. This allowable Company cost shall include the estimated cost of any increase in negotiated health benefits since the last review and shall be applicable for the ensuing twelve months until the next annual review. Any employee contributions described in Appendix C-1, Section F of this Agreement are in addition to such cost determined pursuant to this Section.

Section 6(a). Prepaid Dental Plans

The Company will offer to the employees to which this Agreement relates the option to elect a Prepaid Dental Plan for dental care coverage to the extent that such coverage is available for which the Company has contracted with for such coverage. The cost of such Prepaid Dental Plan shall be paid by the employee to the extent that the cost of such elected Prepaid Dental Plan exceeds the company contribution for the Comprehensive Dental Plan under this Agreement based on either single or family coverage, whichever is applicable to the employee so electing such Prepaid Dental Plan. The Company cost of its Comprehensive Dental Plan to be allowable toward the cost of the Prepaid Dental Plan elected by any employee shall be established annually

as of 1 January of each year of the Agreement based on past and estimated future experience as determined in accordance with accepted actuarial principles. This allowable Company cost shall include the estimated cost of any increase in negotiated dental benefits since the last review and shall be applicable for the ensuing twelve (12) months until the next annual review.

Section 6(b). Dental Plans

The Company will offer to the employees to which this Agreement relates the option to elect dental care coverage from either a Comprehensive Dental Plan or a Comprehensive Plus Dental Plan for dental coverage for which the Company has contracted. The cost of the Comprehensive Dental Plan shall be entirely company paid. The cost of the Comprehensive Plus Dental Plan shall be paid by the employee to the extent that the cost of such elected Comprehensive Plus Dental Plan exceeds the company contribution for the Comprehensive Dental Plan under this Agreement based on either single or family coverage, whichever is applicable to the employee electing such Comprehensive Plus Dental Plan. The Company cost of the Comprehensive and Comprehensive Plus Dental Plans shall be established annually as of 1 January of each year of the Agreement based on past and estimated future experience as determined in accordance with accepted actuarial principles. This allowable Company cost shall include the estimated cost of any increase in negotiated dental benefits since the last review and shall be applicable for the ensuing twelve (12) months until the next annual review.

Section 7. Vision Plans

The Company will offer to the employees to which this Agreement applies the option to elect vision care coverage from either the Vision 24 Plan or the Vision 12 Plan for which the Company has contracted. The cost of the Vision 24 Plan shall be entirely company paid. The cost of the Vision 12 Plan shall be paid by the employee to the extent that the cost of such elected Vision 12 Plan exceeds the company contribution for the Vision 24 Plan under this Agreement based on either single or family coverage, whichever is applicable to the employee electing such Vision 12 Plan. The cost of the Vision 24 and Vision 12 Plans shall be established annually as of 1 January of each year of the Agreement based on past and estimated future experience as determined in accordance with accepted actuarial principles. This cost shall be applicable for the ensuing twelve (12) months until the next annual review.

Section 8. Federal or State Health Requirements

If during the term of this Agreement, there is established by federal or state government, a program such as national health insurance that affords to employees covered by this Agreement similar benefits (such as but not limited to medical, surgical, hospital, major medical, dental and prescription drug benefits) to those that are afforded by this Agreement, benefits afforded by this Agreement shall be modified in whole or in part to the extent required so as to integrate or so as to eliminate any duplication of such benefits with the benefits provided under such governmental program with the intent to provide from all sources at least the level of benefits agreed upon under this Agreement. The Company shall make whatever amendments or changes to the health benefit plans and their operation necessary to assure continued compliance with the law.

Section 9. Continuation of Health Insurance

Continuation of health benefits (under Medical/Dental/Vision Plans, as appropriate) will be offered for the periods described in the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) to those employees and dependents who lose coverage as a result of "a qualifying event", as defined under the Act. The full cost of such coverage continuation plus applicable administration fees will be paid by the employee or dependent(s).

APPENDIX "C"

GROUP INSURANCE AND HEALTH EXPENSE BENEFITS

This Appendix is a statement of the Group Insurance and Health Expense Benefits applicable to employees at work on the effective date of this labor agreement. A detailed summary plan description of the benefits will be provided to the employee. A brief summary of the benefits is described in this Appendix "C". This Appendix replaces in their entirety the Group Insurance and Health Expense Benefits provisions contained in Appendix "C" of the ~~28 10 April 2003 2006~~ labor agreement, as well as any other agreement and they shall remain in full force through 31 December ~~2006 2012~~, except as modified herein.

APPENDIX C-1

LIFE, ACCIDENTAL DEATH AND DISMEMBERMENT, MEDICAL, AND DISABILITY

Pursuant to agreements reached between Lockheed Martin Aeronautics Company – Fort Worth and the International Association of Machinists and Aerospace Workers, it is understood that the following changes are applicable to the Group Insurance and Medical expense benefits for new employee and dependent coverages and claims incurred on and after the effective dates shown below for those eligible employees actively at work or on COBRA on and after such dates.

A. LIFE INSURANCE – Effective 1 January ~~2007 2010~~

<i>Basic Life Insurance</i>	\$26,000 \$35,000 \$33,000	<i>Company Paid</i>
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The amount of basic life insurance is subject to disability payment in the event of total and permanent disability prior to age 60.

Retirement Life Insurance

Effective 22 September 1975, employees with five or more years of service who retire at early or normal retirement age will be entitled to ~~\$1,000~~ **\$5,000** of post-retirement life insurance.

a) Group Universal Life Insurance (GUL)

Employee may choose from one (1) to six (6) times annual base pay

The cost of coverage per \$1,000 is based on the employee's age and salary as of December 1 of the prior plan year or hire date if later. The premium amounts are shown on each individual's personalized annual enrollment form.

Proof of Insurability required for:

1. Any multiple of insurance for an employee who enrolls after their initial eligibility date has passed (or who drops coverage and then re-enrolls at a later date)
2. Multiples of three (3) to six (6) times annual base pay for a newly eligible employee and amounts over \$500,000

The terms of the Plan will be summarized in a separate Summary Plan Description. The terms of the plan in the SPD will not be changed during the term of the agreement except for legally required changes or any mutually agreed to changes. Copies of this Summary Plan Description will be furnished to the Union and to each employee eligible for the Plan.

