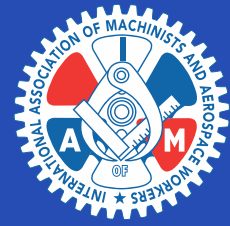


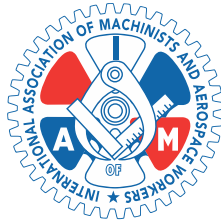
# Summary of 2023 Last, Best & Final Offer



## Table of Contents

- 1 Wages and Cash
- 2 Healthcare
- 3 Retirement Benefits
- 4 Paid Leave
- 5 Additional Benefits

*This document is intended to be an illustration of the tentatively agreed upon Collective Bargaining Agreement with Lockheed Martin and the IAM*



Florida Missile Systems  
Lodge 610

The proposed agreement would cover the period between March 12, 2023, and May 13, 2028.

Your IAM Bargaining Committee unanimously recommends ratification of this five-year agreement that delivers generous wage growth, substantial retirement contributions and an improved benefits package.

## \$5,000 Ratification Bonus Offered; GWI and Equity Increases Totaling 36.9% Compounded (on avg with ARPs)

- **\$5,000** ratification bonus in 2023. (ONLY AWARDED IF OFFER IS RATIFIED on March 5, 2023)
- **\$1.45** increase prior to GWI for all employees applied to your hourly base rate effective March 18, 2023.
- **33%** Automatic Rate Progression (ARP) improvement.
- **4.0%** General Wage Increase on March 18, 2023
- **4.0%** General Wage Increase on March 16, 2024
- **3.0%** General Wage Increase on March 15, 2025
- **3.0%** General Wage Increase on March 21, 2026
- **3.0%** General Wage Increase on March 20, 2027

## Preserved HMO Plan and Reduced Medical Costs for HDHP Participants with Cap Protections

- Maintains comprehensive healthcare coverage with **an average annual premium savings of more than \$700** per HDHP participant.
- Secured caps on HDHPs, allowing for more financial security for our members.
- Maintains legacy HMO and POS plans at the current cost share.

## Improved Retirement Savings Plans; Secured Continuous Pension Growth

- **NEW** Performance Sharing Plan (PSP) increases company matching potential based on your weekly contribution by moving to a percentage-based match. This new plan will grow your savings as your wages grow over time.
- **50%** of the first **8%** company match of weekly eligible base pay deferred to the plan.
- **6%** Company PSP contribution for eligible employees – **more than doubles the contribution at the average pay rate.**
- **\$105** per month Pension benefit per completed year of service.

## \$5,500 Total in Supplemental Cost of Living Payments - \$1,500 Year One

- **\$1,000** annual supplement cost-of-living payment each year of the agreement for all employees.
- **\$500** additional lump sum bonus paid in January 2024, can be deferred in **\$250** increments.

## Enhanced Benefits

- New parental leave up to **160 hours** per 12-month period.
- Expanded bereavement leave to **40 hours**.
- Enhanced short-term disability: **55%** base rate, no max.
- Improved vocational reimbursement from two classes to **three**.
- New Retirement & Voluntary Termination notification program - **\$500**.
- Improved Group Universal Life Insurance benefit.
- Improved Pre-65 Retiree Medical Subsidy.

