



Summary of 2018 Last, Best & Final Offer

The proposed agreement would cover the period between March 5, 2018 and March 11, 2023.

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

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Palmdale District Lodge
725



\$4,200 Ratification Bonus; GWI Increases; No Lump Sums

- \$4,200 Ratification Bonus in 2018.
- 3.0% General Wage Increase in 2018.
- 2.5% General Wage Increase in 2019.
- 2.5% General Wage Increase in 2020.
- 2.5% General Wage Increase in 2021.
- 3.0% General Wage Increase in 2022.

Pension Increases– NO FREEZE

- Your Bargaining Committee secured the highest union pension benefit in the company.
- 2018-2021 pension increases to \$100 per year of credited service.
- Retirements after 2022 pension increase to \$102 per year of credited service.
- Eliminated 40 year life time cap currently in place.

Improvements to Retirement Plans

- Improvements to Hourly Capital Accumulation Plan. For eligible members, the company will contribute \$500 per quarter.
- Members contributing to the Hourly Savings Plan Plus, the company will match 50% up to \$84 per week of your contributions.
- Basic Benefit Plan improved to \$120 per quarter for members hired after March 1, 2005. Members hired before March 1, 2005 will receive a quarterly contribution of \$75.

Maintained HMO Medical Plans

- Legacy HMO plans currently offered remain an option for members hired before March 4, 2014.
- Company will pay 85% of the annual premiums for the life of the contract.

Expanded Health Care Options and Added Health Savings Account with Company Contributions

- In 2019, the company will replace LMHealthWorks with new High Deductible Health Plans (HDHP). Members can choose among three different HDHP options that range in costs and deductibles.
- The company will pay 87% of the annual plan cost.
- Members who enroll in a new HDHP in 2019 receive a one-time company contribution of \$1,250 (individual)/\$2,500 (family) to their Health Savings Account (HSA). HSAs provide greater tax savings for members.

IAM Delivers Improved Wages, Cash Bonus and Long Term Wage Growth

Your IAM Bargaining Committee negotiated a competitive package that provides increases in wages over the next five years. This includes a ratification bonus, General Wage Increases and wage improvements for a variety of job positions. We fought for **NO LUMP SUMS** to keep wages growing every year at all sites.

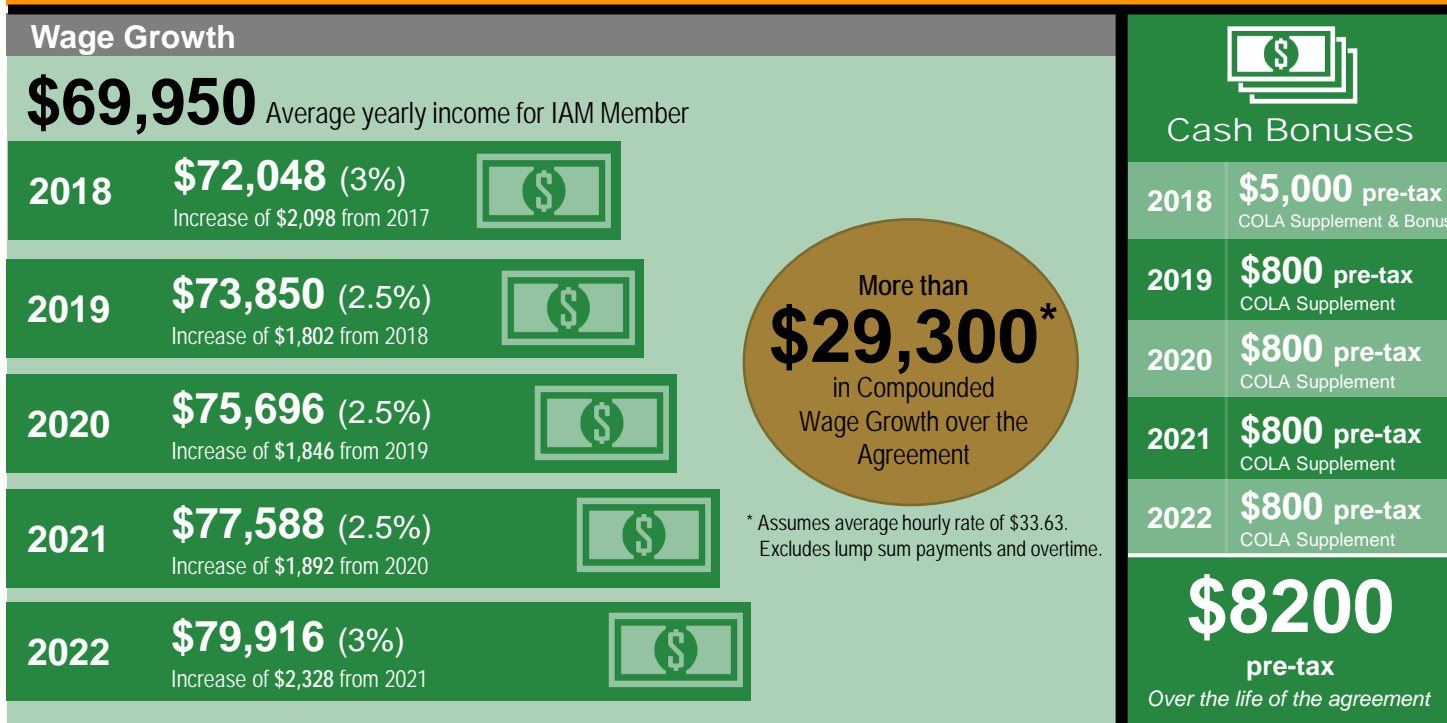
Contract Provides One Time Ratification Bonus