The amount of Group Universal Life Insurance is not subject to disability payment in the event of total and permanent disability prior to age 60.

Dependent Optional Term Life (DOTL) Insurance

Employee may elect coverage for spouse – one (1), two (2), or three (3) times employee's annual base pay. Spouse is required to provide Proof of Insurability (POI) if elect three times employee's annual base pay or if employee enrolls spouse after 31 days of employee's or spouse's first day of eligibility. Employee may elect \$5,000, \$10,000 or \$25,000 for eligible dependent child(ren).

The cost of coverage per \$1,000 is based on the employee's age and salary as of December 1 of the prior plan year or hire date if later for spouse coverage and is a flat rate per \$1,000 for child(ren) coverage. The premium amounts are shown on each individual's personalized annual enrollment form.

The terms of the Plan will be summarized in a separate Summary Plan Description. The terms of the plan in the SPD will not be changed during the term of the agreement except for legally required changes or any mutually agreed to changes. Copies of this Summary Plan Description will be furnished to the Union and to each employee eligible for the Plan.

B. ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE:

Amount of Accidental Death and Dismemberment Insurance:

Effective 1 January ~~2007~~ **2010**: ~~\$26,000~~ ~~\$35,000~~ **\$33,000**

C. ELIGIBILITY FOR GROUP INSURANCE AND MEDICAL PLAN COVERAGE:

Employees hired or rehired on or after ~~10~~ **20** April ~~2006~~ **2009**, are required to complete ~~ninety (90)~~ ~~thirty (30)~~ **forty-five (45)** days of continuous service before being eligible for coverage under the Group Life Insurance, Accidental Death and Dismemberment Insurance, and Medical Plan Coverage.

D. Effective 1 January ~~2007~~ **2010**, the Company will offer the Lockheed Martin Preferred Provider Organization (PPO) plan, the summary is provided below.

	LOCKHEED MARTIN PPO PLAN
Lifetime Maximum per person	\$2,000,000 \$3,000,000 \$2,000,000 and includes payments from all Company sponsored plans and includes medical, prescription drugs, mental health and substance abuse benefits. (HMOs and network POS medical benefit payments are not included)
Calendar Year Deductible	Applies to network and non-network covered expenses except routine physical exams and well-child care \$500 \$150 \$300 per person \$1,500 \$450 \$900 (not to exceed \$500 \$150 \$300 per person)
Calendar Year Out-of-Pocket (OOP) Maximum (excludes the deductible)	Applies to network and non-network covered expenses. Network: \$2,500 \$1,000 \$1,500 / Non-network: \$5,000 \$2,000 \$2,500 Network: \$2,500 \$1,000 \$1,500 per person; \$5,000 \$2,000 \$4,500 maximum / Non-network: \$5,000 \$2,000 \$2,500 per person; \$10,000 \$4,000 \$7,500 maximum
Reimbursement Levels (normally, with a few exceptions)	Network: 90% after the deductible Non-Network: 80% after the deductible
Hearing aid benefit Hearing exam	Network: 90% after deductible Non-Network: 80% after deductible Combined network and non-network maximum of \$100 for one exam in any 3 consecutive years
Hearing aid	Network: 90% no deductible Non-Network: 80% no deductible Combined network and non-network maximum of \$1,000 \$3,000 \$2,500 per hearing aid per ear in any 3 2 consecutive years
Prescription Drugs	
At network retail	For up to a 30 day supply, <i>you pay</i> a copay per

Pharmacies	prescription; per refill:
Generic drugs	10% copay — minimum \$5 \$2 \$3 /maximum \$10 copay
Brand name drugs	20% copay — minimum \$10 / maximum \$20 \$10 \$12 copay for preferred brand
At non-network pharmacies	50% copay — minimum \$35 \$20 \$25 copay / no maximum for non-preferred brand
Generic drugs	You pay for the prescription/refill and file a claim for reimbursement <i>with the prescription drug claims administrator</i> . You will be responsible for: 50% of the retail price with a minimum \$20 \$4 \$20 copay
Brand name drugs	50% of the retail price (preferred or non-preferred)-with a minimum \$40 \$20 \$40 copay
Mail Order	Up to a 90 day supply per Rx/per refill
Generic drugs	10% copay — minimum \$10/maximum \$20 \$4 \$6 copay
Brand name drugs	20% copay — minimum \$20/ maximum \$40 \$20 \$24 copay for preferred brand
	50% copay — minimum \$70/ no maximum for \$40 \$40 \$50 copay for non-preferred brand
Mental Health and Substance Abuse Separate calendar year deductible Out-of-Pocket (OOP) maximum	None There is no OOP maximum
<u>Mental Health</u>	
Inpatient (precertification required)	Network: 90% 100% 90% for up to 60 45 days per calendar year
Outpatient	Non-Network: Not covered 80% Network: 90% 100% 90% ; unlimited visits (if approved) Non-Network: Not covered 80%
<u>Substance Abuse</u>	
Inpatient (precertification required)	Network: 90% 100% 90% for up to 45 days per calendar year

Outpatient	Non-Network: Not covered 80% Network: 90% - 100% 90% ; unlimited visits (if approved) / Non-Network: Not covered 80%
Separate lifetime maximum	No separate lifetime maximum

E. Effective 1 January ~~2007~~ **2010**, the Company will offer the Lockheed Martin Point of Service (POS) plan, the summary is provided below.

