



2003

Tentative Bargaining Agreement Summary

Between

Verizon Maryland, Inc.,
Verizon Virginia, Inc.,
Verizon Washington D.C., Inc.,
Verizon West Virginia, Inc.,
Verizon Pennsylvania, Inc.,
Verizon Delaware, Inc.,
Verizon New Jersey, Inc.,
Verizon Services Corp.,
Verizon Corporate Services Corp.,
Verizon Avenue Inc.,
Verizon Advanced Data Inc.

and

Communications
Workers of America

With notes on Local agreements



Key Provisions

The agreement, if ratified, will extend current contracts with the modifications below until August 2, 2008, for CWA-represented employees in Verizon Maryland, Inc., Verizon Virginia, Inc., Verizon Washington D.C., Inc., Verizon West Virginia, Inc., Verizon Pennsylvania, Inc., Verizon Delaware, Inc., Verizon New Jersey, Inc., Verizon Services Corp., Verizon Corporate Services Corp., Verizon Avenue Inc. and Verizon Advanced Data Inc.

The essential elements of the proposed contracts are presented in summary fashion in this booklet.

Among the principal changes in the proposed agreements are:

- Lump-sum wage payment to active employees equal to 3% of employee's basic weekly wage for one year.
- Wage increases of 8% over four years (2004 – 2007) with annual discussions between the Company and the Union about additional wage increases.
- Improved cost of living formula.
- Corporate Profit Sharing awards with a minimum payout of \$500 for the 2004 payout, increasing to \$700 for the 2008 payout.
- 5% pension band increase for separations from service between October 1, 2003 and December 31, 2003.
- Pension band amount increases for active employees of 11% over five years.
- Lump-sum pension cashout available for separations from service between October 1, 2003 and December 31, 2003 as well as separations between November 1, 2004 and August 2, 2008.
- Voluntary termination bonus to employees leaving under ISP or EISP.
- Establishment of a Joint Committee on Absence Control.
- Medical benefit changes:
 - Surcharge for Spouse/Same-sex Domestic Partner Coverage when other employer coverage is available.
 - Introduction of PPO network feature to MEP indemnity option, with enhanced in-network benefits.
 - Implementation of Disease Management and Educational Programs.
 - Prescription Drug coverage changes.
 - Coverage of medically necessary nutritional counseling for obesity treatment.
 - Standardized preventive care schedule.
- Dental Benefit modified to reimburse up to \$1,000 for dental implants.
- Continuation of the Job Security Agreement for employees with a net credited service date on or before August 2, 2003. Employees with a net credited service date of August 3, 2003 or later will not be covered by that agreement.
- Continuation of provisions on Vacation Scheduling Percentage (18%).
- Continuation of Short Notice Excused Work Days.
- Continuation of the following joint committees: ACFC, ACHC and TABEC.

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Disclaimer

This summary briefly describes many of the key provisions in the Memorandum of Understanding between Verizon Maryland, Inc., Verizon Virginia, Inc., Verizon Washington D.C., Inc., Verizon West Virginia, Inc., Verizon Pennsylvania, Inc., Verizon Delaware, Inc., Verizon New Jersey, Inc., Verizon Services Corp., Verizon Corporate Services Corp., Verizon Avenue Inc., Verizon Advanced Data Inc. and Communications Workers of America. Please note that this summary does not describe all aspects of the Memorandum of Understanding or all of the details in the contract for provisions that are summarized herein. For a complete description of these matters, the terms of the Memorandum of Understanding would need to be reviewed.

Wages and Compensation

Lump-Sum Payment

Each bargaining unit employee will receive a single lump-sum payment equal to 3% of the employee's basic weekly wage rate for one year calculated as of August 3, 2003, less applicable taxes and deductions. The lump sum will be paid by separate payroll remittance no later than October 31, 2003.

Basic Wage Increases

The schedule of wage increases for the term of this agreement will be as follows:

Effective Date	Increase	Applied to
Sunday, 8/1/04	2%	All steps of the basic wage schedules
Sunday, 8/7/05	2%	All steps of the basic wage schedules
Sunday, 8/6/06	2%	All steps of the basic wage schedules
Sunday, 8/5/07	2%	All steps of the basic wage schedules

Cost of Living

Based upon the Consumer Price Index, there may be cost of living increases in 2006 and 2007.

