

**AGREEMENT**

**BETWEEN**

**VERIZON INFORMATION SERVICES**

**AND**

**COMMUNICATIONS WORKERS OF AMERICA, AFL-CIO**

**RICHMOND, VA SALES OFFICE**

**EFFECTIVE: FEBRUARY 12, 2006**



**COMMUNICATIONS WORKERS OF AMERICA**

**AND**

**VERIZON INFORMATION SERVICES**

**RICHMOND, VA SALES OFFICE**

**February 12, 2006**



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## **ARTICLE 1**

### **Agreement**

- 1.1** This Agreement is made as of February 12, 2006, by and between Verizon Information Services for its Richmond, Virginia Sales Office, hereinafter referred to as the “Company” and the Communications Workers of America, hereinafter referred to as the “Union.”

## **ARTICLE 2**

### **Non-Discrimination**

- 2.1** The parties affirm their intention that the provisions of this Agreement will be applied without discrimination because of race, color, age, religion, national origin, sex, sexual orientation, mental or physical handicap or veteran status of the employee, or because of activities protected under the National Labor Relations Act. Notwithstanding other provisions of this Agreement, it is not the intention of the parties to restrict employees’ rights to pursue claims under discrimination statutes including sexual harassment claims.

## **ARTICLE 3**

### **Federal and State Laws**

- 3.1** Should any valid Federal or State Law, or the final decision or order of any Court or national or state regulatory body of competent jurisdiction specifically affect any provisions of this Agreement, the provision or provisions so affected will be construed as having been changed to conform to the law or decision, and the other provisions of this Agreement will continue in full force.

## **ARTICLE 4**

### **Union Recognition**

- 4.1** The Company recognizes the Union as the sole and exclusive bargaining agent for the purpose of collective bargaining with respect to rates of pay, wages, hours, and other conditions of employment for the positions of the Company's Richmond, Virginia Sales Office, as confirmed by letter dated March 15, 2002, or any reasonably proximate site to which the office is relocated.

## **ARTICLE 5**

### **Management Rights**

- 5.1** The Union recognizes the Company's traditional right to manage its business except as specifically limited by this Agreement. Nonetheless, if the Company plans to make any change in the way it manages its business which significantly affects a term(s) and/or condition(s) of employment which is bargainable under the NLRA, and which term(s) and/or condition(s) of employment (or changes thereto) are not otherwise dealt with in this Agreement, the Company will notify the Union in advance of making the change, and provide an opportunity for the Union to meet and negotiate over the change for thirty days prior to the Company's implementation of the change. It is not the intent of the Company to impose financial obligations on employees which will more than minimally reduce the value of their compensation packages (e.g., requiring an employee to expend personal resources on specialized training or designer blazers).
- 5.2** Nothing in this provision is intended to prevent the Company from making a change after negotiation in such situations as described above in paragraph 5.1 and the Union may not take any action forbidden by Article 6.4 or seek to grieve or arbitrate over the change. Notwithstanding the foregoing, the Union may grieve and arbitrate whether any financial obligation imposed on employees by a unilaterally imposed change more than minimally reduces the value of their compensation packages. The Union may also grieve and arbitrate the question of whether the Company provided the Union with the required notice and opportunity to bargain. If the Union arbitrates the issue of inadequate notice and/or inadequate opportunity to bargain and the grievance is sustained, the arbitrator may award a remedy which is appropriate under all the circumstances.

## **ARTICLE 6**

### **Mutual Responsibilities**

- 6.1** The Company and the Union recognize that it is in the best interest of both parties, the employees and the public that all dealings between them continue to be characterized by mutual responsibility and respect. To ensure that this relationship continues and improves, the Company and the Union and their respective representatives at all levels will apply the terms of this Agreement fairly and in accord with its intent and meaning and consistent with the Union's status as exclusive bargaining representative of all employees covered by this Agreement.
- 6.2** Collective Bargaining shall be conducted by the duly authorized bargaining representatives of the Company and the Union.
- 6.2.1** The Company and the Union will be represented by a maximum of five (5) representatives each during bargaining sessions unless mutually agreed otherwise.
- 6.2.2** Collective bargaining shall be conducted at mutually acceptable times and locations.
- 6.2.3** It is the intention of the parties to conduct their negotiations in such a manner as to reach a new agreement on or before the expiration date of this Agreement.
- 6.3** During the term of this Agreement the Company will not conduct any lockout of the Union or any employees subject to this Agreement.
- 6.4** During the term of this Agreement, the Union, its members, agents or representatives, and the employees covered by this Agreement, shall not authorize or engage in any strike, walkout, slowdown, sit-down, or refusal to work. Without limiting any other remedy the Company might have, if any of the above, or any other real interference with work occurs, the Union will make its best effort to end such action as quickly as possible. Except as modified by this provision, it is understood that this provision does not limit the Union, its members, agents, and employees covered by this Agreement from exercising all rights granted them by the National Labor Relations Act.

Without limiting the foregoing,

1. The Union acknowledges that for labor law purposes, VIS is a separate employer from all other Verizon business entities.

2. In the event of a dispute (including a bargaining dispute) between the Company and the Union with respect to the Richmond, Virginia Sales Office, there shall be no actions of the type described above taken against any other CWA-represented Company business unit, provided that employees and/or managers of such other business unit are not performing struck work of the Richmond, Virginia Sales Office.

## **ARTICLE 7**

### **Definitions**

- 7.1 **Regular Employee** – shall mean an employee, who is hired for continuous employment, accumulates service and is entitled to all the benefits and coverages granted in this Agreement.
- 7.2 **Regular Full-time Employee** – shall mean an employee who is normally assigned a work schedule of forty (40) hours per week.
- 7.3 **Regular Part-time Employee** – shall mean an employee whose normal assignment of work is less than a normal workweek.
- 7.4 **Employee** – shall mean a person who is in the bargaining unit and who performs work for the Company for which they are paid a stated compensation reported on a W-2 form.
- 7.5 **Temporary Employee** – shall mean an employee hired for a specific project or a period of time, with the definite understanding that their employment is to terminate upon the completion of the project or at the end of the period, and whose employment is expected to continue for not more than twenty-four (24) months. A temporary employee is not entitled to the benefits and coverages granted in this Agreement unless such entitlement is expressly stated as applicable to temporary employees.
- 7.6 **Occasional Employee** – shall mean an employee who is engaged on a daily basis for a period of not more than three (3) months, in any calendar year, regardless of the length of the daily or weekly assignments. Such individuals are to be treated as employees only on the specific day(s) for which work assignments are scheduled. An occasional employee is not entitled to the benefits and coverages granted in this Agreement unless such entitlement is expressly stated as applicable to occasional employees.
- 7.7 **Seniority** – Seniority for bargaining unit positions shall be based on net credited service.

- 7.8 Net Credited Service** – shall mean “net credited service” as defined by the Verizon Management Pension Plan.
- 7.9 Business Requirements** – shall mean the requirements, as determined by the Company to accomplish its business.
- 7.10 Shift** – normally shall mean an eight (8)-hour work period.
- 7.11 Normal Workweek** – The normal workweek for regular full-time employees will be forty (40) hours.
- 7.12 Union Representative** – shall mean a person duly designated as such in writing by the Union to Verizon Information Services Human Resources/Labor Relations.

## **ARTICLE 8**

### **Common Interest Forum**

- 8.1** The Company and the Union share a mutual commitment to the achievement of strategic and revenue growth objectives consistent with the Verizon Information Services Strategic Plan and the interests of the employees.

A Common Interest Forum will be established for the following purposes:

Providing a framework for early communication and discussion between the parties on business developments of mutual interest and concern to the parties and their constituencies;

Discussing and reviewing innovative approaches to enhance the competitiveness of the Company and thereby improving employment opportunities;

Discussing problems and concerns associated with health and safety, the needs of work and family life, and training and educational opportunities;

Improving understanding and relationships between the parties and avoiding unnecessary disputes by cooperatively addressing significant changes and developments in the Union or Company environment.

Equal numbers of key Management and Union persons shall constitute the forum. Meetings will be convened by the parties at mutually agreeable places and times. Otherwise, the members of the forum shall determine its composition, structure, agendas, and operation.

The forum shall meet from time to time as mutually agreed, but no less than twice a year.

It is the intent that such forum supports, but does not replace, the collective bargaining process and the established contractual conflict resolution procedures.

**8.2** One Union representative (who is also an active employee of the Company) may be excused from work with pay, based on the needs of the business, to attend a Common Interest Forum or other such joint conferences initiated by management and mutually agreed to in advance as such.

**8.2.1** Pay treatment will be in the same manner as other absences that are excused with pay, e.g., a vacation day, for a maximum of eight (8) hours per session.

**8.2.2** If more than one Union representative is excused from work for participation, such representative shall be unpaid unless the Director-Labor Relations or the Director-Human Resources has agreed in advance.

## **ARTICLE 9**

### **Compensation and Job Classifications**

#### **Sales Compensation**

**9.1** VIS's Sales Compensation Plan, which includes Base Pay Ranges, will apply to sales representatives in each job title. The Sales Compensation Plan will be implemented in conjunction with VIS sales policies as adjusted periodically. Base pay administration will be in accordance with the Company's Merit Pay Plan.

**9.2** In connection with the Sales Compensation Plan, or any other plan implemented under 9.3 hereof, Management, in its sole judgment, will establish the objectives and commission rates for every sales representative, taking into account such factors as growth objectives, market conditions, product factors, job title and account assignment.

**9.3** After one (1) year from implementation of the Sales Compensation Plan, VIS reserves the right to change the sales compensation plan design. The Company will provide notice to the Union with respect to any significant changes and an opportunity to bargain for up to thirty (30) days prior to any significant changes taking effect. It is not the intent of the Company to diminish earnings potential with any future changes to plan design, but rather to invest sales compensation dollars wisely to ensure VIS's revenue and strategic goals are met in an increasingly competitive environment.

**9.4** If, between six and nine months after the unilateral implementation of any significant change in the plan design (that is, after a reasonable stabilizing period), the Union identifies that the change has resulted in a significant diminution of earnings potential, as defined below, then the Company shall pay a remedy as described below. There shall be no other remedy.

**9.4.1** A significant diminution in earnings potential is defined as a seven and a half percent (7.5%) or more difference in average earnings (base pay plus incentive) for a sales job title across all CWA bargaining units of the Company's New York and Mid-Atlantic Sales Territories utilizing the Sales Compensation Plan for which the change has been made, from what would have been earned had the change not been made. To determine the percent change, average earnings for the most recent two (2) full plan quarters for the sales job title(s) and bargaining unit(s) affected by the change in plan design will be compared to average earnings which have been earned by the same population calculated utilizing the plan design prior to the change. For purposes of these calculations, only employees with six months or more in the sales job title at the beginning of the measurement period will be included. The parties acknowledge that comparisons of plans with different components may produce distortions which do not reflect changes in earnings potential. Adjustments will be made to any calculation to avoid any such distortions.

**9.4.2** If the calculation of the difference defined in 9.4.1 shows a decrease in average earnings of more than seven and a half percent (7.5%), then the Company will pay a total remedy, based on a maximum remedy of \$1 million, to be distributed based on performance among the employees affected by the decrease and who are then on the payroll. The amount and distribution of the total remedy will be determined as follows:

1. The number of employees in the sales job title(s) and bargaining unit(s), where the change resulting in a significant decrease has been implemented, divided by the total number of sales representatives in all CWA bargaining units in the Company's

New York and Mid-Atlantic Sales Territories utilizing the Sales Compensation Plan equals the percentage of affected employees. The number of employees/sales representatives will be determined as of the last day of the comparison period.

2. The percentage of affected employees multiplied by the maximum remedy of \$1 million equals the total remedy.
3. The total remedy will be distributed based on performance as follows:
  - a. Determine overall performance based on percent to goal during the measurement period for each individual in the affected job title(s) and then multiply each individual's percent to goal by 100.
  - b. Add all points.
  - c. Divide the total remedy dollars by the point total.
  - d. Multiply each individual's point score by the dollars per point.

**9.4.3** In the event of a significant diminishment in earnings potential as defined in 9.4.1 above, the parties will negotiate over a further change. If no agreement is reached within thirty (30) days, the Company may implement a plan design it believes will not result in a significant diminishment of earnings potential. Once the plan is implemented then all the provisions of 9.4 will apply except that:

1. If the Union alleges that the implemented plan has resulted in a substantial diminishment in earnings potential, the calculations identified in 9.4.1 will apply utilizing the most recent plan design that did not cause a payment of remedy under 9.4.2 to compare earnings against the implemented plan.
2. The new total remedy to be divided will be the total remedy as determined in 9.4.2 (2) up to \$1 million plus the total actual earnings diminishment in excess of 7.5% for each group determined to have a significant diminishment under 9.4.1.

**9.5** The Company's plan design has used the concept of Total Targeted Compensation. For the purpose of this Agreement, Total Targeted Compensation is the sum of annual base pay plus annual incentive pay for performance levels at 100 percent of the assigned objectives. Total Targeted Compensation at the midpoint of the Base Pay Range for each position is listed in the table below:

Job Titles	Total Targeted Compensation		
	Pay Area 1	Pay Area 2	Pay Area 3
Major Account Executive	\$ 98,000	\$ 104,800	\$ 108,200
Premise Account Executive	\$ 86,000	\$ 90,700	\$ 93,100
Premise Sales Representative	\$ 75,100	\$ 79,000	\$ 81,000
Telephone Sales Representative	\$ 58,300	\$ 61,300	\$ 62,800
Customer Account Agent	\$ 55,300	\$ 58,400	\$ 60,000

Total Targeted Compensation is set out here to provide employees a frame of reference, but it is not guaranteed income or expected average income.