## Additional Wage Enhancements

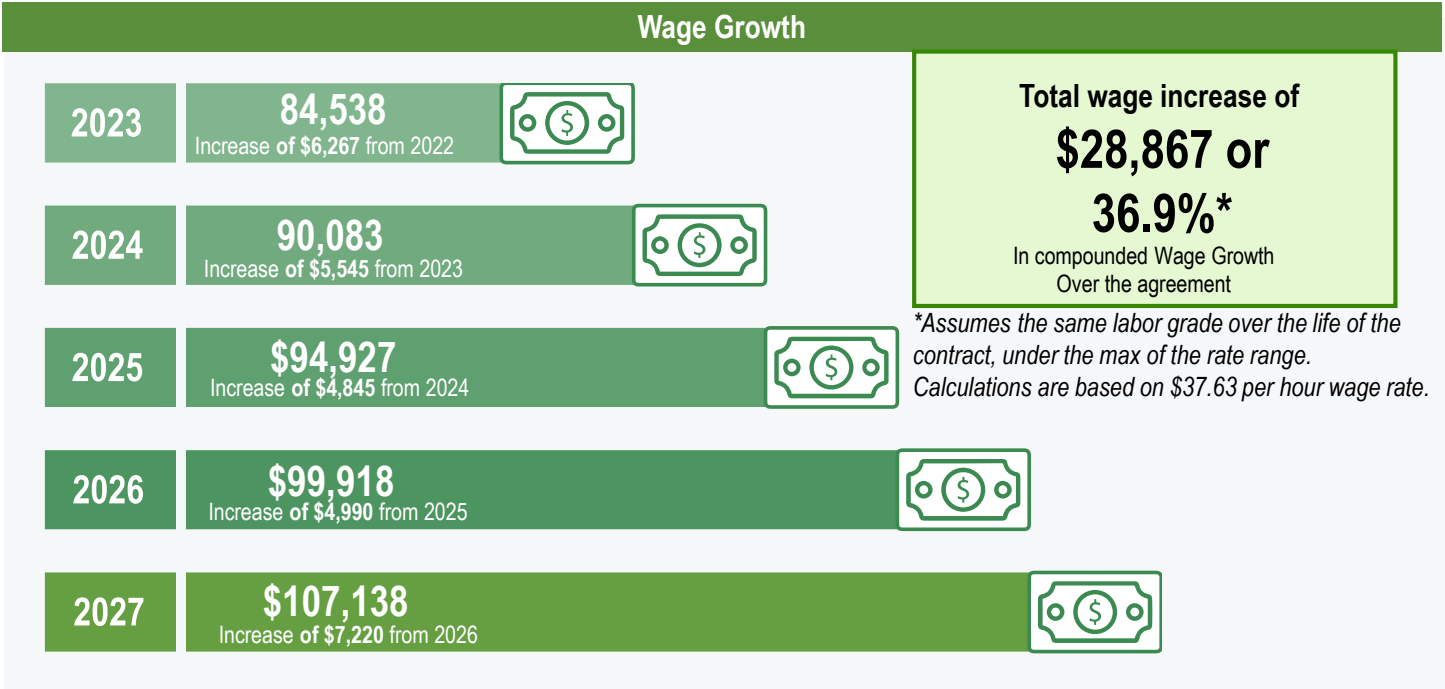
- Significant labor grade upgrades and job modernizations.
- Established **labor grade 20**.
- Doubled Promotional Pay to **\$0.50 or \$1.00** depending on labor grade movement.
- Increased Field Duty Pay from **\$0.75 to \$1.00**.
- Enhanced Swing Shift Premium from **\$0.40 to \$1.00**.
- Secured new Team Lead Premiums of **\$0.50 per hour**.
- Improved Odd Workweek Premium from **\$0.20 to \$0.50**.



# Wages and Cash

## The Contract Delivers Significant Wage Growth, Supplemental Cost of Living Payments and a Ratification Bonus

Your IAM Bargaining Committee negotiated a competitive package to help combat inflation that provides significant gains in wages over the next five years through a combination of a **\$5,000** ratification bonus, annual General Wage and equity Increases, **33%** improvement in ARPs, and annual supplemental cost-of-living payments including an additional **\$500** lump sum payment in January 2024.



Contract Provides One Time Ratification Bonus	Yearly General Wage Increases
You will receive a ratification bonus of <b>\$5,000</b> (payable within 60 days of ratification). You have the choice to receive the bonus as <b>CASH</b> or <b>DEFERRED</b> to your Hourly Savings Plan Plus (HSP) or your Health Savings Account (HSA). This payment is contingent upon the contract being ratified on March 5, 2023, by 8 p.m. PT.	<ul style="list-style-type: none"> <li>• 4.0% General Wage Increase on March 18, 2023</li> <li>• 4.0% General Wage Increase on March 16, 2024</li> <li>• 3.0% General Wage Increase on March 15, 2025</li> <li>• 3.0% General Wage Increase on March 21, 2026</li> <li>• 3.0% General Wage Increase on March 20, 2027</li> </ul>
Increased Maximums on All Labor Grades	Secured Additional Automatic Rate Progression
<b>Effective March 18, 2023</b> , active employees and employees on an approved leave of absence will receive an increase of <b>\$1.45 per hour</b> applied prior to your GWI's to your hourly straight-time rate. In addition, the maximum in your labor grade will increase \$1.45.	Automatic rate progression increase to <b>\$1.00 per year</b> (\$0.25, 4x per year in March, June, September, and December).