	POINT of SERVICE PLAN
Lifetime Maximum per person	\$2,000,000 \$3,000,000 \$2,000,000 includes payments from all Company sponsored plans and includes medical, prescription drugs, mental health and substance abuse benefits. (HMOs and network POS medical benefit payments are not included)
Calendar Year Deductible	Applies to covered <i>non-network</i> expenses only.
Individual	\$500 \$150 \$300
Family	\$1,500 \$450 \$900 (not to exceed \$500 \$150 \$300 per person)
Calendar Year Out-of-Pocket (OOP) Maximum	Applies to covered <i>non-network</i> expenses only. Excludes the deductible.
Individual	\$5,000 \$2,000 \$2,500
Family	\$10,000 \$4,000 \$5,000
Inpatient Hospital Charges	Network: 100% after a \$100 copay per admission Non-Network: 70% 80% 70% after the deductible
Physician Office Visits	Network: 100% after you pay a \$15 \$10 copay per visit Non-Network: 70% 80% 70% after the deductible
Diagnostic X-ray/Lab test	Network: 100% Non-Network: 70% 80% 70% after the deductible
HEARING AID BENEFIT	
Hearing exam	Network: 100% after you pay a \$15 copay per visit Non-Network: 70% 80% 70% after deductible Combined network and non-network maximum of \$100 for one exam in any 3 2 consecutive years Network: 100% no copay
Hearing aid	Non-Network: 70% 80% 70% after deductible

	Combined network and non-network maximum of \$1,000 \$3,000 \$2,500 per hearing aid per ear in any 3 2 consecutive years
PRESCRIPTION DRUGS	
At network retail Pharmacies Generic drugs	For up to a 30 day supply, <i>you pay</i> a copay per prescription; per refill: \$5 \$2 \$3
Brand name drugs Preferred brand Non-preferred brand	 \$15 \$10 \$12 \$30 \$20 \$25
At non-network pharmacies	You pay for the prescription/refill and file a claim for reimbursement with the prescription drug claims administrator. You will be responsible for:
Generic drugs	50% of the retail price with a minimum \$5 \$4 \$5 copay
Brand name drugs	50% of the retail price (preferred or non-preferred) with a minimum \$30 \$20 \$30 copay
Mail Order Generic drugs	Up to a 90 day supply per Rx/per refill \$10 \$4 \$6
Brand name drugs Preferred brand Non-preferred brand	 \$30 \$20 \$24 \$60 \$40 \$50
MENTAL HEALTH AND SUBSTANCE ABUSE	
Separate calendar year deductible	None
Out-of-Pocket (OOP) maximum	There is no OOP maximum
<u>Mental Health</u> Inpatient (precertification required)	Network: 100% after a \$100 copay per admission; for up to 60 days per calendar year
	Non-Network: Not covered 80%
Outpatient	Network: 100% after a \$15 \$10 \$15 copay per visit; unlimited visits (if approved)
	Non-Network: Not covered 80%
Substance Abuse Inpatient (precertification required)	Network: 100% after a \$100 copay per admission; for up to 45 70 days per calendar year
	Non-Network: Not covered 80%
Outpatient	Network: 100% after a \$15 \$10 copay per visit; unlimited

	visits (if approved) Non-Network: Not covered 80%
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TERMS OF THE PLAN: The terms of the PPO and POS Plans will be summarized in a Summary Plan Description. The terms of the plan in the SPD will not be changed during the term of the agreement except for legally required changes or any mutually agreed to changes. Copies of the Summary Plan Description will be furnished to the Union and to each employee eligible for the Plan.

F. EMPLOYEE CONTRIBUTIONS

Effective 1 January ~~2007~~ **2010**, each employee who elects coverage under any of the medical plans shall pay a weekly Section 125 pre-tax contribution (via payroll deduction) to obtain that coverage. The amount of the weekly contribution required for coverage under any of the medical plans will be as follows:

~~The Company will pay 87% of the cost of the medical plan selected. The Employee will contribute 13% of the cost of the medical plan selected.~~

The costs for Company self-funded medical plans will be calculated annually using Lockheed Martin standard rating methodology. The costs for any insured medical plan will be the premium charged by the plan. It will be calculated separately for employees and dependents based on each group's claim experience.

The current weekly contribution formula and maximums in effect immediately prior to the effective date of this Agreement shall remain in full force and effect through December 31, ~~2006~~ **2009**.

Effective 1 January ~~2007~~ **2010 through 31 December 2012**, the maximum weekly contribution will be:

~~\$19.50~~ ~~\$10.00~~ **\$15.00** Employee / ~~\$50.00~~ ~~\$30.00~~ **\$40.00** Family

G. WEEKLY DISABILITY BENEFITS:

Effective 1 January ~~2007~~ **2010**, the weekly disability benefit will be 55% of base weekly wages not to exceed ~~\$280~~ ~~\$550~~ **\$500** benefit per week.

Waiting Period Days: First three days of any disability period (except that if you are an inpatient in a hospital for at least twenty-four consecutive hours, this will not apply to the day on which each confinement begins or to any day thereafter during that disability period. In addition, if a surgical procedure is performed as Ambulatory Surgery, this will not apply to the day on which surgery is performed or any day thereafter during that disability period).

H. MEDICAL COVERAGE FOR EARLY RETIREES UP TO AGE 65:

1.
 - a. Employees whose last hire date is prior to 1 January 1994 and who retire from active employment under either Early Retirement or Age 55 Disability Retirement with a retirement commencement date on or after 1 January 1994 who have five (5) years of continuous service or Disability Retirement under age 55 with ten (10) years of continuous service (as defined in ~~Section H~~, paragraph 3 below) may elect to have coverage under the Early Retiree Medical Plan, Point of Service Plan or continued coverage under a Lockheed Martin offered HMO which provides for retiree coverage.
 - b. ~~Subject to limitations in Section H, paragraph 1.d.,~~ Employees who retire on or after 1 January 1994 on Early Retirement and whose last hire date is on or after 1 January 1994 who retire on Disability Retirement, who have ten (10) years of credited service (as defined in ~~Section H~~, paragraph 3 below), may elect to have coverage under the Early Retiree Medical Plan, Point of Service Plan or continued coverage under a Lockheed Martin offered HMO which provides for retiree coverage.
 - c. ~~Subject to limitations in Section H, paragraph 1.d.,~~ Employees who retire on or after 1 January 2004 on Early Retirement or who retire on Disability Retirement, who have ten (10) years of credited service, may elect to have coverage under the Early Retiree Preferred Provider Organization (PPO) Plan, Point of Service (POS) Plan or continued coverage under a Lockheed Martin offered HMO which provides for retiree coverage.
 - d. ~~Except as provided in Section H, paragraph 1.e., employees hired on or after 10 April 2006, will not be eligible for retiree medical insurance coverage.~~
 - e. ~~Employees, with a hire date prior to 10 April 2006 in another bargaining unit, who are transferred into this bargaining unit at the request of the Company and who had eligibility for retiree medical insurance coverage immediately prior to their transfer shall continue to be eligible.~~
 - f. ~~Employees hired on or after 10 April 2006 shall not be eligible for retiree medical insurance coverage but shall be eligible for the Lockheed Martin Corporation Hourly Employee Basic Benefit Plan as described in Article Twenty Seven, Section B.~~