- 9.6** Changes to sales compensation plans will not be subject to bargaining, grievance and arbitration or other legal challenge, except as provided in 9.3 and 9.4 above.

Any claim of failure to comply with 9.3 and 9.4 shall be subject to arbitration at which the sole remedy, if a violation is established, shall be an order to comply with those sections.

### **Wage Schedules**

- 9.7** Wage Progression Schedules (Appendix A) and Wage Schedule Administration will apply to employees other than sales representatives covered by the Agreement.

### **Job Classifications**

- 9.8** The Company may establish new job title(s), and review and change existing job duties and title(s), based on the content of the job and the work being performed as deemed necessary.
- 9.9** The job title classification assigned to employees will be in accordance with the preponderance of work duties they are called upon to perform.
- 9.10** Whenever the Company determines it appropriate to create a new job title or job classification in the bargaining unit, it shall proceed as follows:
- 9.10.1** The Company shall notify the Union in writing of such job title or classification and shall furnish a job description of the duties and the career level with annual base salary range or Wage Progression Schedule determined for such job titles and classifications. Following such notice to the Union, the Company

may proceed to staff such job titles or classifications.

- 9.10.2** The Union shall have the right, within thirty (30) days from the receipt of notice from the Company, to initiate negotiations concerning the career level with annual base salary range or Wage Progression Schedule established by the Company.
- 9.10.3** If negotiations are not so initiated, or if the parties are unable to reach agreement within sixty (60) days, the career level with annual base salary range or Wage Progression Schedule set by the Company shall remain in effect subject to the exceptions outlined in 9.10.4 and 9.10.5 below applicable only to positions covered by Wage Progression Schedules.
- 9.10.4** For positions covered by Wage Progression Schedules, if negotiations are initiated pursuant to paragraph (9.10.2), above, and if the parties are unable to reach agreement within sixty (60) days following receipt of notice from the Company, the Union may, within thirty (30) days of the expiration of the sixty (60) day period for negotiations, request the issue of an appropriate Wage Progression Schedule be submitted for resolution to a neutral third party. Within seven (7) days of such request, each party will submit to the other party its final proposed Wage Progression Schedule, which cannot thereafter be changed.
- 9.10.5** The neutral third party shall be selected by mutual agreement from among those who possess acknowledged expertise in the area of employee compensation. The parties may submit all evidence deemed relevant to the issue to the neutral third party. At the request of either party, a hearing shall be held to receive such evidence. Any such hearing shall be held within thirty (30) days after the matter is referred to the neutral third party. While it is not intended that such third party undertake a full and complete job evaluation study, he or she shall review other job titles or classifications and their Wage Progression Schedules for comparison purposes and may make an on-site inspection of the work place and conduct a reasonable number of interviews of incumbents. A written decision as to the appropriate Wage Progression Schedule will be rendered by the neutral third party within sixty (60) days of the date that the matter is referred for resolution. In the event that the neutral third party determines that a different Wage Progression Schedule is appropriate, the Wage Progression Schedule shall be placed in effect retroactive to the date the change or new job was implemented, except that in no event shall the retroactive effect exceed one hundred fifty (150) days. The neutral third party shall have no authority to add to, subtract from, or modify any provisions of this Agreement.

- 9.10.6** The procedures set forth in this Section shall be the exclusive means by which the Union may contest the Wage Progression Schedule which the Company sets for any new job title or classification.
- 9.10.7** The cost of the neutral third party shall be borne equally between the Company and the Union.

## **ARTICLE 10**

### **Working Practices**

#### **10.1 Work Schedules and Shifts**

**10.1.1** A workday is the period of time between 12:00 midnight preceding and 12:00 midnight ending any day. Any shift is part of the workday on which such shift begins.

**10.1.2** A workweek will begin on Sunday at 12:01 A.M. and end on the following Saturday at 12:00 midnight.

**10.1.3** The normal workweek for regular full-time employees will be forty (40) hours.

#### **10.2 Overtime**

**10.2.1** It is expected that all employees will be available and willing to work hours in addition to their normal work schedule to the extent deemed appropriate and approved by the Company. The Company reserves the right to schedule and assign mandatory overtime, as it deems necessary. Where possible, the Company will provide 24 hours advance notice for such assignments.

**10.2.2** Overtime will be paid in accordance with the Fair Labor Standards Act as applicable.

#### **10.3 Payroll Adjustments**

**10.3.1** All overpayments or underpayments to an employee will be adjusted in the employee's next paycheck, or as soon as practical, after the matter is reconciled by the Company.

#### **10.4 Promotions and Transfers**

**10.4.1** Employees may submit their requests for transfer or promotion to vacancies in accordance with the Company's defined procedures. The Company will consider relevant factors including job performance, attendance record and experience in determining employees' qualifications for promotions and transfers. Seniority will prevail when qualifications are substantially equal.

**10.4.2** For a period of six weeks following a promotion, the Company will normally grant an employee's request to retreat to his/her former job title if such position is available.

**10.4.3** The Company may transfer employees within their job titles or to another job title in the same or lower wage group. The Company will determine the number of employees to be transferred, the qualifications required and which employees have such qualifications. In the event qualifications are substantially equal, seniority will be the determining factor in the selection of employee(s) to be transferred or downgraded based on preferences of employees.

**10.4.4** If the employee is transferred or downgraded in accordance with 10.4.3 above, and an opening occurs in the job title and location from where the employee was transferred or downgraded within a period of one year, the Company will first offer the position to the transferred/downgraded employee. This provision does not apply to performance-related demotions.

## **10.5 Service Quality and Supervisory Observing**

**10.5.1** It is the policy of the Company to conduct Service Quality Observations in full compliance with Federal and State laws. Service Quality Observing includes Service Observing and Supervisory Observing.

## **10.6 Death in the Immediate Family**

**10.6.1** The Company provides three (3) paid scheduled work days off when there is a death in the employee's immediate family. This time off is provided to attend funeral services, to make funeral arrangements, to settle the estate of the deceased, or to help with family matters associated with the death. Supervisory approval is required for paid time off for death in the family.

**10.6.2** If the death of an immediate family member occurs on a weekend, the employee is still entitled to three (3) scheduled work days off for participation in the aforementioned funeral activities.

**10.6.3** If travel or other extenuating circumstances necessitate additional time away from work, up to two (2) additional paid scheduled work days may be granted with supervisory approval.

**10.6.4** If more than a five-day absence is necessary, supervisors may allow time off without pay as departmental leave, or permit employees to use vacation or personal days to remain in paid status.

**10.6.5** Immediate family is defined as:

- (a) the employee's spouse or same-sex domestic partner
- (b) the employee's/employee's spouse's/employee's same-sex domestic partner's child, son or daughter-in-law, grandchild, or great-grandchild
- (c) the employee's/employee's spouse's/employee's same-sex domestic partner's step child, foster child or child for whom the individual is the legal guardian
- (d) the employee's/employee's spouse's/employee's same-sex domestic partner's parent, step-parent, grandparent, step-grandparent or great-grandparent
- (e) the employee's brother/sister, employee's brother-in-law/sister-in-law or same-sex domestic partner's brother/sister (including half, adopted and step)
- (f) the employee's/employee's spouse's/employee's same-sex domestic partner's aunt, uncle, niece or nephew
- (g) any person who was a bona fide member of the employee's household at the time of death

**10.6.6** When death in the family occurs during an employee's vacation, the balance of the vacation can be rescheduled upon the request of the employee and approval of the supervisor. Time off for death in the family need not be consecutive days, but such days must normally be taken within ten days after death. Absences occurring beyond ten (10) days after the death will only be granted in extraordinary circumstances.

## ARTICLE 11

### Benefits

**11.1** During the term of this Agreement, current Verizon management benefits applicable to the Company, including those listed below, will be provided to employees covered by this Agreement and their dependents, as applicable, in the same manner as to the Company's management employees. The Company agrees to notify the Union of any changes in such plans that would decrease the benefits therein, but, except as provided in Sections 11.2, 11.3 and 11.4, the selection of the insurance carriers, the establishment of all terms and conditions and administration of the benefit plans shall be the sole responsibility of the Company, and such matters will not be subject to bargaining, grievance and arbitration, or other legal challenge.

- Savings Plan
- Cash Balance/Pension Plan
- Medical Plan
- Vision Plan
- Dental Plan
- Flexible Reimbursement Plan
- Life and Accident Insurance Plans
- Short-term Disability Plan
- Long-term Disability Plan
- Adoption Assistance
- Tuition Assistance
- Leaves of Absence
- Severance Program
- Incidental Absence for Illness or Injury

**11.2** The following employee premium contributions will apply to regular full-time employees enrolled in the Sponsored Medical Plan (the sponsored medical plan is the Aetna USHC Point-of-Service (POS) option or its equivalent in areas where it is unavailable) and/or in the Sponsored Dental Plan (the sponsored dental plan is the Network Indemnity option) as made available by the Company. The Sponsored Medical Plan and/or the Sponsored Dental Plan do not include Health Maintenance Organizations, Dental Maintenance Organizations or other alternative plans. Employee and Company contributions to Health Maintenance Organizations, Dental Maintenance Organizations or other alternative plans will be made in the same manner as for the Company's management employees except that after 2003, increases in employee premium contributions for these plans will not exceed the rate of increase from the individual plan provider.

COVERAGE CATEGORY		Monthly Employee Premium Contribution For Company Sponsored Medical Plan*	Monthly Employee Premium Contribution For Company Sponsored Dental Plan*
Employee Only	2006	\$18.00	\$8.00
	2007	\$23.00	\$9.00
	2008	\$23.00	\$9.00
	2009	\$23.00	\$9.00
Employee + 1 Dependent	2006	\$45.00	\$20.00
	2007	\$57.00	\$22.00
	2008	\$57.00	\$22.00
	2009	\$57.00	\$22.00
Employee + Family	2006	\$72.00	\$28.00
	2007	\$91.50	\$31.00
	2008	\$91.50	\$31.00
	2009	\$91.50	\$31.00

\* Employee premium contributions for the term of the Agreement are subject to the same increases/decreases as applied to the Company's management employees except that employee premium contributions for the Sponsored Medical Plan and for the Sponsored Dental Plan shall not be greater than the amount specified above.

**11.3** The following changes in benefits and costs and changes and amendments in the benefit plans may not be made during the term of this Agreement without the Union's consent or the requirements of the law:

- (a) The Company may not decrease the percentage of the Employees' salary credited by the Company to the Employees' cash balance account as defined in the Pay Credit Formula in the Cash Balance Plan.
- (b) The Company may not decrease the percentage contribution it makes to the Employees' 401(k) Savings Plan account as a "match" of the Employees' contribution as defined in the 401(k) Savings Plan.
- (c) The Company may not diminish the benefits provided by: the Sponsored Medical Plan or the Sponsored Dental Plan as provided in Section 11.2, Adoption Assistance, Severance Program, Tuition Assistance, Short-term Disability, Leaves of Absence, or Basic Life and AD&D Insurance as applicable to bargaining unit employees.

**11.4** Any question arising in connection with the benefit plans is specifically excluded from arbitration and its procedures outlined in Article 17 of this Agreement, except as provided immediately following in this Section 11.4 of the Agreement. Disputes regarding whether the Company has violated the terms of 11.2 or 11.3 (a) – (c) may be arbitrated. Before proceeding to arbitration, however, the Union and the Company must mediate the dispute with the assistance of a third party neutral, who shall not be the arbitrator and who shall be chosen through agreement of the Union and Company. If mediation fails to resolve the dispute, the only issue before the arbitrator shall be whether the Company has violated the terms of Section 11.2 or 11.3 (a) – (c) of this Agreement. The arbitrator may rule only that those terms have or have not been violated. The Union and Company agree that the arbitrator shall not form the terms of this Agreement or the terms of the benefit plans. Therefore, if the arbitrator finds that the terms of 11.2 or 11.3 (a) – (c) have been violated, the only remedy the arbitrator may order shall be the following: that the Company shall make such changes in that benefit plan, for the Employees, as the Company, in its sole discretion, deems appropriate, so that it no longer violates the terms of 11.2 or 11.3 (a) – (c), and, in addition, for violations of 11.2, that the Company reimburse the Employee participants in that Plan, for the period of time the change was in effect, the amount of the premiums they paid in excess of the premiums permitted by 11.2, and, for violations of 11.3 (a), that the Company credit to the Employees' Cash Balance Plan accounts, for the period of time the change was in effect, the amounts that are required to bring the change into compliance with the terms of 11.3 (a), and, for violations of 11.3 (b), that the Company credit to Employees 401(k) Savings Plan accounts, for the period of time the change was in effect, the amounts required to bring the change into compliance with the terms of 11.3 (b). The arbitrator may not order, prohibit or rescind any particular change in benefits or costs or any particular change or amendment in a benefit plan. Nor may the arbitrator award any other monetary or other relief.

