

September 19, 2012

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**2012 COMMON ISSUES  
MEMORANDUM OF UNDERSTANDING**

**BETWEEN**

**VERIZON NEW YORK INC.  
EMPIRE CITY SUBWAY COMPANY (LIMITED)  
VERIZON AVENUE CORP.  
VERIZON ADVANCED DATA INC.  
VERIZON CORPORATE SERVICES CORP.  
VERIZON NEW ENGLAND INC.  
VERIZON SERVICES CORP.  
AND**

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

This Memorandum of Understanding ("2012 MOU") is agreed to by and between the above-named companies (herein the "Company" or "Companies," as context requires) and the Communications Workers of America, AFL-CIO (herein the "Union" or "CWA") with respect to the following CWA-represented bargaining units:

1. CWA Plant (Verizon New York, VSC, ECS, VZA, VZAD, VCSC)
2. CWA District 1 (VSC)
3. CWA Local 1104 (Downstate Accounting) (Verizon New York, VCSC)
4. CWA Local 1105 (Downstate Commercial) (Verizon New York, VCSC, VSC)
5. CWA Local 1108 (Downstate Traffic) (Verizon New York, VCSC, VSC)
6. CWA Local 1104 (Upstate Traffic) (formerly Local 1112) (Verizon New York)
7. CWA Local 1113 (Upstate Accounting) (Verizon New York, VCSC, VSC)
8. CWA Local 1302 (Central Order Bureau) (Verizon New England)
9. CWA Local 1395 (VSC)
10. CWA Local 1400 (New England Service Centers) (Verizon New England, VCSC, VSC)

It is agreed that existing collective bargaining agreements covering the above-named bargaining units, which were extended pursuant to the parties' August 19, 2011 Return to Work Agreement, will be terminated effective 11:59 p.m. on the date this 2012 MOU is ratified. New collective bargaining agreements covering the above-named bargaining units (including without

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limitation this 2012 MOU, to the extent the parties have not specified different effective dates in provisions of this 2012 MOU) will become effective immediately following the expiration of the existing collective bargaining agreements ("Effective Date") and will remain in effect until 11:59 p.m. on August 1, 2015. This 2012 MOU will become effective if, and only if, ratified by the combined results of the voting in the bargaining units in the Companies represented by CWA no later than thirty calendar days after the date of this 2012 MOU.

Each of the new collective bargaining agreements will consist of the provisions of the existing agreements, including the provisions of the 2008 Common Issues Memorandum of Understanding Between Verizon New York Inc., Empire City Subway Company (Limited), Verizon Avenue Inc., Verizon Advanced Data, Inc., Verizon Corporate Services Corp., Verizon New England Inc. and Telesector Resources Group, Inc. and the Communications Workers of America, AFL-CIO effective August 3, 2008 ("2008 MOU") and all attachments to the 2008 MOU that were valid and enforceable immediately prior to the Effective Date, as modified by the applicable provisions of this 2012 MOU and by provisions agreed to at local bargaining tables. All letters of agreement in the parties' 2008 collective bargaining agreements (including without limitation the 2008 MOU) all letters of agreement in the parties' 2008 collective bargaining agreements, and all international union, district and local agreements that were valid and enforceable immediately prior to the Effective Date, will remain in full force and effect, unless the terms of such letters of agreement have been modified or eliminated by this 2012 MOU or by the parties' collective bargaining agreements (including without limitation terms agreed to at local bargaining tables). All letters of agreement or provisions in the parties' 2008 collective bargaining agreements (including without limitation the 2008 MOU and all attachments to the 2008 MOU) that contain an expiration date of August 6, 2011 will be changed

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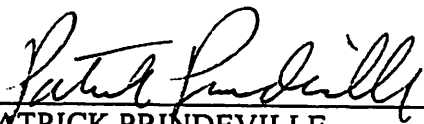
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to reflect an expiration date of August 1, 2015 unless the parties have expressly agreed to a different expiration date or that such letters or provisions will not remain in effect. All letters of agreement or provisions in the parties' 2008 collective bargaining agreements (including without limitation the 2008 MOU and all attachments to the 2008 MOU) that were valid and enforceable immediately prior to the Effective Date that contain dates other than expiration dates will be changed as necessary to ensure the continued enforceability of such agreements unless the parties have expressly agreed that such letters or provisions will not remain in effect. Provisions of this 2012 MOU, including the attachments, will be incorporated, by reference or otherwise, into the appropriate collective bargaining agreements.