You will receive a ratification bonus of **\$4,200 pre-tax** (payable within 60 days of ratification). You have the choice to receive the bonus as **CASH** or **TAX DEFERRED** when deposited to your Hourly Savings Plan Plus (HSP). **Contract must be ratified on March 4, 2018 by 6 p.m. ET.** You can choose to defer the ratification bonus to your HSP in \$400 increments.

Yearly General Wage Increases

- 3.0% General Wage Increase in 2018.
 - 2.5% General Wage Increase in 2019.
 - 2.5% General Wage Increase in 2020.
 - 2.5% General Wage Increase in 2021.
 - 3.0% General Wage Increase in 2022.
- In 2018 eligible retirees, will receive a \$1,000 bonus payment in addition to GWI if retiring by Dec. 31, 2018.*

Breakdown of Wage/Bonus Increases



Additional Wage Improvements

- **Increased Lead Pay:** Team lead will now receive \$1 added to their base hourly rate. Current leads are grandfathered under updated pay approach.
- All GWIs will be applied to the minimums and maximums of the labor grades. **Introduced Promotion Pay. Multiple Job Classification Upgrades.**
- **New hire benefits established on day one.**
- **Established new Labor Grade 19 Senior Inspector.**
- **Rebuild/Overhaul Mechanic, Senior Inspector and Senior Mechanic added to A&P certificate premium.**
- **Increased safety shoe reimbursement to \$150 per calendar year.**
- **Established new safety glasses reimbursement at \$200 per calendar year.**
- **Aviation insurance increase to \$38,000.**
- **New Business Travel Accident Insurance.**

IMPROVED Retirement Savings with Increased Company Contributions

Your retirement is important and the **IAM secured improvements** for all members to their retirement and saving plans. Members who have the Hourly Savings Plan Plus (HSP) and Hourly Capital Accumulation Plan (HCAP) receive company contributions.

How Does Your Retirement Savings Grow During the Life of the Contract?