## ARTICLE 12

### Holidays

#### 12.1 Observed Holidays

- ◆ New Year's Day - January 1
- ◆ President's Day
- ◆ Memorial Day - Last Monday in May
- ◆ Independence Day - July 4
- ◆ Labor Day - First Monday in September
- ◆ Thanksgiving Day - Fourth Thursday in November
- ◆ Day after Thanksgiving
- ◆ Christmas Day - December 25

**12.2** When a Holiday falls on a Sunday, it will be observed on the following Monday. When a Holiday falls on a Saturday, it will be observed on the preceding Friday.

**12.3** When a specified holiday falls within an employee's vacation period, that day is considered a holiday and not a vacation day. The employee is permitted to reschedule the vacation day for a later date.

**12.4** If a regular, non-exempt employee works on an observed holiday, the employee will receive holiday pay plus pay for time worked on the holiday.

**12.5** Observed holiday time counts as time worked for the purposes of overtime computation.

## ARTICLE 13

### Personal Days

- 13.1** Regular employees will be granted seven (7) excused paid Personal Days per calendar year. During the first year of employment, Personal Days will be pro-rated as follows:

<b>Month Hired</b>	<b>No. of Days</b>
January 1 – February 28	7
March 1 – April 30	6
May 1 – June 30	5
July 1 – August 31	4
September 1 – October 31	3
November 1 – November 30	2
December 1 – December 31	0

- 13.2** Personal Days shall be selected by employees within each work group. The employees' selections shall be granted to the extent practicable, consistent with force requirements and the needs of the business.

**13.2.1** Employees are expected to provide reasonable advance notice and obtain approval from their supervisors for any requests for their selected personal day(s).

**13.2.2** Allotted Personal Days must be taken by the end of the last payroll period of the calendar year.

# ARTICLE 14

## Vacations

### Vacation Eligibility

14.1 Regular employees will be granted annual vacations.

14.2 Newly hired regular employees begin to qualify for vacation benefits after two months of service. Newly hired regular employees are eligible for vacation during the first calendar year of employment based on their hire date as follows:

Hired Before June 30	Hired July 1 – Sept. 30	Hired Oct. 1 – Dec. 31
1 week	3 days	None

14.3 Annual vacation grant:

Years of Service	Annual Weeks of Vacation
1 through 4	2 weeks
5 through 14	3 weeks
15 through 24	4 weeks
25+	5 weeks

14.4 Management will make available to members of the work group a schedule for selection of vacation by seniority. The employees' selections shall be granted, to the extent practicable, consistent with force requirements and the needs of the business.

### Carryover Vacation

14.5 With supervisory approval, an employee, who is unable to take his/her full current annual vacation prior to December 31, may carry over a portion of unused vacation to the following calendar year. The portion of annual vacation that is eligible for carryover is defined in days and is based on the employee's cumulative years of service that will be attained during the calendar year in which the vacation was provided.

Carryover Vacation	
Years of Service	Vacation Days Eligible for Carryover
1 to 4	5 days
5 to 14	7.5 days
15 to 24	10 days
25+	12.5 days

Full-time employees in their first calendar year of employment are eligible to carry over unused vacation days based on their hire date as follows:

<b>New Hire Carryover Vacation</b>	
<b>Hire Date</b>	<b>Vacation Days Eligible for Carryover</b>
Jan 2 – June 30	2.5 days
July 1 – Sept 30	1.5 days
Oct 1 – Dec 31	0 days

- 14.6** Vacation days carried over must be taken by December 31st of the calendar year into which they were carried over.

## **ARTICLE 15**

### **Regular Part-Time**

- 15.1** Part-time employees are eligible to receive personal days, holidays and vacation days. Such time-off will be granted in accordance with the appropriate provisions of this Agreement and paid on a prorated basis as determined by the employees' regularly scheduled hours in a workweek. The proration will be set prior to the start of the part-time assignment. Proration of benefits will be in accordance with the rules and methods stated in the applicable benefit plan documents.

## ARTICLE 16

### Grievance Procedure

**16.1** A grievance is a complaint involving the interpretation or application of any of the provisions of this Agreement or a complaint that an employee or group of employees in the bargaining unit has been unfairly treated or otherwise demoted, suspended or discharged without just cause.

**16.2** When an employee has a complaint, he/she should first consult her/his immediate supervisor. If the complaint is not resolved, he/she may then follow the grievance procedure outlined below:

**Step 1:** The Union shall present the grievance to the employee's supervisor within thirty (30) calendar days of the occurrence. A verbal decision will be rendered within fourteen (14) calendar days of the grievance meeting. Resolutions achieved at this level will be non-precedent setting and will not be used as evidence or discussed in any grievance/arbitration matter except as it relates to the aggrieved. Furthermore, resolutions shall be final and binding on all involved parties as to that matter.

**Step 2:** The Union may appeal the Step 1 decision to the next higher level of management. A written decision will be rendered within fourteen (14) calendar days of the grievance meeting unless the time period is extended by mutual consent. Resolutions achieved at this level will be non-precedent setting and will not be used as evidence or discussed in any grievance/arbitration matter except as it relates to the aggrieved. Furthermore, resolutions shall be final and binding on all involved parties as to that matter.

**Step 3:** The Union may next appeal the Step 2 decision to the Director—Labor Relations or a designated representative. A written decision will be rendered within fourteen (14) calendar days of the grievance meeting unless the time period is extended by mutual consent.

**16.3** The Company shall pay not more than one (1) Union representative (who is also an active employee of the Company) to attend at each step. No more than two (2) Union representatives who are also employees of the Company may be present at any step. The Union may have a maximum of three (3) representatives at the third step. The number of attendees may be increased by mutual agreement of the parties.

- 16.4** Grievances must be presented within thirty (30) calendar days of the occurrence which gave rise to the grievance. Notification of appeal shall be in writing at Steps 2 and 3 and shall set forth the act or occurrence grieved, the name or names of employees aggrieved where practical, the contract provision alleged to have been violated, if any, and the remedy requested.
- 16.4.1** Written appeals to Step 2 must be hand-delivered, faxed (to be followed by mailed original) or postmarked via US Mail to the Company representative authorized to handle the grievance within fourteen (14) calendar days following the date of the notice to the Union of the decision reached at Step 1.
- 16.4.2** Written appeals to Step 3 must be faxed or sent electronically (to be followed by mailed original) or postmarked via US Mail to the Company representative authorized to handle the grievance within fourteen (14) calendar days following the date of the notice to the Union of the decision reached at Step 2.
- 16.5** Disposition of any grievance not appealed within the specified time limits shall be considered final.

## **ARTICLE 17**

### **Arbitration**

- 17.1** In the event a grievance involving the interpretation or application of any of the provisions of this Agreement is not satisfactorily resolved following the grievance procedure, the Union must request that the matter proceed to arbitration within thirty (30) calendar days following the company's final written reply. Selection of the arbitrator and conduct of the arbitration shall be under the existing labor arbitration rules of the American Arbitration Association unless mutually waived by the parties.
- 17.2** The decision of the arbitrator shall be final and binding upon both parties, and shall not be subject to other legal challenge. The arbitrator shall have no authority to add to, subtract from, or modify any provision of this Agreement, nor to rule on any question except whether the Agreement has been violated and if so to provide a remedy.
- 17.3** Each party shall bear the expense of preparing and presenting its own case. The compensation and expenses of the arbitrator and the incidental expenses of the arbitration proceeding shall be borne equally by the Company and the Union.
- 17.4** Cases involving discipline or discharge of employees may not be submitted to arbitration or other legal challenge as follows: (a) sales representatives with less than eighteen (18) months accumulated service in a sales representative position following initial sales training and on-boarding or (b) employees other than sales representatives with less than twelve (12) months of service.
- 17.5** If the case involves the suspension or discharge of a bargaining unit employee, and if the arbitrator determines to award back pay, the total back pay award shall be limited to a "make whole" concept. Therefore, any back pay award is to be reduced by: all interim earned income; unemployment compensation; termination pay; and Company pension payments; Social Security Disability payments and other similar payments.
- 17.6** Any arbitration case which has not been submitted to the American Arbitration Association within twelve (12) months of the date of initial receipt by the Company of the demand for arbitration will be considered to have been finally disposed of under the provisions of this Article, unless the Company and the Union mutually agree in writing to extend the time period.

## **ARTICLE 18**

### **Union Business**

#### **Agency Shop**

- 18.1** All employees who are members of the bargaining unit on the effective date of this Agreement are obligated to tender to the Union amounts equal to periodic dues. All employees entering into the bargaining unit on or after the effective date of this Agreement shall, as a condition of employment, pay or tender to the Union amounts equal to periodic dues applicable to members by the thirtieth day after entering the bargaining unit until the termination of this Agreement.\*
- 18.2** The condition of employment specified above shall not apply during periods of formal separations \*\* from the bargaining unit by any such employee, but shall reapply to such employee on the thirtieth day following his or her return to the bargaining unit.

\* Where permitted by law.

\*\* The term "formal separation" includes transfers out of the bargaining unit, removal from the payroll of the Company, and leaves of absence of more than 30 days.

#### **Deduction of Union Dues**

- 18.3** The Company will deduct Union membership dues and initiation fees applicable to members and or an amount equal to periodic dues applicable to members from regular paychecks upon written authorization signed by the employee until the authorization is revoked by the employee in writing, or until the employee is formally separated from the bargaining unit. Deductions shall be reinstated within thirty (30) days following the employee's return to the bargaining unit, provided a new authorization is submitted.
- 18.4** The Company will forward to the Union the amount(s) deducted together with supporting information as agreed to by the Company and the Union.
- 18.5** The Union agrees to indemnify the Company against claims that may be made against the Company as a result of the Company's good faith application of this Article.

## **Absence for Union Business**

**18.6** To the extent that the Company determines that the needs of the business permit, employees who are authorized representatives of the Union will be excused or granted leaves of absence without pay, at the request of an authorized officer of the Union, to attend to the business of the Union. The Union shall make all requests for excused absences or leaves of absence as far in advance as possible and the Company shall act promptly upon each request. Excused absence shall not exceed forty-five (45) days per calendar year, excluding days for bargaining with Verizon Information Services.

## **Union Bulletin Board**

**18.7** The Company agrees to furnish, without charge, space to erect a free access bulletin board of a size approximately 30 by 30 inches. The bulletin board will be furnished by the Union and erected by the Company in a mutually acceptable location(s).

**18.8** Bulletin boards are to be used by the Union for posting notices concerning official Union business, or other Union related matters, provided that if anything is posted on those bulletin boards that is considered by the Company to be controversial or derogatory to any individual or organization, the Union agrees to remove such posted matter and if it fails or refuses to do so, such matter may be removed by the Company.

## **Notifications**

**18.9** The Company will notify the Union in writing when new employees enter the Bargaining Unit. This notice will be made on a monthly basis and will include name, entry date into the unit, work location and job title.

**18.10** The Union will keep the Company fully informed, in writing, on a current basis, of all local Union officers, Union stewards, or Union representatives who may be designated with the responsibility of representing the Union regarding the administration of this Agreement.

**18.11** The Company will provide the Union written notice of its intent to promote or transfer a Union representative when such promotion or transfer will formerly separate the individual from the bargaining unit.

## **Union Representation**

- 18.12** At any meeting between a representative of the Company and an employee in which discipline (including warnings which are to be recorded in the personnel file, suspension, demotion or discharge for cause) is to be announced, or at any meeting with an employee for the purpose of conducting an investigatory interview which may lead to discipline of such employee, a Union Representative may be present if the employee so requests.
- 18.13** After an employee requests Union representation at an investigatory interview, no questioning will take place until a Union Representative is present at the interview.
- 18.14** If the employee requests to speak privately with the Union Representative upon the Representative's arrival at the meeting, the employee will be permitted to do so.
- 18.15** The provisions of this article will not be used to unduly delay the investigative process.

## **Union Activity on Company Premise**

- 18.16** Neither the Union nor the Locals, their representatives or members, shall conduct Union business or carry on Union activities on Company premises or on Company time. However, Union and Local members who are employees (and authorized representatives of the Union who are not employees of the Company, by mutual agreement of the Company and the Union) may carry on legitimate Union activities outside of working periods in space where no Company operations or administrative work is performed provided that such Union activity shall be limited to small groups of employees and shall not interfere with the operation of the Company or the use of space by other persons or employees for the purposes for which the space is intended.

## **Union Orientation**

- 18.17** Within thirty (30) days of his/her initial employment by Verizon Information Services, a new employee will be introduced to a Local Representative by his/her supervisor for purposes of permitting the Local Representative to provide the employee with information about the Union. As an exception to the provisions of Article 18.16, which prohibit Union activity during work time, the Local Representative and the new employee(s) will be released for up to one-half ( $\frac{1}{2}$ ) hour of paid work time, provided the time taken is during the employee's and Local Representative's normal tour. The discussion between the Local Representative and the employee shall be conducted away from space where Verizon Information Services' operations or administrative work is performed.
- 18.18** The Company will advise a Local Representative within thirty (30) days of an employee's transfer into a work group.