Corporate Profit Sharing (CPS)

CPS will provide awards for results in calendar years 2003, 2004, 2005, 2006 and 2007, with awards payable in 2004, 2005, 2006, 2007 and 2008. The minimum distribution increases in annual \$50 increments from \$500 for the 2003 award payable in 2004 to \$700 for the 2007 award payable in 2008.

Voluntary Termination Bonus

Employees who make a voluntary election to leave the Company with an Income Security Plan (ISP) or Enhanced Income Security Plan (EISP) offer will receive a lump-sum benefit of \$10,000 (less taxes and withholding) and six months of medical coverage for those not otherwise eligible.

Employee Benefits

Pension

- There will be a temporary pension band amount increase of 5% for associates who separate from service between October 1, 2003 and December 31, 2003. Lump-sum cashouts will be available to all associates who separate from service during this window with commencement after the associate applies for payment. The date can be either the day following separation from service or the first day of any following month. For terminations between October 1, 2003 and November 30, 2003, the lump-sum cashout will be calculated to provide payment of the better of the lump sum determined by the third quarter 2003 interest rate and mortality basis or the lump sum determined by the interest rate and mortality basis for the quarter in which the commencement date occurs.
- Pension band amounts will be increased as follows:

<u>Effective Date</u>	<u>Increase</u>
11/1/04	2%
10/1/05	3%
10/1/06	3%
10/1/07	3%

- Lump-sum cashouts will be available for separations from service through August 2, 2008, except for the period from January 1, 2004 to October 31, 2004.
 - However, beneficiaries of active participants who die during the January 1, 2004 to October 31, 2004 period will be able to receive a death benefit as a lump sum. The amount of the death benefit will be the greater of the 65% survivor death benefit, or the lump-sum cashout the participant would have been eligible to receive if cashouts were available and the participant had separated from service on the date of his or her death and received payment on the beneficiary's commencement date.
 - Additionally, lump-sum cashouts are available for associates whose separation during the January 1, 2004 to October 31, 2004 period is

due to the exhaustion of 52 weeks of sickness disability benefits.

- Beneficiaries of cashout-eligible associates who die after separating from service will receive a death benefit equal to the greater of the 65% survivor death benefit or the lump sum the associate would have received if the associate had been paid on the commencement date elected by the associate or, if there was no election before death, the beneficiary's commencement date.
- Cashouts are available on a commencement date occurring after the associate applies for payment which is either the day following separation from service or the first of any month following separation. The 90-day requirement for commencing a lump sum has been eliminated.
- Effective retroactive to July 1, 2003 through August 2, 2008, the pension band for the "Operator" job title in New Jersey, Delaware and Potomac Locality Wage Group A (Washington, D.C., Washington Suburban Area-Maryland and Northern Virginia Area) will be increased from band 107 to band 108. After August 2, 2008, the pension band for the "Operator" job title in these locations will revert to band 107.

Retiree Healthcare

All changes are effective January 1, 2004 unless otherwise noted.

- Post-1989 retirees will pay no premium contributions for plan years 2004 through 2008 for MEP-Indemnity, MCN and any available HMO options.
- For 2009 and later plan years, post-1989 retirees will pay any costs above Verizon's annual premium payment caps, which will be revised, as follows:

<u>Coverage Category</u>	<u>Pre-Medicare Retiree</u>	<u>Medicare-Eligible Retiree</u>
Retiree	\$ 8,450	\$ 4,600
Retiree + 1	\$16,900	\$ 9,200
Retiree + Family	\$21,120	\$13,800

MEP

All MEP changes outlined below under “Medical Benefits for Active Employees – MEP” apply to post-1989 retirees, except for changes to the annual individual deductible and co-payments, as follows:

- The annual deductible for pre-8/3/2003 retirees will be based on the formula in effect on August 2, 2003.
- The annual deductible for post-8/2/2003 retirees will be determined as of the date of retirement.
- Retirees who are eligible for Medicare will have a \$5 co-payment.