To the extent that any provision of this 2012 MOU is inconsistent with or contrary to any provision of the 2008 MOU, any local collective bargaining agreement, or any other agreement, policy or past practice, such 2012 MOU provision will govern and will supersede the inconsistent or contrary provision of the 2008 MOU, any local collective bargaining agreement, or any other agreement, policy or past practice, except that a written agreement regarding a specific term newly agreed to, modified or eliminated in 2011-2012 negotiations at a local bargaining table will govern and supersede an inconsistent or contrary provision in this 2012 MOU with respect to that specific term if the local parties specify in such specific term that it supersedes the 2012 MOU.

Dated: Sept. 19, 2012

**FOR THE COMPANIES**

  
PATRICK PRINDEVILLE  
Chairperson, Common Issues Bargaining

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

  
DENNIS TRAINOR  
Assistant to the Vice President



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## **I. WAGES**

A. Wage Increases. The schedule of wage increases for the term of this 2012 MOU shall be as follows:

Effective Date	Percentage Increase	Applied to:
The first Sunday after ratification of the 2012 MOU	2.25%	All steps of the basic wage schedules
Sunday, 8/4/2013	2.75%	All steps of the basic wage schedules
Sunday, 8/3/2014	3.0%	All steps of the basic wage schedules

B. Voluntary Termination Bonus. The Voluntary Termination Bonus provision of the 2008 MOU will remain in effect through the term of the 2012 MOU.

C. Ratification Bonus. A one-time, single Ratification Bonus payment of \$800 will be paid within thirty days after ratification of this 2012 MOU to full-time and part-time Regular and Temporary employees on payroll as of the ratification date. Ratification Bonus payments will be subject to all applicable federal, state and local tax withholdings. These payments will only be included in calculations relating to Union dues, or their equivalent, as authorized by the employee and the Union. Ratification Bonus payments will not be included in wages for computations of overtime, benefits or for any other purpose.

## **II. COST-OF-LIVING**

The Company will continue the Cost-of-Living provisions set forth in Section II of the 2008 MOU during the term of this 2012 MOU. Notwithstanding the continuation of these provisions, there will be no Cost-of-Living adjustments during the term of this 2012 MOU.

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### III. CORPORATE PROFIT SHARING

The Corporate Profit Sharing ("CPS") Plan is modified as follows:

Section 2. Plan Years: The CPS will provide awards for results in calendar years 2011, 2012, 2013 and 2014 with awards payable in 2012, 2013, 2014 and 2015.

#### Section 6. CPS Distribution Calculations

(a) Standard Award: The "Standard" CPS Distribution will be as follows:

Performance Year	Standard CPS Distribution	Year Payable
2011*	\$500	2012
2012	\$500	2013
2013	\$500	2014
2014	\$500	2015

\*\*\*

(c) Notwithstanding paragraphs (a) and (b) above, the minimum distribution for Performance Years 2011, 2012, 2013 and 2014 will be \$700, subject in all cases to prorating under Section 3.

\* The Company distributed the CPS Award for Performance Year 2011 prior to the Effective Date.

### IV. PENSION BENEFIT AND OTHER CHANGES

#### A. PENSION PLAN.

The Verizon Pension Plan for Associates (to the extent that it covers New York and New England Associates) (the "Pension Plan") will be amended as follows:

Any associate who is first hired as a union-represented associate on or after October 28, 2012 ("Pension New Hire") will not be eligible to participate in the Pension Plan. Any associate who returns from layoff on or after October 28, 2012 pursuant to contractual recall rights, other

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than a Pension New Hire, will be eligible to continue participation in the Pension Plan as of the date of recall.