## **ARTICLE 19**

### **Reduction in Force**

#### **Force Reduction**

- 19.1** In the event the Company determines a workforce surplus condition exists, it will at its sole discretion identify employees subject to part-timing, layoff, or both. When identifying employees who are subject to part-timing, layoff, or both, seniority will prevail when employee qualifications are substantially equal. The Company will release temporary and occasional employees before proceeding with force reduction of regular employees doing similar work in the same location.
- 19.2** The Company's Severance Program for Management Employees will be applicable to employees covered by this Agreement and shall be governed by applicable provisions in Article 11.

#### **Re-employment**

- 19.3** Subject to the Company's Severance Program (cited above) and the Benefit Plans, the Company will offer re-employment to qualified, laid-off employees before hiring new employees. In the event that individuals' qualifications are substantially equal, seniority will be the determining factor in offering re-employment. This re-employment consideration expires on the one-year anniversary of separation from the Company.

## **ARTICLE 20**

### **Contract Printing and Distribution**

- 20.1** The Company agrees to provide a copy of the contract to each member of the bargaining unit covered by this Agreement.
- 20.2** The Company will also provide copies of the contract to the CWA District office in sufficient quantity to meet the requirements of servicing the Agreement.
- 20.3** Printing of the contract will be done by union printers. The Company will bear all costs associated with the printing, shipping and delivery of the contract.
- 20.4** The Company agrees to provide a copy of this contract to the Union in a mutually acceptable electronic format.

## **ARTICLE 21**

### **Amendments**

- 21.1** The entire understanding between the parties is set forth completely in this Agreement. Any amendment to this Agreement or any interpretation of the true intent and meaning of the provisions of this Agreement will be committed to writing and signed by the duly authorized representatives of the parties.


## ARTICLE 22

### Duration

- 22.1** This Agreement is effective February 12, 2006, and shall continue in full force and effect through 11:59 PM, October 3, 2009. Either party desiring to enter into a new Agreement upon the expiration of this Agreement shall give at least sixty (60) days written notice prior to October 3, 2009.
- 22.2** The Company and the Union agree that the entire understanding between them is set forth completely in this Agreement.

Verizon Information Services

Communications Workers of America

  
Peter A. Konrad                      2/12/06  
Date signed

  
Monica Hogan                      8-8-06  
Date signed

**Appendix A**

**Wage Progression Schedules**

## Wage Progression Schedules

Schedule A	Pay Area 1	Annual Wage Rate			
		Wage Step	Progression Interval	04/09/06	04/08/07
Start	6 months	\$34,964	\$35,664	\$36,377	\$37,105
Step 2	6 months	\$35,597	\$36,309	\$37,035	\$37,776
Step 3	6 months	\$36,241	\$36,966	\$37,705	\$38,459
Step 4	6 months	\$36,897	\$37,635	\$38,388	\$39,156
Step 5	6 months	\$37,565	\$38,316	\$39,082	\$39,864
Step 6	6 months	\$38,244	\$39,009	\$39,789	\$40,585
Step 7	6 months	\$38,936	\$39,715	\$40,509	\$41,319
Step 8	6 months	\$39,641	\$40,434	\$41,243	\$42,068
Step 9	6 months	\$40,358	\$41,165	\$41,988	\$42,828
Step 10	6 months	\$41,088	\$41,910	\$42,748	\$43,603
Step 11	6 months	\$41,832	\$42,669	\$43,522	\$44,392
Step 12	6 months	\$42,589	\$43,441	\$44,310	\$45,196
Step 13	Top	\$43,360	\$44,227	\$45,112	\$46,014
Job Title:		Artist			

Schedule A	Pay Area 2	Annual Wage Rate			
		Wage Step	Progression Interval	04/09/06	04/08/07
Start	6 months	\$38,502	\$39,272	\$40,057	\$40,858
Step 2	6 months	\$39,193	\$39,977	\$40,777	\$41,593
Step 3	6 months	\$39,896	\$40,694	\$41,508	\$42,338
Step 4	6 months	\$40,612	\$41,424	\$42,252	\$43,097
Step 5	6 months	\$41,341	\$42,167	\$43,010	\$43,870
Step 6	6 months	\$42,082	\$42,924	\$43,782	\$44,658
Step 7	6 months	\$42,837	\$43,694	\$44,568	\$45,459
Step 8	6 months	\$43,606	\$44,478	\$45,368	\$46,275
Step 9	6 months	\$44,388	\$45,276	\$46,182	\$47,106
Step 10	6 months	\$45,184	\$46,088	\$47,010	\$47,950
Step 11	6 months	\$45,995	\$46,915	\$47,853	\$48,810
Step 12	6 months	\$46,820	\$47,756	\$48,711	\$49,685
Step 13	Top	\$47,660	\$48,613	\$49,585	\$50,577
Job Title:		Artist			

## Wage Progression Schedules

Schedule A	Pay Area 3	Annual Wage Rate			
		04/09/06	04/08/07	04/06/08	04/05/09
Wage Step	Progression Interval				
Start	6 months	\$40,167	\$40,971	\$41,790	\$42,626
Step 2	6 months	\$40,896	\$41,714	\$42,548	\$43,399
Step 3	6 months	\$41,637	\$42,470	\$43,319	\$44,185
Step 4	6 months	\$42,392	\$43,240	\$44,105	\$44,987
Step 5	6 months	\$43,161	\$44,025	\$44,906	\$45,804
Step 6	6 months	\$43,944	\$44,823	\$45,719	\$46,633
Step 7	6 months	\$44,741	\$45,636	\$46,549	\$47,480
Step 8	6 months	\$45,552	\$46,463	\$47,392	\$48,340
Step 9	6 months	\$46,378	\$47,306	\$48,252	\$49,217
Step 10	6 months	\$47,219	\$48,164	\$49,127	\$50,110
Step 11	6 months	\$48,076	\$49,037	\$50,018	\$51,018
Step 12	6 months	\$48,948	\$49,927	\$50,926	\$51,945
Step 13	Top	\$49,835	\$50,832	\$51,849	\$52,886
Job Title: Artist					

## Wage Progression Schedules

Schedule B	Pay Area 1	Annual Wage Rate			
		04/09/06	04/08/07	04/06/08	04/05/09
Wage Step	Progression Interval				
Start	6 months	\$25,807	\$26,323	\$26,849	\$27,386
Step 2	6 months	\$26,277	\$26,802	\$27,338	\$27,885
Step 3	6 months	\$26,755	\$27,290	\$27,836	\$28,393
Step 4	6 months	\$27,241	\$27,786	\$28,342	\$28,909
Step 5	6 months	\$27,737	\$28,292	\$28,858	\$29,435
Step 6	6 months	\$28,242	\$28,807	\$29,383	\$29,971
Step 7	6 months	\$28,756	\$29,331	\$29,918	\$30,516
Step 8	6 months	\$29,279	\$29,864	\$30,461	\$31,070
Step 9	6 months	\$29,812	\$30,408	\$31,016	\$31,636
Step 10	6 months	\$30,354	\$30,961	\$31,580	\$32,212
Step 11	6 months	\$30,906	\$31,524	\$32,154	\$32,797
Step 12	6 months	\$31,469	\$32,098	\$32,740	\$33,395
Step 13	Top	\$32,041	\$32,682	\$33,336	\$34,003
Job Title:	Division Assistant General Assistant				

Schedule B	Pay Area 2	Annual Wage Rate			
		04/09/06	04/08/07	04/06/08	04/05/09
Wage Step	Progression Interval				
Start	6 months	\$28,408	\$28,977	\$29,557	\$30,148
Step 2	6 months	\$28,926	\$29,504	\$30,094	\$30,696
Step 3	6 months	\$29,453	\$30,042	\$30,643	\$31,256
Step 4	6 months	\$29,989	\$30,589	\$31,201	\$31,825
Step 5	6 months	\$30,535	\$31,146	\$31,769	\$32,404
Step 6	6 months	\$31,091	\$31,713	\$32,347	\$32,994
Step 7	6 months	\$31,658	\$32,291	\$32,937	\$33,596
Step 8	6 months	\$32,234	\$32,879	\$33,537	\$34,208
Step 9	6 months	\$32,821	\$33,478	\$34,148	\$34,831
Step 10	6 months	\$33,419	\$34,087	\$34,769	\$35,464
Step 11	6 months	\$34,028	\$34,708	\$35,402	\$36,110
Step 12	6 months	\$34,647	\$35,340	\$36,047	\$36,768
Step 13	Top	\$35,278	\$35,984	\$36,704	\$37,438
Job Title:	Division Assistant General Assistant				

## Wage Progression Schedules

Schedule B	Pay Area 3	Annual Wage Rate			
		04/09/06	04/08/07	04/06/08	04/05/09
Wage Step	Progression Interval				
Start	6 months	\$29,657	\$30,250	\$30,855	\$31,472
Step 2	6 months	\$30,203	\$30,807	\$31,423	\$32,051
Step 3	6 months	\$30,759	\$31,374	\$32,001	\$32,641
Step 4	6 months	\$31,324	\$31,951	\$32,590	\$33,242
Step 5	6 months	\$31,901	\$32,539	\$33,190	\$33,854
Step 6	6 months	\$32,488	\$33,137	\$33,800	\$34,476
Step 7	6 months	\$33,085	\$33,747	\$34,422	\$35,110
Step 8	6 months	\$33,694	\$34,368	\$35,055	\$35,756
Step 9	6 months	\$34,314	\$35,000	\$35,700	\$36,414
Step 10	6 months	\$34,945	\$35,644	\$36,357	\$37,084
Step 11	6 months	\$35,588	\$36,300	\$37,026	\$37,767
Step 12	6 months	\$36,243	\$36,968	\$37,707	\$38,461
Step 13	Top	\$36,910	\$37,648	\$38,401	\$39,169
Job Title:	Division Assistant General Assistant				

## Wage Progression Schedules

Schedule C	Pay Area 1	Annual Wage Rate			
		04/09/06	04/08/07	04/06/08	04/05/09
Wage Step	Progression Interval				
Start	6 months	\$21,332	\$21,759	\$22,194	\$22,638
Step 2	6 months	\$21,716	\$22,150	\$22,593	\$23,045
Step 3	6 months	\$22,107	\$22,549	\$23,000	\$23,460
Step 4	6 months	\$22,504	\$22,954	\$23,413	\$23,881
Step 5	6 months	\$22,909	\$23,367	\$23,834	\$24,311
Step 6	6 months	\$23,321	\$23,787	\$24,263	\$24,748
Step 7	6 months	\$23,740	\$24,215	\$24,699	\$25,193
Step 8	6 months	\$24,167	\$24,651	\$25,144	\$25,647
Step 9	6 months	\$24,602	\$25,094	\$25,596	\$26,108
Step 10	6 months	\$25,044	\$25,545	\$26,056	\$26,577
Step 11	6 months	\$25,495	\$26,005	\$26,525	\$27,056
Step 12	6 months	\$25,953	\$26,472	\$27,001	\$27,541
Step 13	Top	\$26,420	\$26,949	\$27,488	\$28,038
Job Title: Receptionist					

Schedule C	Pay Area 2	Annual Wage Rate			
		04/09/06	04/08/07	04/06/08	04/05/09
Wage Step	Progression Interval				
Start	6 months	\$23,518	\$23,988	\$24,468	\$24,957
Step 2	6 months	\$23,940	\$24,418	\$24,906	\$25,404
Step 3	6 months	\$24,369	\$24,857	\$25,354	\$25,861
Step 4	6 months	\$24,807	\$25,303	\$25,809	\$26,325
Step 5	6 months	\$25,252	\$25,757	\$26,272	\$26,797
Step 6	6 months	\$25,705	\$26,219	\$26,743	\$27,278
Step 7	6 months	\$26,166	\$26,690	\$27,224	\$27,768
Step 8	6 months	\$26,636	\$27,169	\$27,712	\$28,266
Step 9	6 months	\$27,114	\$27,656	\$28,209	\$28,773
Step 10	6 months	\$27,600	\$28,152	\$28,715	\$29,289
Step 11	6 months	\$28,096	\$28,658	\$29,231	\$29,816
Step 12	6 months	\$28,600	\$29,172	\$29,755	\$30,350
Step 13	Top	\$29,113	\$29,696	\$30,290	\$30,896
Job Title: Receptionist					

## Wage Progression Schedules

Schedule C	Pay Area 3	Annual Wage Rate			
		04/09/06	04/08/07	04/06/08	04/05/09
Wage Step	Progression Interval				
Start	6 months	\$24,558	\$25,049	\$25,550	\$26,061
Step 2	6 months	\$25,000	\$25,500	\$26,010	\$26,530
Step 3	6 months	\$25,449	\$25,958	\$26,477	\$27,007
Step 4	6 months	\$25,906	\$26,424	\$26,952	\$27,491
Step 5	6 months	\$26,371	\$26,899	\$27,437	\$27,986
Step 6	6 months	\$26,845	\$27,382	\$27,930	\$28,489
Step 7	6 months	\$27,328	\$27,874	\$28,431	\$29,000
Step 8	6 months	\$27,819	\$28,375	\$28,943	\$29,522
Step 9	6 months	\$28,319	\$28,885	\$29,463	\$30,052
Step 10	6 months	\$28,827	\$29,404	\$29,992	\$30,592
Step 11	6 months	\$29,345	\$29,932	\$30,531	\$31,142
Step 12	6 months	\$29,873	\$30,470	\$31,079	\$31,701
Step 13	Top	\$30,409	\$31,018	\$31,638	\$32,271
Job Title: Receptionist					

## **Sales Office Pay Areas**

### **Pay Area 1**

Albany, New York  
Baltimore, Maryland  
Bethlehem, Pennsylvania  
Buffalo, New York  
Charleston, West Virginia  
Harrisburg, Pennsylvania  
Monroeville, Pennsylvania  
Chesapeake, Virginia  
Richmond, Virginia  
Syracuse, New York

### **Pay Area 2**

Chadds Ford, Pennsylvania  
Fairfax, Virginia  
Greenbelt, Maryland  
Marlton, New Jersey  
Elmwood Park, New Jersey  
Philadelphia (Levittown), Pennsylvania  
Piscataway, New Jersey

### **Pay Area 3**

East Meadow, New York  
Manhattan, New York  
Westchester, New York

## **Wage Progression Schedule Administration**

### **Progression Increases**

All wage progressions will become effective on the first day of the appropriate payroll period. Wage progression dates will be calculated from the annual wage effective date as follows:

All employees hired on or prior to 2/9/03 will progress one step on the Wage Progression Schedule, up to the top annual wage rate, at six-month intervals from that date. All other employees will advance one step on the Wage Progression Schedule, up to the top annual wage rate, at six-month intervals from their individual date of hire or transfer into the bargaining unit.