MCN

- The office visit co-payment remains at \$15 throughout the 2008 plan year for retirees who are not eligible for Medicare.
- The office visit co-payment is \$5 for retirees who are eligible for Medicare.

Medical Benefits for Active Employees

All changes are effective January 1, 2004 unless otherwise noted.

Working Spouse/Same-sex Domestic Partner Surcharge

- There will be a working spouse/same-sex domestic partner surcharge of \$40 per month for employees who elect medical coverage for a spouse or same-sex domestic partner when medical coverage is offered by the spouse's/same-sex domestic partner's employer. However, the surcharge will not apply for a plan year when:
 - The spouse's/same-sex domestic partner's gross base wage rate on an annualized basis is \$25,000 or less as of the previous July 1; or
 - The spouse/same-sex domestic partner would need to make annual individual premium contributions of \$900 or more to his or her employer.

MEP

- There will be a preferred provider organization (PPO) network introduced, where available. A PPO

network is a group of doctors, hospitals and other healthcare professionals who have agreed to discounted fees and certification reviews. When you go to a PPO provider for an illness or injury, you generally will pay less than if you go to a non-PPO provider.

- In-network benefits include an office visit co-payment feature in lieu of traditional deductible and coinsurance provisions. Out-of-network benefits remain the same as current benefits.
- In-network office visits will be covered at 100% after a \$10 co-payment beginning January 1, 2004, increasing to a \$15 co-payment on January 1, 2005.
- Preventive care services will be covered for the following procedures: routine physicals, immunizations, mammograms, PAP tests, prostate specific antigen (PSA) tests, fecal occult blood tests and colonoscopies. A standardized frequency schedule will apply for covered preventive care services.
- All covered and medically necessary charges at an in-network hospital, including admission costs, will be paid in full, including those charges that currently are paid at less than 100%.
- The annual individual deductible will change from its current percent of pay formula basis (which is 1% of pay up to a maximum of \$150) to a flat \$150 on January 1, 2004. This amount will increase to \$200 on January 1, 2006 and to \$250 on January 1, 2008. The family deductible will be equal to 2.5 times the individual deductible.
- Infertility treatment will be covered with a \$20,000 lifetime family maximum.
- For employees who reside outside of the MEP PPO vendor's standard service area and who are not eligible to participate in the MCN, increases to the MEP indemnity deductible will not apply.

MCN

- Office visit co-payments remain at \$15 through the 2008 plan year.

Prescription Drugs

The following provisions apply when prescription drug coverage is “carved out” from the medical plan and administered by a different provider.

- Move to the Medco Health Select National Network which includes approximately 56,000 pharmacies (down from 59,000).

- A 30-day supply of prescription medication will be available at retail and a 90-day supply of medication will be available through the mail. The days' supply will be the supply appropriate for a maximum of 30 days or 90 days of therapy. The supply of medication per co-payment will be the supply appropriate for 30 days of therapy at retail and 90 days of therapy through the mail.
- In-network retail pharmacy co-payments will be as follows:
 - Generic: 15% of the Discounted Network Price (DNP) to a maximum of \$25.
 - If a generic is not available, or if a generic is available but the physician has requested “dispense as written” (DAW): 20% of DNP to a maximum of \$40.
 - If a generic is available, the physician has not requested DAW and the associate chooses the brand: 30% of DNP to a maximum of \$50.
- Out-of-network retail pharmacy co-payments will be as follows, after a \$50 annual deductible is satisfied:
 - Generic: 15% of the actual retail cost to a maximum of \$25.
 - If a generic is not available, or if a generic is available but the physician has requested DAW: 20% of the actual retail cost to a maximum of \$40.
 - If a generic is available, the physician has not requested DAW and the associate chooses the brand: 30% of the actual retail cost to a maximum of \$50.
- Home delivery pharmacy service co-payments will be as follows:
 - Generic: the lesser of \$8 or DNP.
 - If a generic is not available, or if a generic is available but the prescribing physician has written DAW: the lesser of \$12 or DNP.
 - If a generic is available, the prescribing physician has not written DAW and the associate chooses the brand: the lesser of \$20 or DNP.

