

Summary of 2023 Last, Best & Final Offer

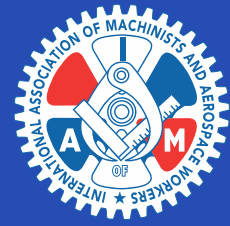


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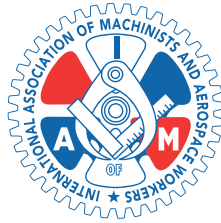
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This document is intended to be an illustration of the tentatively agreed upon Collective Bargaining Agreement with Lockheed Martin and the IAM



**Local Lodge 1027
Clarksburg, WV**

The proposed agreement would cover the period between March 12, 2023, and March 10, 2029.

Your IAM Bargaining Committee unanimously recommends ratification of this six-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 45.8% Compounded (on avg with ARPs)

- **\$5,000** ratification bonus in 2023. (ONLY AWARDED IF OFFER IS RATIFIED on March 5, 2023)
- **\$1.00** increase prior to GWI for all employees applied to your hourly base rate effective March 18, 2023.
- **\$1,000** one-time lump sum bonus on March 18, 2028.
- **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
- **3.0%** General Wage Increase on March 18, 2028

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 company contribution at the average pay rate**
- **\$105** per month Pension benefit per completed year of service.

\$6,500 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.

Improved Benefits and Increased Flexibility

- 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.
- **50 hours** of personal business.
- Flexible shift start and end times available for all schedules, with employee input.

Additional Wage Enhancements

- **\$1.00** per hour increase upon promotion, increased from \$.10 per hour
- **\$1.00** per hour swing shift premium
- **\$500** lump sum payment when an employee provides 90-day advance notice of retirement or voluntary separation



Wages and Cash

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

Your IAM Bargaining Committee negotiated a competitive package to help combat inflation that provides significant gains in wages over the next six years through a combination of a **\$5,000** ratification bonus, annual General Wage and equity Increases, **33%** improvement in ARPs and an additional **\$1,000** lump sum bonus in 2028, 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 \$5,000 (payable within 60 days of ratification). You have the choice to receive the bonus as CASH or DEFERRED 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 9 p.m. Eastern time.	<ul style="list-style-type: none"> 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 3.0% General Wage Increase on March 18, 2028
Increased Maximums on All Labor Grades	Secured Additional Automatic Rate Progression
Effective March 18, 2023 , active employees and employees on an approved leave of absence will receive an increase of \$1.00 per hour applied to your hourly straight-time rate. In addition, the maximum in your labor grade will increase \$1.00.	Automatic rate progressions increase to \$1.00 per year (\$0.25 4x per year in February, May, August and November).

Cash Bonuses						
\$6,000 COLA Supplement & BONUS 2023	\$1,500 COLA Supplement & BONUS 2024	\$1,000 COLA Supplement 2025	\$1,000 COLA Supplement 2026	\$1,000 COLA Supplement 2027	\$2,000 COLA Supplement & BONUS 2028	\$12,500 Pre-tax Over the life of agreement



Wage and Bonus Package cont.

Additional Wage Enhancements – Money Back in Your Pocket

Promotional Pay

Employees will receive **\$1.00** per hour added to their hourly base pay rate upon promotion, increased from \$0.10 an hour.

Increased Swing Shift Pay

Employees assigned to a swing shift will receive **\$1.00** added to their hourly base pay rate.

NEW!

Retirement & Voluntary Separation Notification Program

Employees to receive **\$500** for providing 90-day advance notice of retirement or voluntary separation.



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 or POS Health Care Plans for Eligible Members

The legacy HMO or POS plans at the current cost-share, 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.

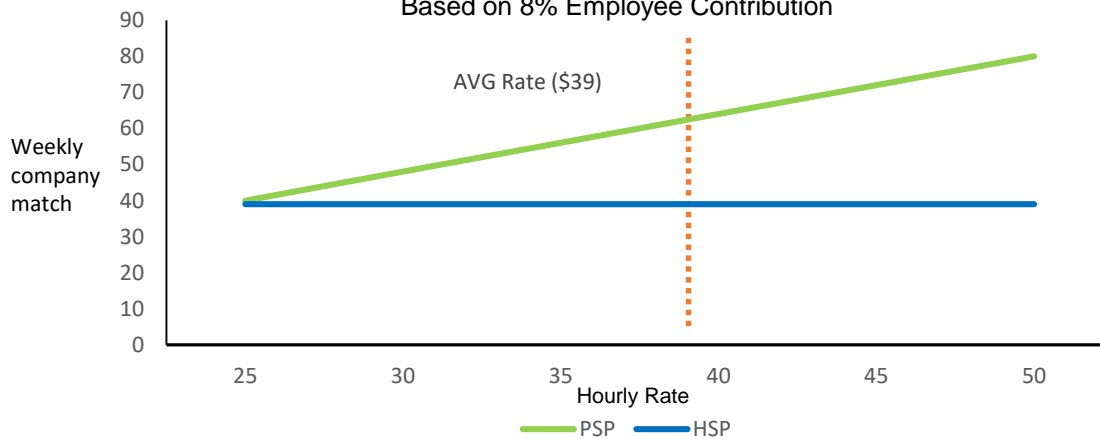
The company will match **50%** of what you contribute up to **8%** of your weekly eligible base pay.

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



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 and your free money.



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: \$32/hr. = \$1,280/week

Current Weekly Benefit	New Weekly Benefit
70% with Maximum	FULL 55% with no maximum
\$410 /week max	\$704 /week

Expanded Bereavement Leave

Bereavement leave increases from 30 hours to **40 hours** of paid time off with an expanded definition of immediate family members.

Increased Flexibility and Career Growth

- Redesigned job placement process
 - Employees will bid to posted internal openings
 - Lateral transfers for **ALL** labor grades
 - Voluntary downgrades allowed
- Flexibility in shift start hours within all schedules with employee input
- Improved distribution of temporary loan assignments within departments

Improved Overtime, Seniority, & Attendance

- Defended current overtime practices
- **NO** concessions on attendance control
- **NO** charge penalty for overtime assignments declined when offered outside of home department and/or shift
- Protected seniority rights, maintained the 90-month recall duration



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