

**LOCKHEED MARTIN AERONAUTICS COMPANY – MARIETTA
2008 IAM NEGOTIATIONS
OVER AGE 65 RETIREES
MEDICARE ELIGIBLE RETIREE MEDICAL PLAN (MERMP) SUMMARY COMPARISON**

BENEFIT	CURRENT MERMP PLAN	PROPOSED MERMP PLAN
Medicare primary to Company plan	Yes	Yes
Lifetime maximum per person	\$20,000 including medical and, retail and mail-order prescription drugs	\$23,000 including medical and, retail and mail-order prescription drugs
Calendar year deductible	Per person: \$100 per person; applies to all covered medical expenses except routine physical exams, home health care, hospice care, and retail and mail-order prescription drugs	Per person: \$200 per person; \$400 per family applies to all covered medical expenses except routine physical exams, home health care, hospice care, and retail and mail-order prescription drugs
Calendar year out-of-pocket (OOP) maximum	None	None

This comparison of benefits is intended for use as a summary only. In the event any information contained in this document is inconsistent with the terms of the plan documents, the plan documents will govern. The terms of the Plan will be summarized in a separate Summary Plan Description.

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BENEFIT	CURRENT MERMP PLAN The plan pays after the deductible	PROPOSED MERMP PLAN The plan pays after the deductible
Inpatient hospital charges	80%	80%
Emergency care	80%	80%
Physician office visits	80%	80%
Diagnostic X-rays/laboratory	80%	80%
Routine physical exam annual well woman exam including Pap smear and routine mammogram (age and frequency limits apply)	80% no deductible	80% no deductible
Physical, occupational and speech therapies	80%	80%
Chiropractic care	80%	80%
Skilled nursing (or extended care) facility	80%	80%
Maximum	365 days for any one disability	365 days for any one disability
Home health care	100% no deductible	100% no deductible
Maximum	Up to 40 visits per calendar year	Up to 40 visits per calendar year

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BENEFIT	CURRENT MERMP PLAN The plan pays after the deductible	PROPOSED MERMP PLAN The plan pays after the deductible
Organ and tissue transplants	80% Includes coverage for donor searches with a maximum testing of 3 potential donors.	80% Includes coverage for donor searches with a maximum testing of 3 potential donors.
Hospice care	100% no deductible	100% no deductible
Maximum	\$5,000 lifetime maximum	\$5,000 lifetime maximum
Mental health and substance abuse		
Inpatient care	80%	80%
Outpatient care	50%	50%

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BENEFIT	CURRENT MERMP PLAN	PROPOSED MERMP PLAN
Prescription drugs		
At network retail pharmacies	For up to a 30-day supply, you pay a copay per prescription, per refill:	For up to a 30-day supply, you pay a copay per prescription, per refill:
Generic drugs	10% with a maximum \$25 copay	10% with a maximum \$25 copay
Brand-name drugs		
Preferred brand-name	30% with a maximum \$75 copay	30% with a maximum \$75 copay
Non-preferred brand-name	50% with no maximum copay	50% with no maximum copay
At non-network pharmacies	You pay for the prescription/refill and file a claim for reimbursement. Per prescription, per refill:	You pay for the prescription/refill and file a claim for reimbursement. Per prescription, per refill:
Generic drugs	50% of the cost of the drug	50% of the cost of the drug
Brand-name drugs	50% of the cost of the drug	50% of the cost of the drug
Mail order service	For up to a 90-day supply, you pay a copay per prescription, per refill:	For up to a 90-day supply, you pay a copay per prescription, per refill:
Generic drugs	10% with a maximum \$50 copay	10% with a maximum \$50 copay
Brand-name drugs		
Preferred brand-name	30% with a maximum \$150 copay	30% with a maximum \$150 copay
Non-preferred brand-name	50% with no maximum copay	50% with no maximum copay
Generic substitution	If you request a brand name when your physician permits a generic drug substitution, you will pay 10% of the generic cost plus the difference between the generic and brand-name cost	If you request a brand name when your physician permits a generic drug substitution, you will pay 10% of the generic cost plus the difference between the generic and brand-name cost

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FUTURE

BENEFIT	CURRENT MERMP PLAN	PROPOSED MERMP PLAN
Company subsidy		
Single	\$3,600/year (\$300/month)	\$3,960/year (\$330/month)
Family	\$7,200/year (\$600/month)	\$7,920/year (\$660/month)
Contribution formula		
Single	\$10 + 100% of the amount over the maximum monthly Company subsidy (\$300)	\$20 + 100% of the amount over the maximum monthly Company subsidy (\$330)
Family	\$20 + 100% of the amount over the maximum monthly Company subsidy (\$600)	\$40 + 100% of the amount over the maximum monthly Company subsidy (\$660)
Surviving spouse benefit	In the event of the death of a retiree on or after the effective date of the agreement, coverage for the surviving spouse and/or dependent children will continue as long as they remain eligible or until the surviving spouse remarries, provided the required contributions are paid.	In the event of the death of a retiree on or after the effective date of the agreement, coverage for the surviving spouse and/or dependent children will continue as long as they remain eligible or until the surviving spouse remarries, provided the required contributions are paid.

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