



## **Kohler Co. Last, Best and Final Contract Offer**

**Saturday, November 14, 2015**

Kohler Co. has provided union leadership with our last, best and final offer for a new 3-year contract. This offer provides increased pay each year of the 3-year contract for **all** union associates; maintains local jobs and benefits that are well above the region's norm; and supports a wage structure for sustained job growth at this facility. We urge serious consideration and your acceptance of our offer when you vote on Sunday. Attached please find a copy of our last, best and final offer in its entirety.

### **HEALTH CARE RATIFICATION BONUSES FOR ALL ASSOCIATES**

- If members vote to accept our offer on November 15, Tier A associates will receive a \$1,200 bonus and Tier B associates will receive a \$1,000 bonus. This can more than cover the increase in health care premiums in the 3 years of the agreement.

### **TIER A WAGE INCREASES**

- Our contract offer provides Tier A associates with annual wage increases of 50 cents per hour in each of the 3 years of the contract. The Tier A average is projected to be \$24.95 per hour at the start of the 3<sup>rd</sup> year of the agreement.
- Based on Bureau of Labor Statistics 2015 wage survey, Kohler's Tier A average hourly rate is approximately 86<sup>th</sup> percentile. This means that only 14% of the labor force in the local area earns more than what Kohler pays on average. Many long-tenured Kohler associates will continue to be among the highest wage-earners of area manufacturers.

### **TIER A BENEFITS IMPROVED**

- Our contract offer increases life insurance and accidental death and dismemberment benefits, increases short-term and long-term disability benefits and improves dental coverage.
- An increase of \$3 in the pension multiplier will be offered over the contract term, bringing it to \$39.50 per year of service.

### **TIER B WAGE INCREASES**

- Tier B wages increase on average by more than 20% immediately with additional increases of 40 cents per hour in both the 2<sup>nd</sup> and 3<sup>rd</sup> years. Tier B associates also have the opportunity to advance and move into jobs that pay over \$20 per hour.

### **TIER B BENEFITS IMPROVED**

- Our offer enhances the benefit package for Tier B associates by offering another medical plan in addition to the High Deductible Health Plan, which currently is the only plan option for Tier B associates.
- Our contract offer includes shortened eligibility waiting periods for dental, vision and long-term disability coverage, an increase in life insurance and accidental death and dismemberment benefits, an increase in short-term and long-term disability benefits and improves dental coverage.

### **RETIREE MEDICAL**

- The existing Kohler-sponsored retiree medical plan will be replaced by a new arrangement which provides multiple plan options at various premium rates.
- All active permanent associates will receive a 401(k) contribution of at least \$1,500 to replace the Early Retiree DDB.
- Active permanent associates 40 or older with at least 15 years of service on January 1, 2003 will also receive a contribution of up to \$10,000 to a non-taxable retiree medical account to replace the Medicare Supplement DDB.

### **NEW HEALTH CARE OPTION AND WELLNESS INCENTIVES TO REDUCE MONTHLY CONTRIBUTIONS**

- A new lower cost HRA medical plan option will be offered to Tier A and Tier B associates. There will also be the opportunity to earn wellness credits and discounts to reduce monthly contributions. This may result in associates paying lower monthly contributions than they do currently.

### **COMMITTED TO CREATING PERMANENT POSITIONS**

- Our intention is to continue creating permanent jobs. Today, permanent headcount stands at 1,973 – an increase of 326, or nearly 20% – over the permanent headcount on January 1, 2013. This demonstrates the benefits of the structure that we put in place and the steady job growth that it facilitated.

**Option to Work:** If there is **no contract** in place on Monday, Nov. 16, you may continue reporting to work. You will be paid at your existing hourly rate and receive ongoing, current benefits.