Obesity Coverage

- Medically necessary nutritional counseling will be covered under MEP and in-network under MCN with an annual maximum of \$500 per participant.

HMOs

- Verizon will have the right to make several strategic decisions surrounding what plans are offered, designs, service areas and other matters in a time frame that corresponds with annual benefits renewal. Verizon will involve the Unions in reviewing plan performance, renewals, etc.
- Office visit co-payments cannot exceed \$10 per visit and emergency room visit co-payments cannot exceed \$50 per visit during the term of the agreement.

Dental Benefits for Active Employees

The following changes are effective January 1, 2004:

- Dental implants will be covered up to \$1,000 per implant, with an annual maximum of \$1,500.
- Reimbursement for finishing crowns will be available.

Other Provisions

Joint Committee on Absence Control

A joint committee of the Company, the CWA and the IBEW will be established to discuss a plan or program for absence reduction.

Job Security

The restrictions on involuntary force reduction contained in the "Agreement Concerning Issues Related to the Bell Atlantic –GTE Merger" will continue to be applicable to employees with a net credited service date on or before August 2, 2003. These restrictions will not be applicable to employees with a net credited service date after August 2, 2003.

Joint Mediation

In an effort to develop a means to solve issues, improve the collective bargaining process and the union/management relationship, the Company and the Union agree to meet periodically with the Federal Mediation and Conciliation Service.

Retiree Health Care Benefit Coordinator

The "Senior Managed Care Coordinator" title will be changed to "Retiree Health Care Benefit Coordinator." The "Health Care Benefit Coordinator" title continues without change.

Training Advisory Board Executive Council (TABEC)

TABEC will continue for the duration of the contract and will be funded at \$2.6 million per contract year. In addition, the position of Training Liaison will continue to be funded.

Annual Discussion

There will be an annual discussion in April during the term of the agreement between the Company and the Union about wages, pensions and job security. If the Company and the Union cannot agree to changes, the status quo will remain.

Advisory Committee on Health Care (ACHC)

The ACHC will continue under the same terms as the 2000 Memorandum of Understanding.

Advisory Council on Family Care

The Committee will continue and will be funded at \$1.6 million for each year.

Duration

This agreement will remain in place until 11:59 p.m. on August 2, 2008.

Local Issues and Agreements for New Jersey CWA Commercial

Temporary Management Assignment

Assignment period extended from 60 days to one year. Clarification added to language involving duties and periods of mandatory overtime.

Day-at-a-Time (DAT) Vacation

Employees eligible for two weeks' vacation may take a maximum of 10 vacation days on a day-at-a-time basis in a calendar year.

Holiday Treatment

Company holidays that occur on a Saturday will now be observed on the preceding Friday.

Excused Work Days

Employees may schedule three Excused Work Days in one-half day increments in a calendar year.

Flex Time

The number of times an employee can flex their start time was increased from four to five. The period the time flexed can be made up was extended from next day to next five days.

Local Issues and Agreements for New Jersey CWA Traffic

Expand “In Charge” Duties

The duties performed while “In Charge” will be expanded to include all aspects of management except for hiring and firing.

‘M’ Day Assignments

The process to assign “M” days (defined as a third day off in a holiday week) will now be accomplished on a rotational seniority basis.

Relocation

The distance for an involuntary transfer to require relocation compensation will increase from 35 miles to 50 miles.

Overtime

Solicitation of overtime for up to the next four hours will be accomplished by seniority utilizing employees in the office.

Term Employees

Time frame for requiring the reclassification of Term Employees to Regular employees reduced from 36 to 30 months.

Service Assistant Pension Band

The Pension Band for Service Assistant will change from 109 to 110.

Temporary Assignment

An employee may now be assigned the duties of a higher wage grade. Any such assignment shall not exceed nine months. At the completion of nine months the employee will be permanently upgraded to the higher wage grade.