2. EARLY RETIREE MEDICAL CONTRIBUTION FORMULA

A retiree's share of pre-age 65 retiree medical costs are based on the retiree's years of retirement credited service. As shown in the table below. The retiree cost sharing percentages apply for the total monthly cost for the pre-age 65 medical

benefits plan under which the retiree is covered to a maximum of ~~\$367.50~~ **\$621.05** (i.e., 90% of a total monthly cost of ~~\$408.33~~ **\$690.05**) for single coverage or ~~\$735.00~~ **\$1,242.00** (i.e., 90% of a total monthly cost of ~~\$816.66~~ **\$1,380.10**) for family coverage. The retiree's cost sharing percentage increases to 100% for costs which exceed that ceiling amount. Effective 1 January ~~2007~~ **2009**, only for employees retiring on or after 1 January ~~2006~~ **2009**, the maximum cost sharing ceiling for the Company will be ~~\$441.00~~ **\$900.00** (i.e., 90% of a total monthly cost of ~~\$490.00~~ **\$1,000.00**) for single coverage, ~~\$661.50~~ **\$1,800.00** (i.e., 90% of a total monthly cost of ~~\$735.00~~ **\$2,000.00**) for single + 1 or ~~\$882.00~~ **\$2,700.00** (i.e., 90% of a total monthly cost of ~~\$980.00~~ **\$3,000.00**) for family coverage. **The cost sharing of early retiree medical will adjust per enrollment year based on any increase in the cost of insurance. The retiree cost sharing ceiling will be adjusted per equal dollar amount.** The retiree's cost sharing percentage increases to 100% for costs which exceed that ceiling amount.

Years of Service	Last Hire Date Prior to 1 January 1994 Retiree Percentage of Plan Costs	Hire Date Is On or After 1 January 1994 Retiree Percentage of Plan Costs	Hire Date Is On Or After 10 April 2006
0-4	not eligible	not eligible	Not Eligible For Retiree Medical Coverage, but Eligible For The Lockheed Martin Corporation Hourly Employee Basic Benefit Plan As Described In Article Twenty Seven, Section B
5-9	100%	not eligible	
10	85%	85%	
11	80%	80%	
12	75%	75%	
13	70%	70%	
14	65%	65%	
15	60%	60%	
16	56%	56%	
17	52%	52%	
18	48%	48%	
19	44%	44%	
20	40%	40%	
21	37%	37%	
22	34%	34%	
23	31%	31%	
24	28%	28%	
25	25%	25%	
26	22%	22%	
27	19%	19%	
28	16%	16%	
29	13%	13%	
30 or more	10%	10%	

3. ~~Subject to limitations in Section H, paragraph 1.d.,~~ Employees with a retirement commencement date on or after 1 January 1994 under the provisions of the

Lockheed Martin Aeronautics Company – Fort Worth retirement plan will be eligible subject to the following conditions:

- a. The employee must be at least age 55, but not age 65 or older and must be receiving benefits from the Retirement Plan for Hourly Employees.
 - b. The employee eligible for Early Retirement (excludes deferred vested retirement) whose last hire date is before 1 January 1994 must have continuous service equal to at least five (5) years.
 - c. Retirees eligible for Lockheed Martin Early Retiree Medical coverage may delay enrollment in a plan if they are covered under another group health care plan. The retiree may later activate enrollment in the plans, if the delayed enrollment is made within 31 days following termination of coverage under the other plan. Active medical coverage is not required at time of retirement in order to begin or delay coverage in a retiree medical plan.
 - d. The employee eligible for Early Retirement (excludes deferred vested retirement) whose last hire date is on or after 1 January 1994 must have ten (10) years of credited service.
4. Effective 1 January ~~2007~~ **2010**, the HMO, PPO and POS plans for early retirees up to age 65 are the same plans as for active employees except the PPO deductibles are fixed dollar amounts as follows:

PPO	Individual		Family	
Calendar Year Deductible	\$500	\$100 \$300	\$1,500	\$200 \$900
Out-of-Pocket Maximum	\$2,500	\$1,000 \$1,500	\$5,000	\$2,000 \$4,500
POS – Applies to covered non-network expenses only)				
Calendar Year Deductible	\$500	\$100 \$300	\$1,500	\$200 \$900
Out-of-Pocket Maximum	\$5,000	\$1,000 \$2,500	\$10,000	\$2,000 \$5,000

The terms of the Early Retiree Preferred Provider Organization and Point of Service Plans will be summarized in a separate Summary Plan Description. The terms of the plan in the SPD will not be changed during the term of the agreement except for legally required changes or any mutually agreed to changes. Copies of this Summary Plan Description will be furnished to the Union and to each employee eligible for the Plan.