**B. PENSION LUMP SUM CASHOUT.**

An associate covered by the cashout program set forth in the 2008 MOU who separates from service during the term of this 2012 MOU, with eligibility for a vested pension or a service pension, will be eligible to receive his or her vested or service pension under the Pension Plan as a total lump-sum cashout. The terms of the cashout program will be the same as the terms of the cashout program set forth in the 2008 MOU for the period ending August 6, 2011.

**V. 401(k) PLAN CHANGES**

**A. MATCHING CONTRIBUTIONS.**

The Company will amend the Verizon Savings and Security Plan for New York and New England Associates ("NY/NE Associate Savings Plan") effective October 28, 2012 to increase Company matching contributions for the balance of the 2012, 2013, 2014 and 2015 plan years to 100% of the eligible contributions of each participating associate first hired as a union-represented associate on or after October 28, 2012 and not eligible to earn pension benefits that is covered by this 2012 MOU up to 6% of eligible compensation. No other associates covered by this 2012 MOU will be entitled to this increased Company matching contributions.

**B. DISCRETIONARY CONTRIBUTIONS.**

The Company will also amend the NY/NE Associate Savings Plan effective October 28, 2012 to permit an additional performance-related, discretionary Company contribution for the balance of the 2012, 2013, 2014 and 2015 plan years ("Discretionary Contribution") for associates who are first hired as a union-represented associate on or after October 28, 2012 and

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not eligible to earn pension benefits, subject to the additional requirements described below. An eligible associate would not have to contribute to the NY/NE Associate Savings Plan to be eligible for the Discretionary Contribution. Eligible associates would have to be employed as eligible associates on the last day of the plan year to be eligible for the Discretionary Contribution. The Discretionary Contribution would be between 0-3% of eligible compensation actually paid during the plan year to each such eligible associate and would be set at the same percentage as the performance-related contribution for wireline management employees under the management savings plan for the same plan year. The Company would determine each applicable plan year whether the Discretionary Contribution would be made in cash and/or Verizon stock invested in the Verizon stock fund under the NY/NE Associate Savings Plan. Discretionary Contributions invested in the Verizon stock fund would be subject to participant investment diversification in accordance with the current terms of the NY/NE Associate Savings Plan. Discretionary Contributions would not be available for in-service withdrawal, and they would be subject to the same vesting schedule as Company matching contributions.

## **VII. LONG TERM CARE INSURANCE**

The Companies will continue to make available to eligible employees the opportunity to purchase long term care ("LTC") insurance coverage under the Verizon Long Term Care Insurance Plan for New York and New England Associates (the "LTC Plan"), so long as the current LTC provider continues to offer the existing level of coverage to participants in the LTC Plan.

If such provider ceases to offer the existing level of coverage to participants in the LTC Plan, the Companies may continue to make available the opportunity to purchase LTC insurance,

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so long as the Companies, in their discretion, are able to secure a provider of LTC insurance that is able to offer LTC coverage that the Companies determine is appropriate and reasonably priced. The design features, administrative details and costs will be determined by the LTC provider.

## **VIII. BENEFITS**

### **1. CONTINUATION OF BENEFIT PLANS**

The following employee benefit plans are continued in effect through the term of this 2012 MOU in accordance with their existing terms and the changes agreed to in this 2012 MOU.