Day-at-a-Time (DAT) Vacation

Employees eligible for one week vacation may take a maximum of five vacation days on a day-at-a-time basis in a calendar year.

Evaluative Observations

Observation feedback will be provided same day and face-to-face.

Local Issues and Agreements for Pennsylvania CWA Local 13000

Selection of Tours

Established an alternative procedure for the selection of tours. Each year, the Union Representative can discuss with Management whether employees will select tours based on current procedures or on the basis of Net Credited Service.

Grievance Procedure

The grievance procedure was modified from a three-step process to a two-step process, except for grievances involving HR-related matters and for terminations.

Absence Due to Sickness

The authority to withhold sickness pay was changed from the third-tier supervisor to the second-tier supervisor.

Seniority Tie-Breaker

An agreed upon method of breaking ties when employees have the same Net Credited Service date has been established. The first tie-breaker will be the last four digits of the employee's Social Security number; with a second and third tie-breaker established when the last four digits of the Social Security number are the same.

Union Business Time

Excused time for Union Business has been extended for Executive Board officers.

Permanent Transfers

- The Service Group 1 and 2 distinctions were removed, resulting in the use of Net Credited Service date for transfers of low senior employees.
- Temporary Transfers are limited to six months unless there is mutual agreement to extend or an emergency.

VRRC/VOICe

A VRRC/VOICe Workplace Issues committee was established to discuss issues such as adherence time, scheduling, review of supervisory observations and "wrap time."

Wage Progression

In the event an employee's progression increase is to be deferred, the employee will be notified in writing at least 15 days prior to the commencement of the payroll period in which the increase would normally be effective.

Title Upgrades

- "Graphic Illustrators" will receive an upgrade and be designated as "Graphic Designers."
- "Staff Clerks" in Treasury will receive an upgrade and be designated as "Treasury Clerks."

Re-employment After Layoffs

Laid-off employees may apply, and be considered for re-employment after ninety (90) days have elapsed from the effective date of the employee's layoff.

Transportation Expense

The amount of reimbursement for damage to personal vehicles used on Company business has been increased.

Safety Glasses

Post-bargaining, the parties will examine the possibility of providing prescription safety glasses to employees who are required to wear them on the job.

PubCom Title/Work Flexibility

The parties agreed to post-bargaining discussions on title/work flexibility issues in the PubCom organization.

On-Call Assignments

A union/company committee will be formed post-bargaining to engage in joint discussions regarding the possible implementation of a trial for on-call procedures.

Local Issues and Agreements for Pennsylvania CWA Local 13500 Commercial

Lateral Transfer Plan

- Establishes six-month time in title/assignment for lateral transfers and downgrades within the same enhanced team.
- Cancels a lateral/downgrade request when a candidate declines an offer for that title and location.

Grievance Procedure

- Replaces the Issues Resolution Grievance Trial procedure with a new grievance procedure trial that:
 - Continues the informal and two step formal grievance process.
 - Eliminates the “decision maker.”
 - Moves HR related issues from the informal and first formal steps of the grievance process directly to Labor Relations Staff as the final step prior to arbitration.

Working at a Higher Job Classification

Establishes a “working up” trial that will allow associates to do work performed exclusively by a higher job classification with additional compensation.

Flex Time

Establishes a trial in the PA CSSC that permits employees to change or “flex” the start or stop time of their tour up to six times per calendar year.

Title Upgrades

- Upgrade one “Senior Clerk” to “Staff Clerk” in the Marketing organization.
- Upgrades “Staff Clerks” in the PubCom organization title to “Counting Room Attendants.”

Improvements to Existing Letter Agreements

- Extends and modifies the MIS Trial Letter Agreement to include the Direct Marketing Center (DMC).
- Extends and modifies the Posting of Work Time Schedules/Overtime Notification Letter Agreement to include the Direct Marketing Center (DMC).
- Extends and modifies the Evaluative Observation Letter Agreement to include the Telephone Canvasser title.

Job Sharing

Establishes a joint management/union committee to discuss the utilization of a job sharing arrangement for associates.

Vacations

Increases the number of vacation days that can be taken in one-half day increments in a calendar year from five days to 10 days.