I. MEDICAL COVERAGE FOR RETIREES ELIGIBLE FOR MEDICARE

- ~~A. Except as provided in Section I, paragraph B, employees hired on or after 10 April 2006, will not be eligible for retiree medical insurance coverage.~~

~~B. Employees, with a hire date prior to 10 April 2006 in another bargaining unit, who are transferred into this bargaining unit at the request of the Company and who had eligibility for retiree medical insurance coverage immediately prior to their transfer shall continue to be eligible.~~

~~C. Employees hired on or after 10 April 2006 shall not be eligible for retiree medical insurance coverage but shall be eligible for the Lockheed Martin Corporation Hourly Employee Basic Benefit Plan as described in Article Twenty Seven, Section B.~~

~~D. Subject to limitations described above in Section I, paragraph A, Employees retiring from active employment on or after 1 January 2004 who:~~

1. Are eligible for Medicare and who have ten (10) years of credited service; or,
2. Retire before age 65 who thereafter become eligible for Medicare and have ten (10) years of credited service may elect to have medical coverage under the Medicare Eligible Retiree Medical Plan (MERMP) or a Senior HMO.

The MERMP provides medical benefits for the retiree and the spouse after age 65 by supplementing coverage under Medicare. The spouse is eligible to participate after reaching age 65. Dependents under age 65 may be covered through the Early Retiree medical coverage.

3. The retiree may elect single or family coverage under the MERMP or a Senior HMO. The retiree cost for either of these coverages will be a flat monthly contribution amount, but is also subject to a maximum monthly Company subsidy amount. The flat monthly contribution is:

Single	Family
\$10	\$20

Lockheed Martin will share in the cost of the MERMP or Senior HMO up to a maximum monthly Company subsidy amount. The maximum monthly Company subsidy amount is ~~\$250.00~~ ~~\$275.00~~ ~~\$500.00~~ **\$450.00** for single coverage or ~~\$500.00~~ ~~\$550.00~~ ~~\$1,000.00~~ **\$900.00** for family coverage. ~~Effective 1 January 2007, only for employees retiring on or after 1 January 2006, the maximum Company subsidy will be \$275.00 for single coverage or \$550.00 for family coverage.~~ The cost to the retiree for either of these coverages will be the flat monthly contribution as long as the Medicare Eligible Retiree Medical Plan (MERMP) or the Senior HMO premium is equal to or less than the maximum monthly Company subsidy amount. The retiree's flat monthly contribution cost sharing increases by 100% of the MERMP or Senior HMO costs that exceed the maximum monthly Company subsidy amount. If the Senior HMO cost becomes greater than the MERMP cost, but is less than the maximum monthly Company subsidy amount, the retiree's flat dollar cost sharing

amount will increase by 100% of the difference between the MERMP cost and the Senior HMO cost.

4. The terms of the Medicare Eligible Retiree Medical Plan (MERMP) **and Senior HMO Plans** will be summarized in a separate Summary Plan Description. The terms of the plan in the SPD will not be changed during the term of the agreement except for legally required changes or any mutually agreed to changes. Copies of this Summary Plan Description will be furnished to the Union and to each employee eligible for the Plan.

Effective 1 January ~~2007~~ **2010**, the following provides a summary of the Medicare Eligible Retiree Medical Plan (MERMP).

	MEDICARE ELIGIBLE RETIREE MEDICAL PLAN (MERMP)
Medicare Parts A and B	MERMP supplements your Medicare Parts A&B coverage. Medicare is primary and reimbursement under the Company plan is reduced for any amounts payable from Medicare Parts A&B regardless of the enrollee's actual Medicare enrollment
Lifetime Maximum	\$500,000 \$1,000,000 \$750,000 (no annual restoration)
Calendar Year Deductible	\$100 \$50 \$75 per person Applies to all covered medical expenses except routine physical exams and prescription drugs (retail and mail order)
Out-of-Pocket Maximum	\$5,000 \$2,500 \$3,500 per individual (excludes the deductible)
Skilled Nursing Facility	Plan pays 80% 90% , after the deductible, for up to 120 days per calendar year
Outpatient Physician	Plan pays 80% 90% , after the deductible
X-ray/Lab	Plan pays 80% 90% , after the deductible
Routine Physical Exam	Plan pays 80% 90% , no deductible; limits apply
Hearing Aid	Not covered
Home Health Care	Plan pays 80% 90% , after the deductible, for up to 120 visits per calendar year
Hospice Care Program	Plan pays 80% 90% , after the deductible, for up to 210 days per calendar year
Mental Health and Substance Abuse Inpatient	Plan pays 80% 90% , after the deductible
Outpatient	
PRESCRIPTION DRUGS	Medical plan deductible does not apply

	MEDICARE ELIGIBLE RETIREE MEDICAL PLAN (MERMP)
At network retail pharmacies	For up to a 30 day supply, <i>you pay</i> a copay per prescription; per refill:
Generic drugs	\$2 \$3 copay 10% copay — minimum \$5/ maximum \$10 copay
Brand name drugs	\$10 \$12 copay 20% copay — minimum \$10/ maximum \$20 copay for preferred brand
	\$20 \$24 copay 50% copay — minimum \$35/ no maximum for non-preferred brand
At non-network pharmacies	You pay for the prescription/refill and file a claim for reimbursement <i>with the prescription drug claims administrator</i> . You will be responsible for:
Generic drugs	50% of the retail price with a minimum \$20 \$4 \$20 copay
Brand name drugs	50% of the retail price (preferred or non-preferred)-with a minimum \$40 \$20 \$40 copay
Mail Order	Up to a 90 day supply per prescription; per refill
Generic drugs	\$4 \$6 copay 10% copay — minimum \$10/ maximum \$20 copay
Brand name drugs	\$20 \$24 copay 20% copay — minimum \$20/ maximum \$40 copay for preferred brand
	\$40 \$50 copay 50% copay — minimum \$70/ no maximum for non-preferred brand
Generic Substitution	If you request a brand name drug when your physician permits a generic drug substitution, you will pay the 10% generic drug copay plus the difference between the generic and brand name cost
Formulary	Open formulary
Copays	Three tier – generic, preferred brand and non-preferred brand name drugs
Prior Authorization – list is subject to periodic review and update by the claims administrator	Included

5. Senior HMOs provided by HMOs will be offered when they are available to be offered by the Company. Individuals may enroll in such plans at retirement. An

annual enrollment will be provided to change plans of enrollment to any other age 65 and over retiree plan offered at that location, subject to any restrictions on location of domicile.