Cash Bonuses					
<b>\$6,000</b> COLA Supplement & BONUS	<b>\$1,500</b> COLA Supplement & BONUS	<b>\$1,000</b> COLA Supplement	<b>\$1,000</b> COLA Supplement	<b>\$1,000</b> COLA Supplement	<b>\$10,500</b> Pre-tax Over the life of agreement
2023	2024	2025	2026	2027	



## Wage and Bonus Package cont.

### Additional Wage Enhancements – Money Back in Your Pocket

Additional wage improvements include **increased promotional pay, market rate adjustments, and multiple labor grade upgrades.** This represents the value of your work to the company and provides additional financial security for you and your family.

**Increased Promotional Pay** from \$0.25 to **\$0.50 (for one or two labor grade promotions) or \$1.00 (three or more) per hour**, depending on labor grade movement.

**Secured market/equity rate adjustments of \$1.45 per hour.**

**5+ job upgrades and modernization of language, including addition of labor grade 20.**

- **Increased Field Duty Pay** from \$0.75 to **\$1.00 per hour** added to hourly base rate through the duration of the assignment.
- **Increased 2nd Shift Pay** from \$0.40 to **\$1.00 per hour** added to hourly base rate.
- **Secured New Team Lead Bonus of \$0.50 per hour.**
- **Increased Odd Workweek Bonus** from \$0.20 to **\$0.50 per hour** added to hourly base rate
- **Increased safety glasses, clean and safety shoe reimbursement to \$225 each year.**



## Healthcare Benefits

### Improved HDHP Health Care Cost-Sharing

- **Reduced employees weekly contributions** through new cost sharing structure for high deductible plans.
- Maintains comprehensive healthcare coverage with an **average annual premium savings of more than \$700** per HDHP participant
- To protect against medical cost inflation, your union **secured employee premium contribution caps** through the life of the agreement for the HDHP plans.
- More HSA deferral opportunities.

### NEW Cost Sharing Formula for HDHP Plans:

Plan Name	Company	Employee
HDHP Plan 1	90%	10%
HDHP Plan 2	93%	7%
HDHP Plan 3	95%	5%

\* Effective January 1, 2024, employee contributions are capped at \$30 (Employee)/ \$60 (Employee + 1)/ \$90 (Employee + 2). Effective January 1, 2026, employee contributions are capped at \$35 (Employee)/ \$70 (Employee + 1)/ \$105 (Employee + 2).

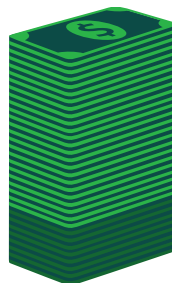
### IAM Preserves Legacy HMO Health Care Plans for Eligible Members

The legacy HMO or POS plans, including prescription drug coverage, will remain available to eligible member hired prior to March 3, 2014. The company will continue to pay 85% of the premium costs and the member will contribute 15%.

### Avoid Taxes & Grow Your HSA with Company Provided Contributions and Wellness Incentives

#### 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.
- Increase your HSA with additional contributions - **tax free, no FICA** - up to IRS contribution limits.
- Use your **HSA debit card** to conveniently pay for healthcare expenses.
- Potentially **grow your balance** by investing portions of your funds in investment accounts.
- At **age 65, you can make penalty free withdrawals** and continue to receive tax-free benefits for qualified healthcare expenses, including Medicare premiums.



Potential HSA Contributions in 2023 for eligible employees

#### Family Coverage:

**\$1,000**

Company Contribution (2023)

**\$800**

Wellness Incentives for employee and spouse/domestic partner



**\$1,800**

#### Annual Employee Earned Wellness Incentives

Easy to Obtain!

- Health Survey - **\$100**
- Biometrics Screenings - **\$300**

**Up to \$400 EACH**

Employee and Spouse/Domestic Partner



# Retirement and Savings Benefits

Retirement savings are significantly improved. Employees can build funds through the Performance Sharing Plan (PSP) 401(k), which will replace the Hourly Savings Plan Plus (HSP 401k), Hourly Capital Accumulation Plan (HCAP) and the Basic Benefit Plan (BBP). The pension multiplier also increases for eligible employees.