### **General Wage Adjustments**

Employees who were in the bargaining unit on 2/9/03, who have remained in the bargaining unit, and are at or above the top annual wage rate of the Wage Progression Schedule shall be treated in accordance with the General Wage Adjustment tables on pages 40-43.

### **Other Considerations**

Wage Rate Progression Increases and/or General Wage Adjustments may be deferred or withheld in individual cases, if, in the judgment of the Company, the employee does not merit the increase. In such a case, an employee will be given thirty (30) days notice prior to the scheduled increase effective date. The employee will be re-evaluated no later than ninety (90) days from the date the increase was deferred or withheld to determine whether or not the employee's performance warrants reinstatement of the increase. Reinstated increases will not be retroactive. Future increase dates will not be changed but may also be subject to being deferred or withheld.

Employees who are absent from work due to illness disability or leave of absence at the time an increase is scheduled to be granted will have their increase become effective upon their return to work from such absence.

**General Wage Adjustments**

**April 9, 2006 General Wage Adjustment:**

Employees who were in the bargaining unit on 2/9/03 and who remain in the bargaining unit and are at or above the top annual wage rate of the wage schedule shall be treated in accordance with the General Wage Adjustment tables as follows:

Wage Progression Schedule	Adjustment Effective April 9, 2006	Pay Area 1	Pay Area 2	Pay Area 3
Schedule A	Current Annual Wage Rate x 1.035 = New Annual Wage Rate	Current Annual Wage Rate ≥ \$43,360 <sup>1</sup> and < \$52,700	Current Annual Wage Rate ≥ \$47,660 <sup>1</sup> and < \$58,100	Current Annual Wage Rate ≥ \$49,835 <sup>1</sup> and < \$60,500
	* Lump Sum Payment = Current Annual Wage Rate x .035	Current Annual Wage Rate ≥ \$52,700	Current Annual Wage Rate ≥ \$58,100	Current Annual Wage Rate ≥ \$60,500
Schedule B	Current Annual Wage Rate x 1.035 = New Annual Wage Rate	Current Annual Wage Rate ≥ \$32,041 <sup>1</sup> and < \$46,000	Current Annual Wage Rate ≥ \$35,278 <sup>1</sup> and < \$51,000	Current Annual Wage Rate ≥ \$36,910 <sup>1</sup> and < \$54,000
	* Lump Sum Payment = Current Annual Wage Rate x .035	Current Annual Wage Rate ≥ \$46,000	Current Annual Wage Rate ≥ \$51,000	Current Annual Wage Rate ≥ \$54,000
Schedule C	Current Annual Wage Rate x 1.035 = New Annual Wage Rate	Current Annual Wage Rate ≥ \$26,420 <sup>1</sup> and < \$32,200	Current Annual Wage Rate ≥ \$29,113 <sup>1</sup> and < \$35,500	Current Annual Wage Rate ≥ \$30,409 <sup>1</sup> and < \$37,100
	* Lump Sum Payment = Current Annual Wage Rate x .035	Current Annual Wage Rate ≥ \$32,200	Current Annual Wage Rate ≥ \$35,500	Current Annual Wage Rate ≥ \$37,100

\* Lump sum payments will be applicable to benefits.

<sup>1</sup> An employee, whose rate of pay as of 4/9/2006 is greater than the Step 11 of the applicable 2005 Wage Schedule and is less than the threshold rate for 3.5% general wage adjustment, will have his/her rate or pay adjusted to the next higher rate on the applicable 2006 Wage Schedule. Progression increases will proceed from the 4/9/2006 effective date.

**April 8, 2007 General Wage Adjustment:**

Employees who were in the bargaining unit on 2/9/03 and who remain in the bargaining unit and are at or above the top annual wage rate of the wage schedule shall be treated in accordance with the General Wage Adjustment tables as follows:

Wage Progression Schedule	Adjustment Effective April 8, 2007	Pay Area 1	Pay Area 2	Pay Area 3
Schedule A	Current Annual Wage Rate x 1.03 = New Annual Wage Rate	Current Annual Wage Rate ≥ \$43,360 and < \$54,300	Current Annual Wage Rate ≥ \$47,660 and < \$59,800	Current Annual Wage Rate ≥ \$49,835 and < \$62,300
	* Lump Sum Payment = Current Annual Wage Rate x .03	Current Annual Wage Rate ≥ \$54,300	Current Annual Wage Rate ≥ \$59,800	Current Annual Wage Rate ≥ \$62,300
Schedule B	Current Annual Wage Rate x 1.03 = New Annual Wage Rate	Current Annual Wage Rate ≥ \$32,041 and < \$46,500	Current Annual Wage Rate ≥ \$35,278 and < \$51,500	Current Annual Wage Rate ≥ \$36,910 and < \$54,500
	* Lump Sum Payment = Current Annual Wage Rate x .03	Current Annual Wage Rate ≥ \$46,500	Current Annual Wage Rate ≥ \$51,500	Current Annual Wage Rate ≥ \$54,500
Schedule C	Current Annual Wage Rate x 1.03 = New Annual Wage Rate	Current Annual Wage Rate ≥ \$26,420 and < \$33,000	Current Annual Wage Rate ≥ \$29,113 and < \$36,400	Current Annual Wage Rate ≥ \$30,409 and < \$38,000
	* Lump Sum Payment = Current Annual Wage Rate x .03	Current Annual Wage Rate ≥ \$33,000	Current Annual Wage Rate ≥ \$36,400	Current Annual Wage Rate ≥ \$38,000

\* Lump sum payments will be applicable to benefits.

**April 6, 2008 General Wage Adjustment:**

Employees who were in the bargaining unit on 2/9/03 and who remain in the bargaining unit and are at or above the top annual wage rate of the wage schedule shall be treated in accordance with the General Wage Adjustment tables as follows:

Wage Progression Schedule	Adjustment Effective April 6, 2008	Pay Area 1	Pay Area 2	Pay Area 3
Schedule A	Current Annual Wage Rate x 1.03 = New Annual Wage Rate	Current Annual Wage Rate ≥ \$44,227 and < \$55,900	Current Annual Wage Rate ≥ \$48,613 and < \$61,600	Current Annual Wage Rate ≥ \$50,832 and < \$64,200
	* Lump Sum Payment = Current Annual Wage Rate x .03	Current Annual Wage Rate ≥ \$55,900	Current Annual Wage Rate ≥ \$61,600	Current Annual Wage Rate ≥ \$64,200
Schedule B	Current Annual Wage Rate x 1.03 = New Annual Wage Rate	Current Annual Wage Rate ≥ \$32,682 and < \$47,000	Current Annual Wage Rate ≥ \$35,984 and < \$52,000	Current Annual Wage Rate ≥ \$37,648 and < \$55,000
	* Lump Sum Payment = Current Annual Wage Rate x .03	Current Annual Wage Rate ≥ \$47,000	Current Annual Wage Rate ≥ \$52,000	Current Annual Wage Rate ≥ \$55,000
Schedule C	Current Annual Wage Rate x 1.03 = New Annual Wage Rate	Current Annual Wage Rate ≥ \$26,949 and < \$33,800	Current Annual Wage Rate ≥ \$29,696 and < \$37,300	Current Annual Wage Rate ≥ \$31,018 and < \$39,000
	* Lump Sum Payment = Current Annual Wage Rate x .03	Current Annual Wage Rate ≥ \$33,800	Current Annual Wage Rate ≥ \$37,300	Current Annual Wage Rate ≥ \$39,000

\* Lump sum payments will be applicable to benefits.

**April 5, 2009 General Wage Adjustment:**

Employees who were in the bargaining unit on 2/9/03 and who remain in the bargaining unit and are at or above the top annual wage rate of the wage schedule shall be treated in accordance with the General Wage Adjustment tables as follows:

Wage Progression Schedule	Adjustment Effective April 5, 2009	Pay Area 1	Pay Area 2	Pay Area 3
Schedule A	Current Annual Wage Rate x 1.03 = New Annual Wage Rate	Current Annual Wage Rate ≥ \$45,112 and < \$57,600	Current Annual Wage Rate ≥ \$49,585 and < \$63,400	Current Annual Wage Rate ≥ \$51,849 and < \$66,100
	* Lump Sum Payment = Current Annual Wage Rate x .03	Current Annual Wage Rate ≥ \$57,600	Current Annual Wage Rate ≥ \$63,400	Current Annual Wage Rate ≥ \$66,100
Schedule B	Current Annual Wage Rate x 1.03 = New Annual Wage Rate	Current Annual Wage Rate ≥ \$33,336 and < \$47,500	Current Annual Wage Rate ≥ \$36,704 and < \$52,500	Current Annual Wage Rate ≥ \$38,401 and < \$55,600
	* Lump Sum Payment = Current Annual Wage Rate x .03	Current Annual Wage Rate ≥ \$47,500	Current Annual Wage Rate ≥ \$52,500	Current Annual Wage Rate ≥ \$55,600
Schedule C	Current Annual Wage Rate x 1.03 = New Annual Wage Rate	Current Annual Wage Rate ≥ \$27,488 and < \$34,600	Current Annual Wage Rate ≥ \$30,290 and < \$38,200	Current Annual Wage Rate ≥ \$31,638 and < \$40,000
	* Lump Sum Payment = Current Annual Wage Rate x .03	Current Annual Wage Rate ≥ \$34,600	Current Annual Wage Rate ≥ \$38,200	Current Annual Wage Rate ≥ \$40,000

\* Lump sum payments will be applicable to benefits.

### **Start Rate for New Hires**

The Company will normally assign newly hired employees to the start rate of the applicable wage progression schedules. However, the Company may assign newly hired employees to wage steps above the start rate based on job related qualifications, experience and/or market conditions.

If the Company hires an employee who has no prior training, experience or job related qualifications at a wage rate higher than the Start Rate, it shall raise the wage rate of incumbents in the same title and the same location to that wage rate.

### **Wage Treatment for Promotions**

Employees who are promoted to a higher wage group in the bargaining unit will be placed at the next higher annual wage rate on the applicable Wage Progression Schedule.

### **Wage Treatment for Transfers**

Employees who are transferred to a job in the same wage group, in the same pay area, will continue at the same pay rate and the same interval to progression in their Wage Progression Schedule.

Employees who are transferred to a job in the same wage group but in a different pay area with a higher top rate will be moved to that Wage Progression Schedule at the same wage step. The employee will proceed at the same interval in progression in the new Wage Progression Schedule.

### **Wage Treatment for Downgrades or Transfers to a Lower Pay Area**

Employees who downgrade or transfer to a job title on a Wage Progression Schedule that has a lower top rate than the Wage Progression Schedule applicable to their job title prior to the downgrade or transfer shall move to the new Wage Progression Schedule to the rate of pay that is equal to the rate they were receiving at the time of the downgrade or transfer. If the same rate does not exist on their new Wage Progression Schedule, and the rate of pay is less than the top rate of the new Wage Progression Schedule, they shall move to the wage rate that is immediately less than their rate of pay at the time of the downgrade or transfer. If their rate prior to the transfer or downgrade exceeds the top rate of the new Wage Progression Schedule, they shall continue at their rate of pay until such time as the top rate of the new Wage Progression Schedule exceeds their rate of pay.

## **Performance Bonus**

Employees will be eligible for an Annual Performance Bonus as outlined below:

COMPONENT→ ↓	Office Performance		
	Below 80%	80-99%	100% and above
Individual Performance			
Exceeds Expectations	\$1,500	\$2,200	\$3,000
Meets Expectations	\$ 700	\$1,400	\$2,200

### **Eligibility**

The annual performance period is January 1 – December 31 of each year covered by this agreement. All regular full-time and regular part-time non-sales employees with six-months or more of service on December 31 of the performance year are eligible for an annual performance bonus.