J. CONTINUING COVERAGE AFTER RETIREMENT:

1. At the time of retirement, retirees may enroll in the Early Retiree Preferred Provider Organization Plan, Point of Service Plan or the Medicare Eligible Retiree Medical Plan, or any HMO or Senior HMO as applicable and available to retirees.
2. Retirees enrolled in a Company retiree medical plan will annually be provided the option to change their plan of enrollment to any other Company provided plan subject to service area availability.
3. Retirees eligible for coverage as described above in Section J. paragraph 1. may delay enrollment in a plan if they are covered under another group health care plan. The retiree may later activate enrollment in one of the above retiree plans if the delayed enrollment is made within 31 days following termination under the other group health care plan.
4. Active Medical coverage is not required at time of retirement in order to begin or delay coverage in a retiree medical plan.
5. In the event of the death on or after ~~1 January 2004~~ **20 April 2009**, of an hourly employee ~~who is otherwise eligible to retire~~, the surviving spouse and/or surviving dependent children will be eligible for retiree medical coverage subject to provisions of the plan. The retiree medical coverage becomes effective the 1st day of the second month following the month the death occurred. Additionally, the active medical coverage for the surviving spouse and/or surviving dependent children will continue without employee contribution to the end of the month following the month the death occurred.
6. In the event of the death of a retiree on or after 10 April 2000, coverage for the surviving spouse and/or dependent children will continue as long as they remain eligible or until the surviving spouse remarries.

K. COORDINATION OF BENEFITS (Applicable to all medical plans):

Coordination with Other Plans is described in the respective Summary Plan Descriptions of the Plans.

APPENDIX C-2
 DENTAL PLAN

Pursuant to agreements reached between Lockheed Martin Aeronautics Company – Fort Worth and the International Association of Machinists and Aerospace Workers, it is understood that the Comprehensive Dental Plan in effect immediately prior to the effective date of this Agreement shall remain in full force and effect for the duration of this Agreement, except as modified herein.

ELIGIBILITY: Employees are required to complete ~~90~~ **45** days of continuous service before being eligible for coverage under a Dental Plan.

This Appendix C-2 is changed to reflect the Comprehensive Dental Plan and the Comprehensive Plus Dental Plan effective 1 January ~~2007~~ **2010**. **Refer to Appendix K for Supplemental Plans.**

Effective 1 January ~~2007~~ **2010**

	COMPREHENSIVE DENTAL	COMPREHENSIVE PLUS DENTAL
Calendar Year Maximum	\$1,200 \$2,500 \$2,000	\$1,500 \$3,000 \$2,500
Lifetime Maximum	None	None
Calendar Year Deductible	\$50 \$25 per person; applies to Basic Services and Major Services only	None
Preventive and Diagnostic Services	100%	100%
Basic Services	80%	90%
Major Services	60% 80%	80% 90%
Orthodontia	50% 60% ; \$1,000 \$5,000 \$3,500 lifetime; for children and adults	50% 60% ; \$1,500 \$7,500 \$6,000 lifetime; for children and adults
TMJ Lifetime	80%; \$300 \$1,000 lifetime	80%; \$500 \$2,000 lifetime

TERMS OF THE PLANS: The terms of the Plans will be summarized in a separate Summary Plan Description. The terms of the plans in the SPD will not be changed during the term of the agreement except for legally required changes or any mutually agreed to changes. Copies of this Summary Plan Description will be furnished to the Union and to each employee eligible for the Plan.

PRESCRIPTION DRUG PLAN

Pursuant to agreements reached between Lockheed Martin Aeronautics Company – Fort Worth and the International Association of Machinists and Aerospace Workers, it is understood that the Prescription Drug Plan in effect immediately prior to the effective date of this Agreement shall remain in full force and effect for the duration of this Agreement, except as modified herein. Effective 1 January ~~2007~~ **2010**, the Company **self-funded** Prescription Drug Plans ~~are~~ **is** included with and described respectively in the Preferred Provider Organization (PPO) and the Point of Service (POS) Summary Plan Descriptions. Effective 1 January ~~2007~~ **2010**, employees who elect Health Maintenance Organization (HMO) coverage will have the prescription drug benefit provided through the ~~HMO~~. **Company self-funded Prescription Drug Plan. The HMO prescription drug plan will not be available to the employee electing HMO coverage.**

Effective 1 January ~~2007~~ **2010**, the Company **self-funded** Prescription Drug Plan for the PPO, **POS, and HMO** plans shall have network and non-network benefits as follows.

A. Network Benefits

For covered prescription drug expenses incurred during a calendar year (not subject to deductible) the participant pays:

1. ~~Ten percent (minimum copayment of \$5.00, but not to exceed a maximum copayment of \$10.00)~~ ~~\$2.00~~ **\$3.00 copay** for each generic drug prescription; or refill furnished by a network pharmacy.
2. ~~Twenty percent (minimum copayment of \$10.00, but not to exceed a maximum copayment of \$20.00)~~ ~~\$10.00~~ **\$12.00 copay** for each preferred brand name drug prescription or refill furnished by a network pharmacy.
3. ~~Fifty percent (minimum copayment of \$35.00, with no maximum)~~ ~~\$20.00~~ **\$25.00 copay** for each non-preferred brand name drug prescription or refill furnished by a network pharmacy.
4. ~~Ten percent (minimum copayment of \$10.00, \$4.00~~ ~~maximum copayment of \$20.00)~~ ~~per generic prescription, Twenty percent (minimum copayment~~ ~~copay~~ ~~of \$20.00~~ ~~maximum copayment of \$40.00)~~ ~~per preferred brand and Fifty percent (minimum copayment of \$70.00, no maximum)~~ ~~\$40.00~~ **\$6.00 copay** ~~but not to exceed a maximum copayment of \$20.00)~~ ~~per generic prescription, Twenty percent (minimum copayment~~ ~~copay~~ ~~of \$20.00~~ ~~maximum copayment of \$40.00)~~ ~~per preferred brand and Fifty percent (minimum copayment of \$70.00, no maximum)~~ ~~\$40.00~~ **\$24.00** ~~per preferred brand and Fifty percent (minimum copayment of \$70.00, no maximum)~~ ~~\$40.00~~ **\$50.00 copay** per non-preferred brand prescription drugs furnished by a company approved mail order network pharmacy.