Hourly Savings Plan Plus

\$84 / week + **\$42** / week
 Employee contribution Company contribution

Agreement Total Value: **\$37,198**



Hourly Capital Accumulation Plan

\$500 / Qtr.
 Company Contributions

Agreement Total Value: **\$11,354**



Basic Benefit Plan

\$120 / quarter
 Company Contribution for Members Hired After March 1, 2005

Agreement Total Value: **\$2,725**



Total Value of Retirement Contributions Over the Life of the Agreement*

\$51,277

Hourly Savings Plan Plus Company Contribution Increases

The company will match **50% up to \$84** per week of your employee contributions. That compares to \$78 in the previous agreement. **Members may increase their unmatched contributions up to the IRS limit.**

Improvement to Accumulation Plan Contribution By the Company

The company will also make contributions to the Hourly Capital Accumulation Plan. Eligible members hired or rehired on or after March 7, 2011 will receive a company contribution of **\$500 per quarter for the life of the agreement.** This is a 25% increase from the \$400 quarterly contribution in the current contract.

Basic Benefit Plan Improvements

For eligible members, hired or rehired on or after March 1, 2005, the company will make a **quarterly contribution of \$120.** Members hired **before March 1, 2005 will receive a quarterly contribution of \$75.** No employee contribution is needed for the Basic Benefit Plan.

**Retirement value assumes an IAM Employee, working 40 hours weekly, with an average base rate of \$33.63 in 2017. Value is over the life of the contract with 5% growth. Illustration does not include retirement contributions before March 4, 2018 and represents total value of retirement contributions over the life of the agreement for an employee hired after March 7, 2011.*

IAM Protects Pension and Improves Retiree Medical

Your IAM Bargaining Committee fought to protect your long term financial security with improvements to pension plans for eligible members. The IAM also secured improvements to retiree medical, creating further stability and security for members who retire from the company.

Pension Increase Provides More Financial Security for Retirees

Your Bargaining Committee secured the **highest union pension benefit in the company**. Employees who commence retirement between Jan. 1, 2018 and December 31, 2021, will receive **\$100 per year of credited service**. Employees who commence after Jan. 1, 2022 will receive **\$102 per year of credited service**. This is an increase from the \$95 per year of credited service in the current contract.

Effective Jan. 1, 2018 the 40 year cap will be eliminated.

Improved Under-Age 65 Retiree Medical- KAISER HMO Available
Company subsidy increased to **\$7,000 (Retiree) or \$14,000 (Retiree+1)** annually. Maintained current Kaiser HMO option in California.

Improved Over-Age 65 Retiree Medical - Retirements before July 1, 2018

The current MERMP and Senior HMO offerings will continue to be available for those who commence retirement prior to July 1, 2018 and the current contribution formula will remain the same as the current contract. Effective Jan. 1, 2018, **the MERMP lifetime maximum will be increased to \$75,000 for all past and future MERMP eligible employees**. This is an increase from \$30,000 in the current contract. |

2018-2021

Pension benefit increases 5.3% to **\$100 per year of credited service**.

\$36,000*

Per year upon retirement

* 30 years of credited service

Retirees After 2022

\$36,720*

Per year upon retirement

Pension benefit increases 7.4% to **\$102 per year of credited service**.

* 30 years of credited service

Via Benefits™ For Over-Age 65 Lockheed Martin Retirees – Retirements on or after July 1, 2018

Via Benefits is a marketplace that helps Medicare-eligible, over-age 65 retirees research and enroll in individual health care plans which include medical, dental and vision.

Additionally, eligible retirees and their spouses receive services to help them select the best coverage for their needs. Via Benefits will be available to IAM retirees commencing retirement on or after July 1, 2018.

The Company will contribute \$175 per month (\$2,100 annually) to their Health Reimbursement Arrangement (HRA) for those that enroll through Via Benefits. The company contribution can be used to pay for eligible medical, prescription drug, dental, and vision premiums—as well as eligible out-of-pocket healthcare expenses.



PAID Bereavement

- **PAID BEREAVEMENT LEAVE FOR ALL MEMBERS** – All members will have up to three days of PAID bereavement leave per occurrence. The leave can be used for paid time off in the event of a death of an immediate family member. The definition of immediate family member was also expanded to match the company policy.

IAM Delivers Upgraded Health Care Options

Your IAM Bargaining Committee secured health care options for members—the legacy HMO plans will remain available to eligible members and the company will continue to pay 85% of the premiums. LMHealthWorks is replaced by new High Deductible Health Plans (HDHP) paired with a tax free Health Savings Account (HSA).