## PENSION IMPROVEMENTS! Pension Increase Provides More Financial Security for Retirees

Your Bargaining Committee secured the highest union pension\* benefit in the company. Employees who commence after Jan. 1, 2023 will receive **\$105** per year of credited service. This is an increase from the **\$102** per year of credited service in the current contract.

\*Eligible employees hired before March 7, 2011.

### Retirees on or After January 1, 2023

Pension benefit increases to **\$105** per year of credited service. This equates to an **increase of \$1,080 per year.\***

**\$37,800\***  
Per year upon retirement

\* 30 years of credited service

## Performance Sharing Plan

All employee contributions and the company's match will be based on a percentage of your weekly eligible base pay, not the flat rate that currently caps out with a \$42 company match contribution per week. Employees' HSP balances will be preserved, as all future contributions will go to the PSP.

The company will match 50% of what you contribute up to 8% of your weekly eligible base pay.

Employees hired on or after March 7, 2011, will also receive a Company contribution of 6% of eligible weekly base pay into the PSP. Employees can further grow their account by increasing their unmatched contributions up to the plan maximum. By combining the Company match for PSP and the Company Contribution you have the potential to save a total of 18.0% while only contributing 8% of your weekly wages.

## PSP Delivers More than HSP

### PSP Delivers More Than HSP

Based on 8% Employee Contribution

*Note: illustration is based on Average rate across IAM Main sites including Aeronautics*



Contribute 8% to receive 4.0% Company Match



*\*To maximize your retirement savings we recommend contributing 8% to your PSP. This maximizes the company match.*



## Paid Leave and Additional Improvements



### NEW: Parental Leave



# 160 HOURS

Employees may now request up to 160 hours of parental leave per 12-month period to bond with a newborn child(ren), newly adopted child(ren), or a foster child(ren) that has been newly placed with you. Employees will be compensated for their hourly base rate while out on an approved parental leave.

### Improved Short-Term Disability

For employees commencing leave after Jan. 1, 2024, the company will provide improved short-term disability coverage of **55% of weekly earnings – NO WEEKLY Maximums!**

EXAMPLE: \$39/hr. = \$1,560/week

Current Weekly Benefit	New Weekly Benefit
70% with Maximum	FULL 55% with no maximum
<b>\$410 /week max</b>	<b>\$858 /week</b>

### Expanded Bereavement Leave

Bereavement leave increases from 24 hours to 40 hours of paid time off with an expanded definition of immediate family members.



## Additional Benefits Offerings



### Basic Life and Accidental Death and Dismemberment Insurance

All members actively at work as of January 1, 2024, will have their benefits increased from \$43,000 to **\$50,000** under each plan. The company pays the full cost for these coverages.



### Improved Group Universal Life Insurance – No Proof of Insurability

During the 2024 Annual Enrollment Period, you will have the opportunity to purchase additional employee life insurance through the Group Universal Life Insurance plan and no Proof of Insurability will be required for amounts elected that exceed 1X your current level. The plan is also being improved by increasing coverage options, from 8 times to 9 times annual base pay.



### Improved Pre-65 Retiree Medical Subsidy

To help offset medical costs, Lockheed Martin increased the maximum subsidy to **\$8,000 (Retiree) or \$16,000 (Retiree + 1)** annually.



### Secured the Option to Give Back to IAM's Favorite Charities

You can now elect to have charitable contributions to the Machinist Non-Partisan Political League and Guide Dogs of America processed through your weekly payroll.

## IAM Maintains Quality Benefits

- Post-65 retiree medical subsidy
- Dental and vision plans
- 24/7 accident insurance
- Hospital indemnity insurance
- Critical illness insurance
- Identity theft protection
- Legal insurance
- Whole Life with a Long-Term Care feature

## Additional Contract Enhancements

- Made improvements to safety committee to increase collaborative communication between the parties
- Improved travel and emergency policies to specify time period for Space Coast
- Incorporated new coded letter on the Future Space Coast Production Work & Job Classifications in preparation for future work on LE2 production
- Modified call-in and cancellation-of-overtime procedures to ensure fair and consistent application