APPENDIX H

MEMORANDUMS OF UNDERSTANDING

No. 3

MACHINIST CUSTOM CHOICES WORKSITE BENEFITS PROGRAM

The Union may offer the Machinist Custom Choices Worksite Benefits program to employees through their designated agent, Employee Benefit Systems, Inc. (EBS). ~~The Company shall provide payroll deduction service per the same procedure applicable to International Association of Machinists & Aerospace Workers (IAM), District 776 represented employees.~~

All policyholder service will be provided by the underwriter and EBS without cost to the Company. The Company is not the plan sponsor and is not responsible for plan administration, enrollment, or communication.

As a condition of offering this payroll deduction service, EBS will comply with Company Payroll administration and procedures that will include the following requirements:

* Each participating employee will complete a Deduction Authorization card that contains the employee’s name, social security number, deduction name(s) or type(s), employee signature and date.
* Information affecting account activity, including, but limited to enrollment, policy cancellations, deduction changes, premium rate changes, and other changes affecting the employee deduction amount will be made weekly.
* Any deduction amount not collected due to lack of earnings will be the responsibility of EBS. The Company will not collect amounts in arrears or provide an account reconciliation service.
* Deductions will be made from the employee’s paycheck each week.

**The enrollment period will occur during the Third Quarter (1 July through 30 September) of the calendar year. The specific dates and times of the enrollment period will be determined by mutual agreement of the Company and Employee Benefits Systems, Inc.**