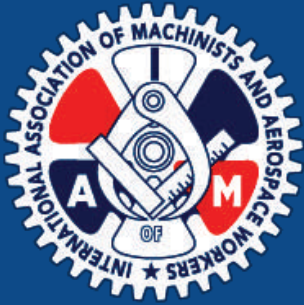


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IN THE NEWS

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IAM Members Ratify Three-Year Contract With Lockheed Martin for 3,500 Workers

Bureau of National Affairs, Daily Labor Reporter, April 21, 2009

Members of International Association of Machinists District Lodge 776 have ratified a three-year contract with Lockheed Martin Aeronautics Co. that provides some 3,500 workers with the “best combined wage and benefit package” ever negotiated with the company, the union said April 20.

The parties reached a tentative agreement late April 17, and union members April 19 voted 1,733 to 899 for ratification, the same day the prior contract expired. The new contract covers employees in three bargaining units that include production and maintenance employees, firefighters, and nurses, with the majority working at the company's Fort Worth, Texas, facility, where fighter jets are assembled. In addition, a small number of Lockheed employees at Edwards Air Force Base in California and the Naval Air Station at Patuxent River, Md., are covered by the contract, according to an April 19 company statement.

“We're pleased the Machinists union members ratified this new contract,” June Shrewsbury, executive vice president of company integration for Lockheed Martin, said in the statement. “It rewards our excellent workforce with fair and equitable wages, benefits and other provisions. Our employees perform a critical task for our customers and the nation through their work on the F-35, F-16, F-22, and other programs, and this new contract will help keep them on the job for the next three years.”

Under the contract, which will run from April 20 through April 22, 2012, employees will receive general wage increases of 4 percent in the first year, and 3 percent in each of the second and third years. In addition, the minimum and maximum rates will be increased by 4 percent in the first year, according to a union summary of the agreement. Currently, the average salary in the bargaining unit is about \$28 an hour, according to Bob Wood, an IAM spokesman.

A \$2,000 ratification bonus will be paid to employees by May 22. Employees also will receive a supplemental cost-of-living adjustment payment of \$800, up from \$700 in the prior contract, in December of each year of the contract. Employees can receive both the ratification bonus and supplemental COLA in cash or they can defer the entire amount of each payment into a 401(k) savings plan, Wood said.

‘Largest Pension Increase’ in IAM History

According to the union summary, the IAM negotiated the “largest pension increase in our history.” The multiplier for pension benefits will increase by \$11 from \$68 per month per year of service to \$79 per month per year of service, the summary said.

In addition, according to Wood, the union successfully defeated Lockheed's efforts to take away pension benefits for new hires.

Also, the company will match 60 percent of up to \$54 per week that employees contribute to their 401(k) savings plan, up from \$49 in the prior contract. Employees also can increase their unmatched contributions to \$150 per week, the summary said.

Beginning in January 2010, the share of the employee contribution for health insurance premiums will increase “a little,” Wood said, with caps placed on the amount the premiums can increase during the contract. The company will continue to pay 87 percent of the total cost of the medical plan premiums each year while employees will pay 13 percent each year. The maximum an individual would be required to pay for single coverage is capped at \$27 per week, while family coverage is capped at \$68 per week over the life of the contract. Previously, the maximum an employee would have to pay for single coverage was capped at \$19.50 per week and family coverage was capped at \$50 per week.

In addition, there were some small changes in the amount of deductibles employees will be responsible for, Wood said.

The union, Wood said, was able to beat back a company proposal for a 9/80 work schedule in which employees would work nine days and 80 hours every two weeks and get one Friday off.

A company spokesman could not be reached April 20 for further details of the contract.