New Health Plans Provide More Choices and Ability to Pay for Medical Expenses with Tax Free Health Savings Account

In 2019 LMHealthWorks will be replaced with High Deductible Health Plans. All members have the option to participate in the new HDHP offerings, which provide at least three different plan designs. All options cover the same types of services, pay benefits after you meet the deductible and provide preventive care at no cost. Your geographic region determines your plan carriers, which may include Aetna, CareFirst BlueCross BlueShield, Cigna, and Kaiser Permanente. As part of the HDHP offerings, you will be eligible to participate in a Health Savings Account (HSA) to help offset your medical expenses. The HSA includes many tax advantages and company contributions.

3 HDHP Medical Plans



Tax Free Health Savings Account:

87% Company Paid Premium **13%** Employee Paid Premium

Medical Plan Designs (single/family)	Monthly Premium	Annual Deductible
HDHP 1 Deductible: \$1,600/\$3,200 Out of Pocket: \$3,200/\$6,850	\$\$\$ \$	\$
HDHP 2 * Deductible: \$2,400/\$5,100 Out of Pocket: \$4,800/\$10,900	\$\$ \$	\$
HDHP 3 * Deductible: \$3,500/\$6,850 Out of Pocket: \$6,550/\$13,100	\$ \$\$\$	\$

*Individual Cap on Out of Pocket Maximum limited to \$6,850

Out of Pocket Maximum Provides Enhanced Financial Protections

Annual Wellness Incentives

Easier to Obtain!

- Personalized Messaging - \$100
- Health Survey - \$100
- Biometrics Screenings - \$300

Up to
\$500
Annual for Employee
and Spouse Each

Tax Advantages & Grow Your HSA with Company Provided Contributions



\$2,500
One-Time Company HSA Contribution for Family Coverage
(\$1,250 for Single Coverage)

\$1,000
Annual Wellness Incentives for employee and spouse

\$800 COLA Supplement



\$4,300

Potential HSA Contributions in 2019 for eligible employees

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.
- **Tax free contributions**, earnings & withdrawals. **NO FICA**
- Use your **HSA debit card** to conveniently pay for health care expenses.
- Potentially **grow your balance** by investing portions of your funds in investment accounts.
- Annual contribution limits are determined by the IRS.
- **At age 65, you can make penalty free withdrawals** for any reason and continue to receive tax-free benefits for qualified medical expenses, including Medicare premiums.

IAM Maintains Legacy HMO Health Care Plans for Eligible Members

The legacy HMO plans, including prescription drug coverage, will remain available to eligible members hired prior to March 3, 2014. **The company will pay 85% of the premium costs and the member will contribute 15%.** Due to IRS regulations, members enrolled in the legacy HMO plans are not eligible for the new Health Savings Account (HSA).

New Programs and Benefits for Machinists and their Families

A variety of insurance plans continue to be available to you, including both company-paid and optional employee-paid programs. Improvements made to these plans are shown below, plus information on other offerings, including new voluntary benefits.

Additional Health Benefits



Prescription Drug Coverage

In 2019, for members who enroll in the new High Deductible Health Plans (HDHP), CVS Caremark will be the prescription drug provider for most medical plans. **You don't have to fill prescriptions at CVS and there is no mail order requirement.** There are thousands of in-network pharmacies across the country. HDHPs combine medical and prescription drug deductibles, so both types of expenses count toward the common deductible and out-of-pocket maximum. Once you have reached the deductible, **you will pay 20% coinsurance** subject to copay minimums and maximums. Certain medications on the Preventive Drug List bypass the deductible, so you'll only pay the 20% coinsurance/copay maximum at in-network pharmacies.