### **Ineligibility:**

Employees will not be eligible for a performance bonus if any of the following occurs during the performance period:

- Voluntary resignation
- Involuntary termination for cause

Performance Bonus payouts will occur as follows:

<u>Pay-out In March</u>	<u>For performance year</u>
2006	2005
2007	2006
2008	2007
2009	2008

### **Prorated Performance Bonus:**

Employees will receive a pro-rated performance bonus for the following:

- More than six months but less than twelve months of service
- Reclassification to position not covered under this article
- Involuntary separation under the Company's Severance Program for Management Employees
- Leave of Absence
- Short-term disability
- Retirement
- Death

## **Appendix B**

### **Performance Improvement Plans**

## **MEMORANDUM OF UNDERSTANDING**

**Between**

**VERIZON INFORMATION SERVICES**

**And**

**COMMUNICATIONS WORKERS OF AMERICA**

### **PERFORMANCE IMPROVEMENT PLAN for SALES REPRESENTATIVES**

Verizon Information Services (“VIS”) and Communications Workers of America (“CWA”) agree as follows:


1. Appended to this Memorandum is VIS’s current policy regarding Performance Improvement Plans (“PIP”).
2. VIS will not, for the term of the contract, change the PIP policy, as it relates to performance by Sales Representatives who have been in a position 18 months or longer. VIS may change the PIP policy as it relates to performance by Sales Representatives who have been in a position less than 18 months after providing the CWA with notice and a reasonable opportunity to comment.
3. Employees who commence PIPs while in their probationary periods will not be allowed to challenge discharge, demotion or other discipline at arbitration or in any other legal forum. For the purpose of the PIP policy, probationary employees are those who are in their current position for less than 18 months following initial sales training and on-boarding.
4. As to employees who have completed their probationary periods and are placed in a PIP, the application of “just cause” referenced in Article 16.1 shall only be interpreted to mean that management applied the proper process as set forth in the PIP policy. The Company retains the sole responsibility to set standards of performance unless specified in the PIP policy.

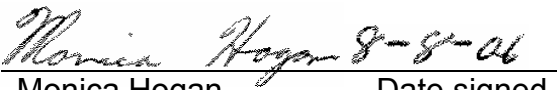
5. The parties acknowledge that there may be circumstances when the Company may determine to demote rather than to terminate employees who fail PIPs. Therefore, in any arbitration in which the Union challenges the type of discipline received by an employee for not meeting performance standards, the Union shall not make any “disparate treatment” claim based on VIS’s treatment of other employees.

This Memorandum of Understanding is effective February 12, 2006 and shall expire on October 3, 2009. The parties specifically agree that the terms and conditions set forth in this Memorandum of Understanding shall not survive the expiration of this Memorandum of Understanding unless agreed to by the parties in writing.

Verizon Information Services

Communications Workers of America

  
Peter A. Konrad                      7/27/06  
Date signed

  
Monica Hogan                      8-8-06  
Date signed

## **PERFORMANCE IMPROVEMENT PLAN for SALES REPRESENTATIVES**

It is a goal of Verizon Information Services to have the premier sales organization in the industry. To support this goal, VIS is committed to implementing a continuous sales performance development system, the purpose of which is to improve the skill sets of individual job performers and enable them to support the company's growth strategy. This system will consist of Performance Reviews, Coaching, Observation, and Feedback mechanisms as is appropriate for each situation. While the Company is committed to providing these developmental programs, the ultimate responsibility rests with the Sales Representatives to use them for their own growth and development.

However, individual situations will occur when a sales representative's performance consistently falls below minimum performance standard. In these situations, a structured developmental plan will be implemented. The plan, referred to as a Performance Improvement Plan (PIP), establishes a standard process for performance improvement, which involves providing employees with:

- Review of existing performance standard
- Additional coaching
- Verbal and written reviews
- Opportunities for improvement

The prescribed manner by which a Sales Representative is evaluated prior to placement on a PIP, during a PIP and the subsequent successful or unsuccessful completion of a PIP will vary depending on the Sales Representative's job title, location and time in position, as noted below. A Sales Representative's time in position category, at commencement of a PIP, will determine the treatment throughout the PIP and associated relapse period even though the Sales Representative may transition into a longer time in position category during the PIP.

### **TELEPHONE SALES REPRESENTATIVE (TSR) AND PREMISE SALES REPRESENTATIVE (PSR)**

Every month, coaching, observation and a review of sales results will be conducted. TSRs and PSRs will be ranked by job title and office location based on cumulative quota attainment. Sales results from the prior twelve (12) months will be used to refresh the sales representative rankings each month. All non-training sales results will be used for sales representatives who have less than twelve (12) months of non-training results. Non-training sales results are all sales results generated after initial sales training and the on-boarding program are completed. On-boarding quotas and results are considered training performance and will be excluded for the purpose of ranking.

Minimum Performance Standard:

1. Ranking in the fourth (4th) quintile or higher of peer group, or
2. Achieving at least 100% cumulative quota attainment over the prior twelve (12) months.

- Less than eighteen (18) months in current position:

If the TSR or PSR fails to meet at least one (1) component of the minimum performance standard for two (2) consecutive months of non-training performance, the TSR or PSR will be placed on a PIP for three (3) months. While on the PIP the TSR or PSR will receive additional observation, coaching and reviews of performance. The TSR or PSR must meet at least one (1) component of the minimum performance standard to successfully complete the PIP.

- If neither component of the minimum performance standard is met on the ending date of the PIP, the TSR or PSR will receive a final warning. If neither component of the minimum performance standard is met in any one of the four (4) months following the date of the final warning, the TSR or PSR may be terminated\*.
- If the TSR or PSR successfully completes the PIP, the TSR or PSR is required to meet at least one (1) component of the minimum performance standard in each month for the four (4) months following the ending date of the PIP. If neither component of the minimum performance standard is met in any one of the four (4) months following the ending date of the PIP, the TSR or PSR will receive a final warning. If neither component of the minimum performance standard is met in any one of the four (4) months following the date of the final warning, the TSR or PSR may be terminated\*.

\* Note: A TSR or PSR who does not successfully complete a PIP, and is therefore subject to termination, will be considered for demotion to their prior sales position, if they performed successfully in their prior position and an opening exists in that location.

- Equal to or more than eighteen (18) months but less than twenty-four (24) months in current position:

If the TSR or PSR fails to meet at least one (1) component of the minimum performance standard for two (2) consecutive months of non-training performance, the TSR or PSR will be placed on a PIP for three (3) months. While on the PIP the TSR or PSR will receive additional observation, coaching and reviews of performance. The TSR or PSR must meet at least one (1) component of the minimum performance standard to successfully complete the PIP.

- If neither component of the minimum performance standard is met on the ending date of the PIP, the TSR or PSR will receive a final warning. If neither component of the minimum performance standard is met in any one of the four (4) months following the date of the final warning, the TSR or PSR may be terminated\*.
- If the TSR or PSR successfully completes the PIP, the TSR or PSR is required to meet at least one (1) component of the minimum performance standard in each month for the four (4) months following the ending date of the PIP. If neither component of the minimum performance standard is met in any one of the four (4) months following the ending date of the PIP, the TSR or PSR will receive a final warning. If neither component of the minimum performance standard is met in any one of the four (4) months following the date of the final warning, the TSR or PSR may be terminated\*.

\* Note: A TSR or PSR who does not successfully complete a PIP, and is therefore subject to termination, will be considered for demotion to their prior sales position, if they performed successfully in their prior position and an opening exists in that location.

- Equal to or more than twenty-four (24) months in current position:

If the TSR or PSR fails to meet at least one (1) component of the minimum performance standard for two (2) consecutive months of non-training performance, the TSR or PSR will be placed on a PIP for five (5) months. While on the PIP the TSR or PSR will receive additional observation, coaching and reviews of performance. The TSR or PSR must meet at least one (1) component of the minimum performance standard to successfully complete the PIP.

- If neither component of the minimum performance standard is met on the ending date of the PIP, the TSR or PSR will receive a final warning. If neither component of the minimum performance standard is met in any one of the four (4) months following the date of the final warning, the TSR or PSR may be terminated\*.
- If the TSR or PSR successfully completes the PIP, the TSR or PSR is required to meet at least one (1) component of the minimum performance standard in each month for the four (4) months following the ending date of the PIP. If neither component of the minimum performance standard is met in any one of the four (4) months following the ending date of the PIP, the TSR or PSR will receive a final warning. If neither component of the minimum performance standard is met in any

one of the four (4) months following the date of the final warning, the TSR or PSR may be terminated\*.

- \* Note: A TSR or PSR who does not successfully complete a PIP, and is therefore subject to termination, will be considered for demotion to their prior sales position, if they performed successfully in their prior position and an opening exists in that location.

## PREMISE ACCOUNT EXECUTIVE (PAE) AND MAJOR ACCOUNT EXECUTIVE (MAE)

- Less than eighteen (18) months in current position:

Premise Account Executives and Major Account Executives handle the Company's most critical accounts. Performance evaluation of PAEs and MAEs must therefore be based on a variety of measurements including Sales Results, Sales Call Process, Administration, Customer Service, and Territory Control. Through observation, coaching and reviews of performance, all of these components will be taken into consideration when assessing overall performance. It is the responsibility of management to identify performance deficiencies through a minimum of two (2) skills-assessment observation sessions and provide a minimum of two (2) skills-improvement coaching sessions over a minimum one (1) month to a maximum three (3) month time period. Performance observation tools provided by Sales Force Development will be used to guide observations, structure feedback, and track performance.

### Minimum Performance Standard:

1. Receiving a satisfactory rating from direct supervisor on the performance observation summary, or
2. Achieving at least 100% cumulative quota attainment over the prior twelve (12) months.

If the PAE or MAE fails to meet at least one (1) component of the minimum performance standard for two (2) consecutive months, the PAE or MAE will be placed on a PIP for three (3) months. While on the PIP the PAE or MAE will receive additional observation, coaching and reviews of performance. The PAE or MAE must meet at least one (1) component of the minimum performance standard to successfully complete a PIP.

- If neither component of the minimum performance standard is met on the ending date of the PIP, the PAE or MAE will be demoted to a lower level sales position for which the PAE or MAE is qualified.

- Equal to or more than eighteen (18) months but less than twenty-four (24) months in current position:

Premise Account Executives and Major Account Executives handle the Company's most critical accounts. Performance evaluation of PAEs and MAEs must therefore be based on a variety of measurements including Sales Results, Sales Call Process, Administration, Customer Service, and Territory Control. Through observation, coaching and reviews of performance, all of these components will be taken into consideration when assessing overall performance. It is the responsibility of management to identify performance deficiencies through a minimum of two (2) skills-assessment observation sessions and provide a minimum of two (2) skills-improvement coaching sessions over a minimum one (1) month to a maximum three (3) month time period. Performance observation tools provided by Sales Force Development will be used to guide observations, structure feedback, and track performance.

Minimum Performance Standard:

1. Receiving a satisfactory rating from direct supervisor on the performance observation summary, or
2. Achieving at least 100% cumulative quota attainment over the prior twelve (12) months.

If the PAE or MAE fails to meet at least one (1) component of the minimum performance standard for two (2) consecutive months, the PAE or MAE will be placed on a PIP for four (4) months. While on the PIP the PAE or MAE will receive additional observation, coaching and reviews of performance. The PAE or MAE must meet at least one (1) component of the minimum performance standard to successfully complete a PIP.

- If neither component of the minimum performance standard is met on the ending date of the PIP, the PAE or MAE will be demoted to a lower level sales position for which the PAE or MAE is qualified.

- Equal to or more than twenty-four (24) months in current position:

Premise Account Executives and Major Account Executives handle the Company's most critical accounts. Performance evaluation of PAEs and MAEs must therefore be based on a variety of measurements including Sales Results, Sales Call Process, Administration, Customer Service, and Territory Control. Through observation, coaching and reviews of performance, all of these components will be taken into consideration when assessing overall performance. It is the responsibility of management to identify performance deficiencies through a minimum of two (2) skills-assessment observation sessions and provide a minimum of two (2) skills-improvement coaching

sessions over a minimum one (1) month to a maximum three (3) month time period. Performance observation tools provided by Sales Force Development will be used to guide observations, structure feedback, and track performance.

Minimum Performance Standard:

1. Receiving a satisfactory rating from direct supervisor on the performance observation summary, or
2. Achieving at least 100% cumulative quota attainment over the prior twelve (12) months.

If the PAE or MAE fails to meet at least one (1) component of the minimum performance standard for two (2) consecutive months, the PAE or MAE will be placed on a PIP for six (6) months. While on the PIP the PAE or MAE will receive additional observation, coaching and reviews of performance. The PAE or MAE must meet at least one (1) component of the minimum performance standard to successfully complete a PIP.

- If neither component of the minimum performance standard is met on the ending date of the PIP, the PAE or MAE will be demoted to a lower level sales position for which the PAE or MAE is qualified.

## CUSTOMER ACCOUNT AGENT (CAA)

- Less than eighteen (18) months in current position:

Given the type of accounts the Customer Account Agent handles, evaluation of the CAA is based on a variety of measurements including Revenue Retention, Sales Call Process, Administration, Customer Service, and Territory Control. Through observation, coaching and reviews of performance, all of these components will be taken into consideration when assessing overall performance. It is the responsibility of management to identify performance deficiencies through a minimum of two (2) skills-assessment observation sessions and provide a minimum of two (2) skills-improvement coaching sessions over a minimum one (1) month to a maximum three (3) month time period. Performance observation tools provided by Sales Force Development will be used to guide observations, structure feedback, and track performance.