Verizon Adoption Reimbursement Program for New York and New England Associates

Verizon Anticipated Disability Program for New York and New England Associates

Verizon Sickness and Accident Disability Benefit Plan for New England Associates

Verizon Sickness and Accident Disability Benefit Plan for New York Associates

Verizon Accidental Death and Dismemberment Plan for New York and New England Associates

Verizon Alternate Choice Plan for New York and New England Associates

Verizon Savings and Security Plan for New York and New England Associates

Verizon Dependent Care Spending Account for New York and New England Associates

Verizon Dependent Group Life Insurance Plan for New York and New England Associates

Verizon Health Care Spending Account for New York and New England Associates

Verizon Income Protection Plan for New York and New England Associates

Verizon Long Term Care Insurance Plan for New York and New England Associates

Verizon Long Term Disability Plan for New York and New England Associates

Verizon Medical Expense Plan for New York and New England Associates

Verizon Dental Expense Plan for New York and New England Associates

Verizon Group Life Insurance Plan for New York and New England Associates



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Verizon Vision Care Plan for New York and New England Associates (including VDT User Eyecare Program).

Verizon Pension Plan for Associates (to the extent that it covers New York and New England Associates)

Verizon Sickness and Accident Disability Benefit Plan for New York and New England Associates of Non-Regulated Companies

Verizon Post-1995 Collectively Bargained Retiree Health Plan (Pre-1993 Retirees)

Verizon Post-1995 Collectively Bargained Retiree Health Plan (Post-1992 Retirees)

**2. CHANGES TO EXISTING HEALTH CARE BENEFITS, INCLUDING PRESCRIPTION DRUG COVERAGE, FOR ACTIVE ASSOCIATES**

The provisions of the Verizon Medical Expense Plan for New York and New England Associates (the "VMEP") regarding medical and prescription drug benefits, and the Verizon Alternate Choice Plan for New York and New England Associates (a component or subplan of the VMEP), for active associates who participate in the VMEP, will be amended as follows effective January 1, 2013, except where otherwise noted:

**A. Dependent Eligibility Changes Applicable to the VMEP.**

Effective as of the Effective Date, the definition of Dependent in Article 2 and Sections 3.7 and 4.5.5 of the VMEP will be amended to provide that no new Class II Dependent or Sponsored Child may be enrolled in or added to coverage under the VMEP. An eligible Class II Dependent or Sponsored Child who is enrolled in the VMEP on the Effective Date will continue to be covered under the VMEP, provided that such Class II Dependent or Sponsored Child remains continuously eligible and enrolled in the VMEP.

**B. Medical and Prescription Drug Benefit Changes Applicable to VMEP.**

The provisions of the VMEP regarding medical benefits and prescription drug coverage for active associates who participate in the VMEP shall be amended as set forth in this Section VIII.2.B. of this 2012 MOU.

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Section 3 and Section 5 of the VMEP will be amended to specify that if a newly hired associate fails to make a medical option election within the time frame specified by the VMEP, the associate will be defaulted into the Health Care PPO Option, with Employee-Only coverage. The VMEP will be further amended to specify that if an HMO option is terminated and an associate is enrolled in such HMO and fails to elect another available medical option within the time and manner specified by the Company, the associate will be defaulted into the Health Care PPO Option, with the coverage tier that the associate had elected before the HMO option was terminated.

The TPA for the HCN Option and the Health Care PPO Option will be Anthem Blue Cross Blue Shield ("Anthem"). Anthem will be the TPA for Mental Health and Substance Abuse Benefits for both the HCN Option and the Health Care PPO Option. The TPA will apply its network of service providers to the HCN Option and the Health Care PPO Option. Section 3 and Section 5 of the VMEP will be further amended to provide that, to the extent that there is no in-network service provider for a specific covered service or supply within a 40-mile radius of the associate's home zip code, the associate and his or her eligible dependents will be eligible for the in-network provisions applicable to the specific medical option in which such associate is enrolled (i.e., the in-network provisions of the HCN Option or Health Care PPO Option).