B. Non-Network Benefits

For covered prescription drug expenses incurred during a calendar year (not subject to deductible) the participant pays:

1. Fifty percent (minimum copayment of ~~\$20.00~~ ~~\$4.00~~ **\$20.00**) for each generic drug prescription furnished by a non-network pharmacy.
2. Fifty percent (minimum copayment of ~~\$40.00~~ ~~\$20.00~~ **\$40.00**) for each preferred or non-preferred brand name drug prescription furnished by a non-network pharmacy.

Effective 1 January ~~2007~~ **2010**, the Prescription Drug Plan for the POS plan shall have network and non-network benefits as follows.

A. Network Benefits

For covered prescription drug expenses incurred during a calendar year the participant pays:

1. ~~\$5.00~~ ~~\$2.00~~ **\$3.00** copay for each covered generic drug prescription; or refill furnished by a network pharmacy.
2. ~~\$15.00~~ ~~\$10.00~~ **\$12.00** copay for each covered preferred brand name drug prescription or refill furnished by a network pharmacy.
3. ~~\$30.00~~ ~~\$20.00~~ **\$25.00** copay for each covered non-preferred brand name drug prescription or refill furnished by a network pharmacy.
4. ~~\$10.00~~ ~~\$4.00~~ **\$6.00** copay per generic prescription, a ~~\$30.00~~ ~~\$20.00~~ **\$24.00** copay per preferred brand and ~~\$60.00~~ ~~\$40.00~~ **\$50.00** copay per non-preferred brand prescription drugs furnished by a company approved mail order network pharmacy.

B. Non-Network Benefits

For covered prescription drug expenses incurred during a calendar year (not subject to deductible) the participant pays:

1. Fifty percent (minimum copayment of ~~\$5.00~~ ~~\$4.00~~ **\$5.00**) for each generic drug prescription furnished by a non-network pharmacy.
2. Fifty percent (minimum copayment of ~~\$30.00~~ ~~\$20.00~~ **\$30.00**) for each preferred or non-preferred brand name drug prescription furnished by a non-network pharmacy.

TERMS OF THE PLAN: The terms of the Plan will be summarized in the medical Summary Plan Description. The terms of the plan in the SPD will not be changed during the term of the agreement except for legally required changes or any mutually agreed to changes. Copies of this Summary Plan Description will be furnished to the Union and to each employee eligible for the Plan.

**APPENDIX C-4
 SPECIAL ACCIDENT PLAN**

Pursuant to agreements reached between Lockheed Martin Aeronautics Company – Fort Worth and the International Association of Machinists and Aerospace Workers, it is understood that the Special Accident Insurance Plan in effect immediately prior to the effective date of this Agreement shall remain in full force and effect for the duration of this Agreement, except as modified herein.

ELIGIBILITY: Employees actively at work on or after 1 January 2004 who have completed 90 days continuous service will be eligible for participation.

TERMS OF THE PLAN: The terms of the Plan will be summarized in a separate Summary Plan Description. The terms of the plan in the SPD will not be changed during the term of the agreement except for legally required changes or any mutually agreed to changes. Copies of this Summary Plan Description will be furnished to the Union and to each employee eligible for the Plan.

Effective 1 January 2004 the following schedule is applicable.

SPECIAL ACCIDENT PLAN - Optional		
Employee	Spouse	Child
\$25,000	\$10,000	\$10,000
\$50,000	\$25,000	\$25,000
\$100,000	\$50,000	\$50,000
\$200,000	\$100,000	
\$300,000	\$150,000	
\$400,000	\$200,000	
\$500,000	\$250,000	
(1) Salary limit of 10 times annual pay if amount above \$300,000 is desired. (2) Employee must be enrolled in order to elect spouse and/or child coverage. (3) If more than one child is covered, the employee only pays for the cost of one child --- but all children are covered for the same amount of insurance selected by the employee. Different amounts for children are not permitted.		

During ~~2006~~ **2009** the premium rate for the Special Accident insurance set forth above is based upon the rate of ~~\$.020~~ ~~\$.014~~ **\$.020** per month per \$1,000 for employee coverage, ~~\$.028~~ ~~\$.023~~ **\$.028** for spouse coverage and ~~\$.035~~ ~~\$.033~~ **\$.035** for child coverage. Each 1 January the rates will be reviewed and may be increased or decreased according to past and estimated future experience as determined by the insurance carrier in accordance with accepted actuarial principles.

APPENDIX C-5
HEARING AID BENEFIT PLAN

Pursuant to agreements reached between Lockheed Martin Aeronautics Company – Fort Worth and the International Association of Machinists and Aerospace Workers, it is understood that the Hearing Aid benefit plan shall remain in full force and effect for the duration of this Agreement, except as modified herein.

Effective 1 January 2004 the Hearing Aid benefit plan will be included in the Preferred Provider Organization (PPO), Point of Service (POS) and Health Maintenance Organizations (HMO). The HMO benefit will be the POS Network benefit where available. If not available, the HMO Hearing Aid benefit will be the filed plan (including copays) that is the nearest to the POS plan.

ELIGIBILITY: Employees actively at work on or after 1 January 2004, who have completed ~~90~~ **45** days of continuous service, and their eligible dependents, will be covered under the plan.

The following is a brief summary of the benefits.

The reasonable and customary charge of hearing and audiometric exams are payable at the network and the non-network benefit levels below, not to exceed the maximum of \$100 for both exams.