Minimum Performance Standard:

1. Receiving a satisfactory rating from direct supervisor on the performance observation summary, or
2. Achieving at least 100% cumulative quota attainment over the prior twelve (12) months.

If the CAA fails to meet at least one (1) component of the minimum performance standard for two (2) consecutive months, the CAA will be placed on a PIP for three (3) months. While on the PIP the CAA will receive additional observation, coaching and reviews of performance. The CAA must meet at least one (1) component of the minimum performance standard to successfully complete a PIP.

- If neither component of the minimum performance standard is met on the ending date of the PIP, the CAA will receive a final warning. If neither component of the minimum performance standard is met in any one of the four (4) months following the date of the final warning, the CAA may be terminated\*.
- If the CAA successfully completes the PIP, the CAA is required to meet at least one (1) component of the minimum performance standard in each month for the four (4) months following the ending date of the PIP. If neither component of the minimum performance standard is met in any one of the four (4) months following the ending date of the PIP, the CAA will receive a final warning. If neither component of the minimum performance standard is met in any one of the four (4) months following the date of the final warning, the CAA may be terminated\*.

\* Note: A CAA who does not successfully complete a PIP, and is therefore subject to termination, will be considered for demotion to their prior sales position, if they performed successfully in their prior position and an opening exists in that location.

- Equal to or more than eighteen (18) months but less than twenty-four (24) months in current position:

Given the type of accounts the Customer Account Agent handles, evaluation of the CAA is based on a variety of measurements including Revenue Retention, Sales Call Process, Administration, Customer Service, and Territory Control. Through observation, coaching and reviews of performance, all of these components will be taken into consideration when assessing overall performance. It is the responsibility of management to identify performance deficiencies through a minimum of two (2) skills-assessment observation sessions and provide a minimum of two (2) skills-improvement coaching sessions over a minimum one (1) month to a maximum three (3) month time period. Performance observation tools provided by Sales Force Development will be used to guide observations, structure feedback, and track performance.

Minimum Performance Standard:

1. Receiving a satisfactory rating from direct supervisor on the performance observation summary, or

2. Achieving at least 100% cumulative quota attainment over the prior twelve (12) months.

If the CAA fails to meet at least one (1) component of the minimum performance standard for two (2) consecutive months, the CAA will be placed on a PIP for three (3) months. While on the PIP the CAA will receive additional observation, coaching and reviews of performance. The CAA must meet at least one (1) component of the minimum performance standard to successfully complete a PIP.

- If neither component of the minimum performance standard is met on the ending date of the PIP, the CAA will receive a final warning. If neither component of the minimum performance standard is met in any one of the four (4) months following the date of the final warning, the CAA may be terminated\*.
- If the CAA successfully completes the PIP, the CAA is required to meet at least one (1) component of the minimum performance standard in each month for the four (4) months following the ending date of the PIP. If neither component of the minimum performance standard is met in any one of the four (4) months following the ending date of the PIP, the CAA will receive a final warning. If neither component of the minimum performance standard is met in any one of the four (4) months following the date of the final warning, the CAA may be terminated\*.

\* Note: A CAA who does not successfully complete a PIP, and is therefore subject to termination, will be considered for demotion to their prior sales position, if they performed successfully in their prior position and an opening exists in that location.

- Equal to or more than twenty-four (24) months in current position:  
Given the type of accounts the Customer Account Agent handles, evaluation of the CAA is based on a variety of measurements including Revenue Retention, Sales Call Process, Administration, Customer Service, and Territory Control. Through observation, coaching and reviews of performance, all of these components will be taken into consideration when assessing overall performance. It is the responsibility of management to identify performance deficiencies through a minimum of two (2) skills-assessment observation sessions and provide a minimum of two (2) skills-improvement coaching sessions over a minimum one (1) month to a maximum three (3) month time period. Performance observation tools provided by Sales Force Development will be used to guide observations, structure feedback, and track performance.

Minimum Performance Standard:

1. Receiving a satisfactory rating from direct supervisor on the performance observation summary, or
2. Achieving at least 100% cumulative quota attainment over the prior twelve (12) months.

If the CAA fails to meet at least one (1) component of the minimum performance standard for two (2) consecutive months the CAA will be placed on a PIP for five (5) months. While on the PIP the CAA will receive additional observation, coaching and reviews of performance. The CAA must meet at least one (1) component of the minimum performance standard to successfully complete a PIP.

- If neither component of the minimum performance standard is met on the ending date of the PIP, the CAA will receive a final warning. If neither component of the minimum performance standard is met in any one of the four (4) months following the date of the final warning, the CAA may be terminated\*.
- If the CAA successfully completes the PIP, the CAA is required to meet at least one (1) component of the minimum performance standard in each month for the four (4) months following the ending date of the PIP. If neither component of the minimum performance standard is met in any one of the four (4) months following the ending date of the PIP, the CAA will receive a final warning. If neither component of the minimum performance standard is met in any one of the four (4) months following the date of the final warning, the CAA may be terminated\*.

\* Note: A CAA who does not successfully complete a PIP, and is therefore subject to termination, will be considered for demotion to their prior sales position, if they performed successfully in their prior position and an opening exists in that location.

## **Appendix C**

### **Letters of Agreement**

February 12, 2006

Ms. Monica Hogan  
Staff Representative – District 2  
Communications Workers of America, AFL-CIO  
962 Wayne Avenue, Suite 500  
Silver Spring, MD 20910

Re: Automobile Allowance

Dear Ms. Hogan:

This letter confirms our understanding concerning a change from fleet cars to an automobile allowance. In lieu of negotiating the amount of an allowance with the Union as identified in the letter, Business Tools and Resources, VIS may exercise its right to replace vehicles with an automobile allowance by implementing, with 60 days notice, a requirement that designated employees participating in the automobile plan choose between:

- A flat, taxable allowance of at least \$550 per month or
- A so-called Runzheimer Plan, providing that such Plan is based on a vehicle comparable to the VIS-provided vehicle then in service (currently Ford Taurus).

Sales representatives participating in the automobile plan at the effective date of this collective bargaining agreement, who have a company provided vehicle and who are offered the above choice before December 31, 2007, may reject both choices and retain the use of a company vehicle, but only until December 31, 2007. After that date, the Company may require them to take one of the two allowance options above.


Further, this letter confirms the Company's commitment to provide a one-time payment of \$1,500 for the transition from the current automobile plan (utilization of a company vehicle) to an automobile allowance. Sales representatives participating in the automobile plan at the effective date of this collective bargaining agreement, who, when first given the choice described above, elect to switch to an automobile allowance or who elect the so-called Runzheimer Plan will be eligible for the transition payment. Sales representatives who, when first given the above choice, elect to retain their company provided vehicle will not be eligible at any time for the transition payment. The timing of the transition payment will be in accordance with the transition guidelines developed after ratification of the Collective Bargaining Agreement.

The provisions addressed in this letter will be administered in accordance with VIS policy.

Sincerely,

  
Peter A. Konrad  
Company Chairperson

Agreed:

  
Monica Hogan  
CWA Chairperson

February 9, 2003

Ms. Barbara Shiller  
Communications Workers of America, AFL-CIO  
District 2  
962 Wayne Avenue, Suite 500  
Silver Spring, MD 20910

Re: Business Tools and Resources

Dear Ms. Shiller:

In order to provide the best possible service to its customers, the Company provides a wide variety of tools and resources for its sales representatives including, office space, computers, and where applicable, transportation, communications and expense reimbursements. This letter will confirm the understanding between the Company and the Union concerning Company provided and/or subsidized automobiles and cellular telephones, and expense reimbursement through the term of this Agreement.

Sales representatives eligible to receive cellular telephone allowances in accordance with VIS policy, will continue to receive an allowance that provides cell phone capability to meet business needs and is comparable in capacity to that which they receive today.

Sales representatives eligible to participate in the automobile plan, in accordance with VIS policy, will continue to participate in the plan and be provided at VIS's discretion with a vehicle or an automobile allowance. If the Company modifies the plan to provide an allowance in place of a vehicle, the Company will notify the Union of the modification and negotiate the amount of the allowance with the Union.

Sales representatives will be reimbursed for other approved reasonable and necessary business expenses in accordance with Company policies.

Sincerely,



Joseph Gimilaro  
Company Chairperson

Agreed:



Barbara Shiller  
CWA Representative

February 9, 2003

Ms. Barbara Shiller  
Communications Workers of America, AFL-CIO  
District 2  
962 Wayne Avenue, Suite 500  
Silver Spring, MD 20910

Re: Consistent Sales Policy and Merit Pay Plan Application

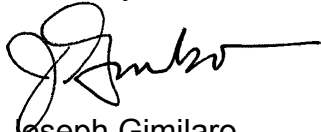
Dear Ms. Shiller:

This will address concerns raised by the Union regarding consistent application of sales policies and the Merit Pay Plan.

The Company affirms its intention to administer sales policies and the Merit Pay Plan consistently within the bargaining unit. If the Union identifies concerns regarding the application of Sales Policies or the Merit Pay Plan, the Company will meet with the Union to discuss issues raised.

Nothing in this letter negates the Company's right to apply discretion within the parameters of the sales policies and the Merit Pay Plan.

Sincerely,



Joseph Gimilaro  
Company Chairperson

Agreed:



Barbara Shiller  
CWA Representative

February 9, 2003

Ms. Barbara Shiller  
Communications Workers of America, AFL-CIO  
District 2  
962 Wayne Avenue, Suite 500  
Silver Spring, MD 20910

Re: Extenuating Circumstances

Dear Ms. Shiller:

This letter will confirm the Company's commitment to consider extenuating circumstances, brought to its attention, when an employee is faced with severe disciplinary action. Based on review of the circumstances, senior management will determine if an adjustment to the discipline is warranted.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Gimilaro", with a long horizontal flourish extending to the right.

Joseph Gimilaro  
Company Chairperson

February 12, 2006

Ms. Monica Hogan  
Staff Representative – District 2  
Communications Workers of America, AFL-CIO  
962 Wayne Avenue, Suite 500  
Silver Spring, MD 20910

Re: Flexible Work Arrangements

Dear Ms. Hogan:

This will confirm the Company's commitment to meet with the union to discuss:

- the feasibility of a trial for non-exempt employees to take one personal day, per year, in hourly increments
- a trial for flexible work arrangements
- application of the Gradual Return to Work policy in the sales offices

These discussions will occur within 90 days following the ratification of this Collective Bargaining Agreement.

These discussions apply to the following VIS Bargaining units:

Baltimore, MD  
Greenbelt, MD  
Fairfax, VA  
Chesapeake, VA  
Richmond, VA  
Charleston, WV

Sincerely,



Peter A. Konrad  
Company Chairperson

February 9, 2003

Ms. Barbara Shiller  
Communications Workers of America, AFL-CIO  
District 2  
962 Wayne Avenue, Suite 500  
Silver Spring, MD 20910

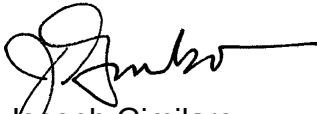
Re: New Products or Services

Dear Ms. Shiller:

This will confirm the understanding between the Company and the Union regarding new products.

The Company agrees that bargaining unit Sales Representatives will be considered as a channel for new products and services made available by the Company.

Sincerely,



Joseph Gimilaro  
Company Chairperson

Agreed:



Barbara Shiller  
CWA Representative

February 9, 2003

Ms. Barbara Shiller  
Communications Workers of America, AFL-CIO  
District 2  
962 Wayne Avenue, Suite 500  
Silver Spring, MD 20910

Re: Payroll Deduction of CWA-COPE

Dear Ms. Shiller:

This letter will confirm our agreement that Verizon Information Services will provide for COPE payroll deductions as requested by bargaining unit members upon written authorization signed by the employee, and to remit the amount thus deducted to the CWA. The Union will be responsible for providing its members with proper COPE payroll deduction authorization cards.

The parties agree the Company assumes no responsibility under this agreement other than the collection of contributions pursuant to employee authorization of payroll deductions and forwarding of such amounts collected to CWA-PAC. The Union agrees to indemnify the Company and hold it harmless from all claims, damages, costs and expenses of any kind which may arise in connection with the program covered by this agreement.

Sincerely,



Joseph Gimilaro  
Company Chairperson

Agreed:



Barbara Shiller  
CWA Representative

February 12, 2006

Ms. Monica Hogan  
Staff Representative – District 2  
Communications Workers of America, AFL-CIO  
962 Wayne Avenue, Suite 500  
Silver Spring, MD 20910

Re: Performance Improvement Plan (PIP) Transition

Dear Ms. Hogan:

As we agreed during negotiations, Performance Improvement Plans currently underway will continue through the first quarter 2006 (i.e., March 18, 2006). However, action will be taken to notify those sales representatives who successfully complete their Performance Improvement Plans, but no new Performance Improvement Plans will be initiated based on fourth quarter (December 24) 2005 standings. Beginning with the second quarter 2006 (i.e., March 19, 2006), the Performance Improvement Plan (PIP) included with Appendix B, will be in effect on a monthly basis and sales representative rankings will be grouped accordingly.