- 1) **HCN Benefit Changes.** The medical benefits provided to associates and their eligible dependents enrolled in the HCN Option on and after January 1, 2013 will be as described in the VMEP, with the following modifications:
  - a. **Maximum Allowed Amount.** The term Reasonable and Customary Amount ("R&C") will be replaced by the term Maximum Allowed Amount ("MAA"). MAA is defined as 315% of the national Medicare schedule. (Amend the following section of the VMEP: Section 2.)
  - b. **Out-of-Network Deductible.** For associates and their eligible dependents enrolled in the HCN Option, an annual deductible will apply for covered services or supplies obtained on an out-of-network basis of \$700 per individual and \$1,750 per family for each of 2013 and 2014, and \$725 per individual and \$1,812.50 per

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family for 2015. The family annual deductible is satisfied when any combination of individual family member deductibles equals the applicable family annual deductible, within a calendar year; however, an enrolled associate or eligible dependent will never satisfy more than his or her own individual amount. (Amend the following section of the VMEP: Section 6.1.1.)

- c. **Out-of-Pocket Maximum.** The out-of-pocket expense maximum applicable to covered services or supplies obtained on an in-network basis under the HCN Option during any calendar year will be \$1,000 for each of 2013 and 2014 and \$1,050 for 2015 per individual and \$2,500 for each of 2013 and 2014 and \$2,625 for 2015 per family. The out-of-pocket expense maximum applicable to covered services or supplies obtained on an out-of-network basis under the HCN Option during any calendar year will be \$1,800 for each of 2013 and 2014 and \$1,850 for 2015 per individual and \$4,500 for each of 2013 and 2014 and \$4,625 for 2015 per family. Expenses that apply towards the out-of-pocket maximum are aggregated between in-network and out-of-network expenses to reach the applicable out-of-pocket maximum. The family annual out-of-pocket maximums can be satisfied by any combination of family members within a calendar year; however, an enrolled associate or eligible dependent will never satisfy more than his or her own individual amount. (Amend the following section of the VMEP: Section 6.1.4.)
- d. **Preventive Care Services.** Preventive care services and routine well-baby and well-child care (pediatric exams) will be covered on an in-network basis at 100% of the Network Negotiated Fee ("NNF"). In-network preventive care services will be covered according to the coverage, age, and frequency provisions of the Affordable Care Act. Preventive care services and routine well-baby and well-child care (pediatric exams) will be covered on an out-of-network basis at 80% of the MAA not subject to the deductible. While not legally applicable to out-of-network services, out-of-network services will be covered according to the coverage, age, and frequency provisions applicable to in-network preventive care benefits under the Affordable Care Act. (Amend the following sections of the VMEP: Sections 6.1.3 and 9.16.)
- e. **Covered Medical Services and Supplies**
  - i. **Physicians' Services.** The Company will implement a \$20 copay for each primary care physician's home or office visit and a \$25 copay for each specialist's home or office visit on an in-network basis. The copay for an individual who is eligible for Medicare will be \$10 for each primary care physician's home or office visit and \$15 for each specialist's home or office visit on an in-network basis. (Amend the following section of the VMEP: Section 6.1.2.)
  - ii. **Radiation Therapy, Chemotherapy, Electroshock Therapy and Hemodialysis.** The Company will implement a \$20 copay for radiation therapy, chemotherapy, electroshock therapy and hemodialysis provided

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in a physician's office on an in-network basis. The copay for an individual who is eligible for Medicare will be \$10 for services provided in a physician's office on an in-network basis. Radiation therapy, chemotherapy, electroshock therapy and hemodialysis performed at a hospital outpatient facility will be covered on an in-network basis at 90% of the NNF. (Amend the following sections of the VMEP: Sections 6.1.2 and 6.1.3.)