Network:

POS will pay 100% after you pay ~~\$15.00~~ **\$10.00** copay per visit

PPO will pay 90% after deductible

Non-network:

POS will pay 70% after deductible

PPO will pay 80% after deductible

The reasonable and customary charge for a hearing aid or aids are payable as described below provided that such aids were purchased by a network or non-network physician certified as an otolaryngologist. Maximum covered expense per hearing aid per ear will be ~~\$1,000~~ ~~\$3,000~~ **\$2,500**.

Network:

POS will pay 100%, no copay

PPO will pay 90%, no deductible

Non-network:

POS will pay 70%, after deductible

PPO will pay 80%, no deductible

TERMS OF THE PLAN: The terms of the Plan will be summarized in the PPO and POS Summary Plan Descriptions. The terms of the plan in the SPD will not be changed during the term of the agreement except for legally required changes or any mutually agreed to changes. Copies of this Summary Plan Description will be furnished to the Union and to each employee eligible for the Plan.

LIMITATIONS: The number of hearing aids will be limited to one per ear per covered employee or covered dependent during any period of three consecutive years.

Replacements are covered only if the hearing aid being replaced has been in use for at least three years and such replacement is made upon the written recommendation of a physician certified as an otolaryngologist.

The number of hearing and audiometric exams will be limited to one each per covered employee or covered dependent during any period of three consecutive years.

**APPENDIX C-6
 VISION PLAN**

Pursuant to agreements reached between Lockheed Martin Aeronautics Company – Fort Worth and the International Association of Machinists and Aerospace Workers, it is understood that the Vision 24 plan in effect immediately prior to the effective date of this Agreement shall remain in full force and effect for the duration of this Agreement, except as modified herein.

ELIGIBILITY: Employees actively at work on or after 1 January 2001 who have completed **90 45** days of continuous service, and their eligible dependents, will be covered under the plan.

This Appendix C-6 is changed to reflect the current Vision 24 Plan and effective 1 January **2007 2010**, the option to elect the Vision 12 Plan.

OVERVIEW:

VISION 24	Frequency	Plan Pays	
		Network provider	Non-network provider
Eye examination	Once every two calendar years Each 18 months	Covered in full after \$10 copay	Up to \$30
Corrective Prescription Lenses Single vision	Once every two calendar years	Covered in full after a \$20 \$10 copay for standard lenses and/or	

Bifocals		frames, excluding additional costs for non-covered lens options (tints, coatings, progressive lenses, etc)	\$30 \$50
Trifocals			\$50 \$80
Lenticular			\$70 \$95
			\$115 \$135
Frames	Once every two calendar years	Covered up to an established frame allowance after a \$20 copay for standard lenses and/or frames	Up to \$35 \$50
Contact lenses (in lieu of eyeglass frames and lenses): <ul style="list-style-type: none"> • Elective • Medically necessary* 	Once every two calendar years	Up to \$85 Covered in full after a \$20 \$10 copay	Up to \$65 Up to \$150
*Medically necessary lenses are covered with advance approval from the vision plan claims administrator.			

The terms of the Plan will be summarized in a separate Summary Plan Description. The terms of the plan in the SPD will not be changed during the term of the agreement except for legally required changes or any mutually agreed to changes. Copies of the SPD will be furnished to the Union and to each employee eligible for the Plan.

OVERVIEW:

VISION 12	Frequency	Plan Pays	
		Network provider	Non-network provider
Eye examination	Once every calendar year	Covered in full	Up to \$25 \$45
Corrective Prescription Lenses	Once every calendar year	Covered in full for standard lenses and/or frames, excluding additional costs for non-covered lens options (tints, coatings, progressive lenses, etc)	
Single vision			\$40 \$75
Bifocals			\$80 \$100
Trifocals			\$80 \$125
Lenticular			\$125 \$150
Frames			Up to \$45 \$75
	Once every two calendar years	Covered up to an established frame allowance for standard lenses and/or frames	
Contact lenses (in lieu of	Once every		

eyeglass frames and lenses): <ul style="list-style-type: none"> • Elective • Medically necessary* 	calendar year	Up to \$105 Covered in full	Up to \$85 Up to \$170
*Medically necessary lenses are covered with advance approval from the vision plan claims administrator.			

The terms of the Plan will be summarized in a separate Summary Plan Description. The terms of the plan in the SPD will not be changed during the term of the agreement except for legally required changes or any mutually agreed to changes. Copies of the SPD will be furnished to the Union and to each employee eligible for the Plan.

**APPENDIX C-7
 SPENDING ACCOUNTS**

Pursuant to agreements reached between Lockheed Martin Aeronautics Company – Fort Worth and the International Association of Machinists and Aerospace Workers, it is understood that Health Care and Dependent Care Spending Accounts shall remain in full force and effect for the duration of this Agreement, except as modified herein. The Health Care and Dependent Care Spending Accounts will be subject to the following provisions:

ELIGIBILITY: Employees actively at work on or after 1 January 2004 who have completed ~~90~~ **45** days of service.

OVERVIEW: The Health Care and Dependent Care Spending Accounts are pre-tax benefit plans. Contributions are deducted from participating employee’s paychecks before taxes are taken out. The Health Care and Dependent Care Spending Accounts are subject to rules and regulations set forth by the Internal Revenue Service.

BENEFIT:

Health Care Spending Account (HCSA)

Annual Contribution Elections
 Minimum annual contribution \$100
 Maximum annual contribution \$5,000

Claim Filing Minimum \$5

Claim Filing Deadline April 30th of the following year

Dependent Care Spending Account (DCSA)

Annual Contribution Elections
 Minimum annual contribution \$100
 Maximum annual contribution \$5,000

Claim Filing Minimum \$5

Claim Filing Deadline April 30th of the following year

The terms of the Plan will be summarized in a separate Summary Plan Description. The terms of the plan in the SPD will not be changed during the term of the agreement except for legally required changes or any mutually agreed to changes. Copies of this Summary Plan Description will be furnished to the Union and to each employee eligible for the Plan.

For the Union

Date: _____

For the Company

Date: _____

The Union reserves the right to change, modify, delete from or add to this economic proposal at anytime during these negotiations.