The first report for the period ending March 18, 2006 will be the results for the previous four quarters. Thereafter, monthly reports of each sales representative's results will be based on full quarter results plus any completed monthly results until Encompass results (in quarterly increments) fall from the rolling average. Sales results will not include more than 26 pay periods of sales performance for any given ranking report.

Employees Currently on Performance Improvement Plans

Sales representatives who are currently on a Performance Improvement Plan remain in that status except those who successfully complete their Performance Improvement Plans as described above. Sales representatives whose performance does not meet the minimum performance standard stated in Appendix B, at the end of the first quarter 2006 will be given a final warning. From that point, the steps outlined in Appendix B, will apply each month thereafter.

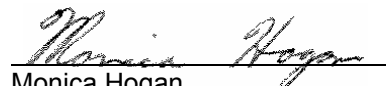
Sales representatives whose performance meets the minimum performance standard stated in Appendix B at the end of the first quarter 2006 will have successfully completed the Performance Improvement Plan and will be notified of their successful completion. From that point, the steps outlined in Appendix B will apply each month thereafter.

Sincerely,



Peter A. Konrad  
Company Chairperson

Agreed:



Monica Hogan  
CWA Chairperson

February 12, 2006

Ms. Monica Hogan  
Staff Representative – District 2  
Communications Workers of America, AFL-CIO  
962 Wayne Avenue, Suite 500  
Silver Spring, MD 20910

Re: Reduction in Force Notification

Dear Ms. Hogan:

This is to confirm the Company's commitment that in the event of a reduction in force, the company will notify the union prior to notifying affected employees. Notice to affected employees will be given in accordance with the Company's reduction in force policy.

Sincerely,

  
Peter A. Konrad  
Company Chairperson

February 9, 2003

Ms. Barbara Shiller  
Communications Workers of America, AFL-CIO  
District 2  
962 Wayne Avenue, Suite 500  
Silver Spring, MD 20910

Re: Sales Objectives Review Meetings

Dear Ms. Shiller:

This will confirm the understanding between the Company and the Union regarding meetings to review Sales Objectives.

The Company agrees that it will meet with the CWA District Vice President's representative at least twice a year, to share information on sales objectives and consider input from the Union.

The Company retains the sole right to set objectives as stated in Article 9.2 of the Agreement.

Sincerely,



Joseph Gimilaro  
Company Chairperson

Agreed:



Barbara Shiller  
CWA Representative

February 12, 2006

Ms. Monica Hogan  
Staff Representative – District 2  
Communications Workers of America, AFL-CIO  
962 Wayne Avenue, Suite 500  
Silver Spring, MD 20910

Re: Short-Term Disability Basis

Dear Ms. Hogan:

The following table will be utilized for the purpose of calculating “base pay” for sales representatives approved for payment under the Verizon Short-Term Disability Plan.

<b>Consecutive Time in a Sales Incentive Eligible Position</b>	<b>“Base Pay”</b>
Less than 9 months	Base pay plus 70% Targeted Incentive.
At least 9 months but less than 12 months	Average earnings as defined in the sales compensation plan.
12 months or more	The sales representative’s twelve month’s average earnings as defined in the sales compensation plan.

Sincerely,



Peter A. Konrad  
Company Chairperson

Agreed:



Monica Hogan  
CWA Chairperson

February 12, 2006

Ms. Monica Hogan  
Staff Representative – District 2  
Communications Workers of America, AFL-CIO  
962 Wayne Avenue, Suite 500  
Silver Spring, MD 20910

Re: Special Sales Incentives/Rewards

Dear Ms. Hogan:

This letter will confirm the understanding between the Company and the Union regarding discretionary sales incentives or rewards.

The Company and the Union acknowledge and support programs that recognize and reward superior performance. As has been its practice, the Company, in its sole discretion, may from time to time offer local, regional or other rewards or incentive programs, such as incentive trips and contests, beyond the compensation provided in this Agreement.

To the extent practicable, the Company will notify the Union in writing of major sales incentive initiatives prior to implementation.

Sincerely,



Peter A. Konrad  
Company Chairperson

Agreed:



Monica Hogan  
CWA Chairperson

February 12, 2006

Ms. Monica Hogan  
Staff Representative – District 2  
Communications Workers of America, AFL-CIO  
962 Wayne Avenue, Suite 500  
Silver Spring, MD 20910

Re: Staffing of Temporary Positions

Dear Ms. Hogan:

This will confirm the Company's commitment to meet with the Union to discuss staffing positions for specified periods and/or projects. The Company also agrees to provide notice if a temporary employee's assignment exceeds a 12-month period.

These discussions will occur within 90 days following the ratification of this Collective Bargaining Agreement.

These discussions apply to the following VIS Bargaining Units:

Baltimore, MD  
Greenbelt, MD  
Fairfax, VA  
Chesapeake, VA  
Richmond, VA  
Charleston, WV

Sincerely,



Peter A. Konrad  
Company Chairperson

February 12, 2006

Ms. Monica Hogan  
Staff Representative – District 2  
Communications Workers of America, AFL-CIO  
962 Wayne Avenue, Suite 500  
Silver Spring, MD 20910

Re: Tuition Assistance Plan

Dear Ms. Hogan:

This letter will confirm our agreement that Verizon Information Services will provide Tuition Reimbursement to employees as described in the Verizon Tuition Assistance Plan for Management Employees.

The plan reflects the following change:

- A grade of “C” or better must be achieved to avoid repayment of approved tuition and fees to the company.

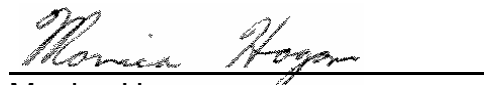
This change became effective January 1, 2006, for bargaining unit employees.

Sincerely,



Peter A. Konrad  
Company Chairperson

Agreed:



Monica Hogan  
CWA Chairperson

February 12, 2006

Ms. Monica Hogan  
Staff Representative – District 2  
Communications Workers of America, AFL-CIO  
962 Wayne Avenue, Suite 500  
Silver Spring, MD 20910

Re: VZ-LIFE/Employee Assistance Program

Dear Ms. Hogan:

This letter confirms our mutual commitment to provide employees with ongoing information concerning work-life balance and other forms of employee assistance.

The Company and the CWA share a mutual concern for the health and well being of employees. We recognize that personal situations may occur that negatively impact employees and their families. These situations may include financial, medical, or family related issues, such as drug and alcohol abuse, which often require professional assistance. Verizon Information Services offers its employees a wealth of resources designed to assist them in obtaining counseling, treatment, and recovery services, to name a few, through VZ-LIFE.

VZ-LIFE offers employees, their spouses or domestic partners, and their dependents a series of resources to help manage everything from staying healthy, adopting a child to dealing with substance abuse issues. Employees can reach a counselor at 800-845-0632, 24 hours/7 days a week, who will provide the caller with up to 5 counseling sessions via telephone, and provide resources and assistance with any subsequent treatment or programs the employee may want to pursue. VZ-LIFE provides employees with a confidential means to discuss very difficult, and sometimes embarrassing, issues with compassion and professionalism.


We believe it is important that our employees are aware of these services and commit to include in our New Employee Orientation and in subsequent periodic communications, the resources available to them and their families.

Sincerely,



Peter A. Konrad  
Company Chairperson

Agreed:



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Monica Hogan  
CWA Chairperson

## **Appendix D**

### **Total Targeted Compensation Review**

**Memorandum of Agreement**  
**Between**  
**Verizon Information Services**  
**And**  
**Communications Workers of America**  
**TOTAL TARGETED COMPENSATION REVIEW**

The parties agree to apply the following Total Targeted Compensation Review process under any sales compensation plan in effect during the 2006-2009 Collective Bargaining Agreement:

**Definitions**

Terms used in this document are defined in this section.

Adjustment Group: The “Adjustment Group” is the group of individual VIS employees who are:

- o Eligible Sales Representatives (defined below)
- o Or Transferred Representatives (defined below)
- o And/or Eligible Sales Representatives—FMLA (defined below)

Individuals of the Adjustment Group must be active employees at the time of adjustment distribution.

Calculated Earnings: “Calculated Earnings” of an employee is his/her base pay at midpoint of the applicable Base Pay Range plus his/her actual incentive earnings for the measurement period.

Division: “Division” is the grouping of sales representatives at General Sales Manager Unit level.

Eligible Sales Representatives: “Eligible Sales Representatives” are those sales representatives in the Division who have:

- o 30 months or more in a VIS sales position and 12 consecutive months or more in their then current position (job title and sales division) at the end of the Measurement Period and
- o On-budget days during the Measurement Period of 75% of the available on-budget days to be included in the computation.

Eligible Sales Representatives—FMLA: “Eligible Sales Representatives—FMLA” are sales representatives who would have met the criteria for Eligible Sales Representatives except for approved FMLA absence and therefore will be eligible for their prorated portion of the adjustment.

Measurement Period: The “Measurement Period” will be 26 consecutive two-week sales reporting pay periods beginning pay period 7 of each year. A Measurement Period is comprised of a standard 260 on-budget days.

On-Budget: “On-Budget” refers to selling days, i.e., days that carry a sales objective (quota). Holidays, vacations, leave of absence, training, and/or any form of “lost” time are not considered on-budget days.

Prorate Factor: The “Prorate Factor” is calculated by dividing the individual “on-budget” days (including days lost for approved FMLA) by 260 days.

Total Targeted Compensation: “Total Targeted Compensation” is set out in Article 9.5 of the Collective Bargaining Agreement.

Transferred Representatives: “Transferred Representatives” are sales representatives who were in a sales position at the beginning of the Measurement Period, who transfer to another job title within the Company during the Measurement Period, and otherwise who would have met the criteria for Eligible Sales Representatives and therefore will be eligible for their prorated portion of the adjustment.

### **Total Targeted Compensation Application**

VIS will manage sales compensation in such a manner to ensure that at least 50% of Eligible Sales Representatives will achieve Total Targeted Compensation, subject to the following conditions:

- o Sales compensation will be evaluated at a Division level and will be applicable to all sales job titles.
- o The sum of the New Issue (NI) revenue of the group of Eligible Sales Representatives for the Measurement Period must at least equal the sum of the Present Issue (PI) revenue of that group of Eligible Sales Representatives for accounts credited during the Measurement Period. If the Company discovers material irregularities in reported PI and associated NI during the closing period that results in qualification or disqualification for an Adjustment Computation, the Company has the right to adjust the reported PI and associated NI from those transactions. PI and associated NI on accounts that are Out-of-Business (OB), National Yellow Page Service (NYPS) transfers, or Bankruptcy (BK) credited during the Measurement Period will not be included in the Total Targeted Compensation Application calculation.
- o Within any Measurement Period, if VIS exercises its authority to change sales policies and/or organize the sales force for the specific purpose of depriving Eligible Sales Representatives of an adjustment to which they would otherwise be entitled under the Total Targeted Compensation Review Process by causing NI to be less than PI, the effect of that change or those changes on whether the PI/NI requirement set forth in the above paragraph has been fulfilled shall be ignored.

### **Compensation Evaluation**

Sales compensation evaluation will be computed at the Division level using Calculated Earnings of Eligible Sales Representatives for the Measurement Period, as follows:

- o Determine the percentage of Eligible Sales Representatives whose Calculated Earnings are greater than or equal to Total Targeted Compensation.
- o If less than 50% of Eligible Sales Representatives achieve Total Targeted Compensation based on Calculated Earnings, then VIS will provide an adjustment as calculated below.

### **Adjustment Computation**

If applicable, the adjustment will be derived at the Division level from Eligible Sales Representatives.

- o Computation: Subtract the sum of the Calculated Earnings of the Eligible Sales Representatives from the sum of the earnings that those Eligible Sales Representatives would have achieved at Total Targeted Compensation. Multiply this difference times 55% to determine the amount of the adjustment to be distributed.

## Adjustment Distribution

The dollar amount determined under "Computation" will be distributed to employees in the Adjustment Group applying the following steps:


- o Individual Portion: For each member of the Adjustment Group,
  1. Determine the individual's attainment percentage of Total Targeted Compensation by dividing the individual's Calculated Earnings by the Total Targeted Compensation for the respective job (title and pay area).
  2. Multiply the individual's attainment percentage of Total Targeted Compensation times the applicable Prorate Factor to determine each individual's prorated percentage of Total Targeted Compensation.
  3. Sum the individual prorated percentages of Total Targeted Compensation for the Adjustment Group.
  4. Divide each individual's prorated percentage of Total Targeted Compensation by the sum of the individual prorated percentages of Total Targeted Compensation for the Adjustment Group to determine the Individual Portion.
- o Individual Adjustment: Determine the Individual Adjustment by multiplying the Individual Portion by the Computation (amount of adjustment to be distributed).

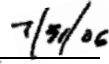
Any adjustment due and paid under this Memorandum of Agreement (MOA) shall be included in earnings credited under a new compensation plan when making calculations under Article 9.4.1.


If a dispute arises between the two parties in which the language of this MOA and the language of Article 9.5 are in conflict regarding subjects covered by this MOA, the language of this MOA is controlling. Further, the parties agree that disputes arising under this MOA are subject to resolution through the grievance and arbitration procedures.


Verizon Information Services

Communications Workers of America

  
Peter A. Konrad  
Director—Labor Relations

  
Date

  
Monica Hogan  
CWA Representative

  
Date