Dental Benefit

All members will have at least two Preferred Provider Options (PPO) dental plans: a Dental Plan Core and a Dental Plan Enhanced. Depending on your home address, they will be offered through Aetna or Cigna. In addition, some areas also have a Cigna Dental HMO available. **The company will pay 100% of the plan costs for HMO and Core dental plans. You can buy-up to the Enhanced plan for an additional cost.**

Vision Benefit

In 2019, vision insurance will change to VSP Vision Care. During Annual Enrollment you can choose between two coverage levels, Core or Enhanced coverages. **The company will pay 100% of the plan cost for the Core vision plan.** Both plans include a \$10 copay for all visits, \$25 copay for materials and increased allowances for frames and contacts. **You can buy-up to the Enhanced plan for an additional cost.**

Improved Group Universal Life Insurance – No Proof of Insurability

During the 2019 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 6 times to 8 times annual base pay.**

Short-Term Disability

All members actively at work as of July 1, 2018 will have their weekly maximum short-term disability benefit **improved from \$370 to \$410 weekly.** The company pays the full cost for this coverage. California residents, this coordinates with the California State Disability Insurance benefit.

Life, Accidental Death and Dismemberment Insurance

All members actively at work as of January 1, 2019, will have their benefits **increased from \$38,000 to \$43,000** under each plan. The company pays the full cost for this coverage.

Optional Benefits

NEW – Accident Insurance Available

Most major medical insurance plans only pay a portion of the associated expenses. With the Accident Insurance Plan, you receive additional financial support. The coverage pays a cash benefit, in addition to your medical benefits, that correspond with hospital and intensive care confinement. The cash benefit is payable directly to you and can be used to help pay for deductibles, treatment, rent and more. You can elect to enroll in the accident insurance plan Annual Enrollment.

NEW – Hospital Indemnity Insurance

Hospital Indemnity insurance provides additional financial protection for hospital stays when a sickness or injury occurs. The coverage pays a cash benefit, in addition to your medical benefits, for hospital confinement. The cash benefit is payable directly to you and can be used to help pay for deductibles, treatment, rent and more. You can elect to enroll in the hospital indemnity plan during Annual Enrollment.

NEW – Critical Illness Insurance

The new Critical Illness insurance provides additional financial stability, beyond your standard medical benefits, for you and your family. The insurance allows you to select the benefit coverage amount you want based on your individual need and budget. If diagnosed with a covered critical illness, you will receive a cash benefit based on the percentage payable for the condition. You can elect to enroll in the critical insurance plan during Annual Enrollment.



60 Company Paid Holidays

2018 (11 days)

- Memorial Day, May 28
- Independence Day, July 4
- Labor Day, September 3
- Thanksgiving Day, November 22
- Day After Thanksgiving, November 23
- Christmas Holiday, December 24–31

2021 (12 days)

- New Year's Day, January 1
- Memorial Day, May 31
- Independence Day, July 5
- Labor Day, September 6
- Thanksgiving Day, November 25
- Day after Thanksgiving, November 26
- Christmas Holiday, December 24–31

2019 (12 days)

- New Year's Day, January 1
- Memorial Day, May 27
- Independence Day, July 4
- Labor Day, September 2
- Thanksgiving Day, November 28
- Day After Thanksgiving, November 29
- Christmas Holiday, December 24–31

2022 (12 days)

- New Year's Day, January 3
- Memorial Day, May 30
- Independence Day, July 4
- Labor Day, September 5
- Thanksgiving Day, November 24
- Day after Thanksgiving, November 25
- Christmas Holiday, December 23–30

2020 (12 days)

- New Year's Day, January 1
- Memorial Day, May 25
- Independence Day, July 3
- Labor Day, September 7
- Thanksgiving Day, November 26
- Day after Thanksgiving, November 27
- Christmas Holiday, December 24–31

2023 (1 day)

- New Year's Day, January 1



Contract Changes

- Disciplinary actions are now inserted into the CBA (ANVO, EPN, EPN w/suspension, discharge); **no one will be disciplined without cause.**
- **On a one-time basis effective March 5, 2018, all attendance discipline records currently on file with the Company will be removed.**
- Removal of 10x the charge of overtime not worked.
- **Personal business paid out upon termination.**
- Optional personal leave of absence up to 31 calendar days.
- Machinists Custom Choices worksite benefits program confirmed through life of the agreement.



MACHINISTS: LOCKHEED: AEROSPACE
THE GOLD STANDARD IN AEROSPACE