Lockheed Martin Offers IAM Substantial Pay And Benefits Improvements

Lockheed Martin Aeronautics Co. said today that it had made an attractive contract offer to the International Association of Machinists (IAM) union, District Lodge 776, located in Fort Worth, Tex.

"Our offer includes substantial improvements in many areas of compensation and benefits, including an immediate bonus, general wage increases all three years, cost of living adjustments and retirement plan enhancements. It favorably compares with industry settlements," said Thomas Heiserman, Vice President of People and Organization Services at Lockheed Martin Aeronautics, who leads the company negotiating team.

"While other companies are in the unfortunate position of not being able to provide their workforce pay increases, and instead are taking compensation away, we could and did provide significant improvement in the overall compensation and benefits provided to our IAM represented employees," added Heiserman.

Consistent with national trends, Lockheed Martin's company-paid costs for medical insurance for each IAM member have increased 107 percent since the last three-year union contract was signed in April 2000. Under the company's last offer, only a small portion of that cost growth is passed on to the employees.

"Lockheed Martin continues to pay the vast majority of these increased costs," explained Heiserman. "Even with the moderate increase in the medical insurance costs borne by the average employee, including prescription drugs, the total economic improvements offered in other areas of the contract proposal far exceed the cost-sharing provisions for medical benefits."

Lockheed Martin indicated that it was puzzled by the vote on Sunday. "It appears from media reports that there was serious misunderstanding regarding the terms of the company's offer," Heiserman said.

Company's Offer - Key Features

-- $1,500 cash ratification bonus paid to each employee by May 2, 2003, had they approved the contract offered on Sunday.
-- General wage increases of 4% (1st year), 3% (2nd year) and 3% (3rd year).
-- $600 annual supplemental cost of living payments.
-- 15 cents per hour advanced payment of cost of living allowance to be added to each employee's wage effective April 19, 2003.
-- Retirement benefit increase of 14% to $57 per month per year of service, up from $50.
-- No increase in weekly contribution maximums for medical insurance coverage with maximums frozen during the life of the new contract.
-- A new Preferred Provider Organization (PPO) plan replaces the old Lockheed Martin Medical Benefits Plan. Deductibles for the PPO are based on 1% of the employee's annual base pay per person, not to exceed 3% for entire family. The PPO reimburses at 90% for network charges and 80% at non-network charges. Routine physical exams including lab and x-ray and well child care are not subject to deductible.
-- Current HMO and POS plans continue to be available.
-- Prescription drugs for all offered medical plans covered through a new self-funded company plan. This plan provides access to a large network of pharmacies, i.e., all local Eckerd, Walgreen, CVS, and Wal-Mart locations, and most food market stores such as Kroger, Albertsons, and Brookshire. A new co-pay structure is as follows:
  - o Generic Drugs, 30 day supply:
    - -- 10%, $5 minimum
    - -- Represents 39% of 2002 prescriptions filled
  - o Preferred Drugs, 30 day supply:
    - -- 20%, $10 minimum
    - -- Represents 50% of 2002 prescriptions filled
  - o Non-Preferred Drugs, 30 day supply:
    - -- 40%, $25 minimum
    - -- Represents 11% of 2002 prescriptions filled
  - o Mail order drug co-pays for a 90 day supply, $10, $20, and $50 for generic, preferred, and non-preferred drugs, respectively.

-- Two new dental plans, the Comprehensive Plus and a new Comprehensive, replace the existing Comprehensive dental plan.
  - o The Comprehensive Plus Plan provides overall better coverage than the existing plan and has such features as no deductibles, no lifetime maximum, $1,500 annual maximum, $1,500 orthodontia maximum for children and adults, full preventive coverage, 90% coverage on basic and 80% major coverage.
  - o The Comprehensive Plan does not have employee weekly contributions. Some of its features include a $50 deductible, no lifetime maximum, a $1,200 annual maximum, $1,000 orthodontia lifetime maximum for children and adults, full preventive coverage, 80% basic coverage, and 60% major coverage.

Employees selecting the Comprehensive Plus Plan will pay the difference between its cost and the cost of the Comprehensive Plan with weekly contribution caps of $3 (single) and $6 (family) the first year, $5 (single) and $10 (family) for the second year, and no contribution cap the third year.

-- Improved life insurance and accidental death and dismemberment coverage increased 67%, from previous $15,000 to $25,000 at no cost to employee. Addition of option for dependent life insurance coverage not offered to union members previously.

Those who wish to view the company's entire last, best, and final offer may do so on the company's website at http://www.lockheedmartin.com/negotiations /.

For more information on Lockheed Martin Aeronautics:http://www.lmaeronautics.com/

For more information on Lockheed Martin Corp.: http://www.lockheedmartin.com/

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Web site: http://www.lockheedmartin.com/negotiations
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Company News On-Call: http://www.prnewswire.com/comp/117281.html

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