PubCom Title/Work Flexibility

The parties agreed to post-bargaining discussions on title/work flexibility issues in the PubCom organization.

Local Issues and Agreements for Delaware CWA Local 13100 Commercial

Half-Day Vacation

Increases the number of vacation days that can be taken in one-half day increments in a calendar year from five days to 10 days.

Death in Family

Maximum number of consecutive work days can be taken coincident with the funeral.

Seniority Tie-Breaker

When employees have the same Net Credited Service date, the last four digits of the Social Security number will be used as a tie-breaker for purposes of determining seniority.

Promotion Bypasses

New language permits claims of promotion bypasses to be arbitrated.

Extensions

1. Letter in Lieu of Suspensions modified to give management the flexibility to give time off suspensions, when appropriate.
2. Extend Letter of Agreement for Help Desk functions.
3. Extend and modify Letter of Agreement on CSST functions.
4. Extend Letter of Agreement to provide cellular phones to Coin Collectors.
5. Extend Letter of Agreement for the Lateral Transfer Plan.
6. Extend Letter of Agreement for Stress Committee Meetings.
7. Extend Letter of Agreement for Safety Committee Meetings.

Grievances

Grievance Procedure was modified to provide that Human Resources issues will be grieved directly with Labor Relations.

PubCom Title/Work Flexibility

The parties agreed to post-bargaining discussions on title/work flexibility issues in the PubCom organization.

Local Issues and Agreements for Delaware CWA Local 13101 Plant and Traffic

Tour Selection

Choice of Options for Selection of tours by order of seniority or via current selection of tour language. This will be discussed between the local Union rep and management.

On-Call Assignments

A union/company committee will be formed post-bargaining to engage in joint discussions regarding the possible implementation of a trial for on-call procedures.

Operator Services

- Expand the period Operators can take the 1/2 Day Tour off for working Christmas Eve to March 31 of the subsequent year.
- Work time schedules will be posted not later than the second Wednesday, prior to the week for which they are effective.

Seniority Tie-Breaker Process

Where employees have the same Net Credited Service date, the last four digits of the Social Security number will be used as a tie-breaker for purposes of determining seniority.

- If that does not break the tie the last five digits of the Social Security number will be used.

Extension of Letter Agreements

1. Grievance Procedure with a new process for HR-related grievances.
2. Option of a Letter in Lieu of Suspension under the RAP plan was extended and modified to allow for time-off suspensions.
3. Safety committee meetings.

4. Lateral Transfer Plan.

5. Term Employee Time in Title qualifications under Regional Associate Mobility Plan (RAMP).

6. Stress Committee.

Vacation Time Effected by Absence

Changes were made to allow for vacation carryover until April 30 of the following year in cases where an employee is unable to take his/her scheduled vacation in October, November or December due to reasons beyond the employee's control, such as personal illness, accident or jury duty.

Overtime Administration

The Overtime Letter that describes the process for securing volunteers before forcing overtime was modified by expanding the volunteer overtime cap from nine to 15 hours.

Home Garaging Guidelines

The home garaging agreement will remain in effect through the duration of the 2003 contract. Qualifications for participation were redefined and now include job performance.

Technology Change Committee

The Technology Change Committee article will enable a meeting between the parties at least two times per year at the option of the parties.

PubCom Title/Work Flexibility

The parties agreed to post-bargaining discussions on title/work flexibility issues in the PubCom organization.

Local Issues and Agreements for Potomac CWA District 2

Top-Secret Security Clearance

Qualified employees will be paid for work performed at designated facilities regardless of reporting location.

Arbitration

Reduce limit for scheduling arbitration to 24 months for all grievances appealed to arbitration after the effective date of the new agreement.

Temporary Assignments

Temporary assignments to management relief of 60 calendar days to be followed by 30 days without temporary assignment to management relief.

Seniority

Senior Traffic Office Clerks and Service Assistants to select tours and vacation in order of seniority.

fGTE VA Unit Transferred to Potomac Bargaining Unit

- 522 fGTE VA employees transferred to Potomac bargaining unit.



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