- iii. **Physical, Occupational and Speech Therapy.** The Company will implement a \$20 copay for evaluations for outpatient physical, occupational and speech therapy on an in-network basis. The copay for an individual who is eligible for Medicare will be \$10 on an in-network basis. Outpatient physical, occupational and speech therapy visits and services will be covered on an in-network basis at 90% of the NNF. (Amend the following sections of the VMEP: Sections 6.1.2 and 6.1.3.)
- iv. **Chiropractic Services.** The Company will implement a \$20 copay for services with a licensed chiropractor on an in-network basis. The copay for an individual who is eligible for Medicare will be \$10 on an in-network basis. The maximum benefit payable for covered chiropractic services will be limited to \$750 per plan year per individual, regardless of whether coverage is provided in-network or out-of-network. (Amend the following sections of the VMEP: Sections 6.1.2, 6.1.3 and 9.4.)
- v. **Home Health Care.** Home health care will be limited to 120 days per plan year, regardless of whether such care is provided in-network or out-of-network. For purposes of the 120 day per plan year benefit limitation, every five home health care visits will count as one day. (Amend the following section of the VMEP: Section 7.2.)
- vi. **Inpatient Hospital Services.** Semi-private hospital room and board will be covered on an in-network basis at 90% of the NNF. Any in-patient hospital physician's visits, newborn baby care, x-rays, diagnostic laboratory tests and other medically necessary ancillary services and supplies provided during a covered hospital confinement will be covered on an in-network basis at 90% of the NNF. (Amend the following sections of the VMEP: Sections 6.1.3, 7.1 and 9.9.)
- vii. **Maternity and Newborn Care.** The Company will implement a \$20 copay for maternity care (pre and post-natal), at the initial visit only, on an in-network basis. For an individual who is eligible for Medicare, the Company will implement a \$10 copay for maternity care (pre- and post-natal), at the initial visit only, on an in-network basis. Birthing center charges will be covered on an in-network basis at 90% of the NNF. Newborn baby care will be covered on an in-network basis at 90% of the NNF. (Amend the following sections of the VMEP: Sections 6.1.2, 6.1.3 and 9.9.)



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- viii. **Skilled Nursing Facility Services.** Care in a skilled nursing facility will be limited to 120 days per plan year, regardless of whether such care is provided in-network or out-of-network. For purposes of the 120 day per plan year benefit limitation, each day of confinement in a skilled nursing facility will count as one half day. (Amend the following section of the VMEP: Section 7.2.)
- ix. **Hospice Care.** Bereavement counseling visits will not be covered as hospice care on an in-network or out-of-network basis. However, coverage for bereavement counseling visits may be covered under the mental health care benefit provisions of the VMEP, to the extent that such visits are determined by the TPA to be a covered service or supply under the VMEP. Hospice care will be subject to a lifetime benefit limitation of 180 days, of which no more than 60 days may be for inpatient hospice care, regardless of whether such care is provided in-network or out-of-network. If the 180 day limitation is exhausted and the individual would otherwise have to be admitted to a hospital, then up to an additional 45 days of hospice care may be authorized, as determined by the TPA, to be used for either home or inpatient hospice care, provided the 60 day inpatient limit has not been exhausted. (Amend the following sections of the VMEP: Sections 2, 6.1.3, 6.3 and 11.)
- x. **Surgery and Anesthesia.**
- Inpatient surgery will be covered on an in-network basis at 90% of the NNF. (Amend the following section of the VMEP: Section 6.1.3.)
  - The Company will implement a \$20 copay for each outpatient surgery performed in a primary care physician's office and a \$25 copay for each outpatient surgery performed in a specialist's office on an in-network basis. The copay for an individual who is eligible for Medicare will be \$10 for each outpatient surgery performed in a primary care physician's office or \$15 for each outpatient surgery performed in a specialist's office on an in-network basis. Outpatient surgery performed in a facility will be covered on an in-network basis at 90% of the NNF. Precertification will be required for outpatient surgery performed on an out-of-network basis. (Amend the following sections of the VMEP: Sections 6.1.2 and 6.1.3.)
  - Anesthesia will be covered on an in-network basis at 90% of the NNF. (Amend the following section of the VMEP: Section 6.1.3.)
  - The Company will implement a \$20 copay for each second opinion provided by a primary care physician and a \$25 copay for each second opinion provided by a specialist on an in-network basis. The copay for an individual who is eligible for Medicare will be \$10 for each second opinion provided by a primary care physician or \$15 for each second

opinion provided by a specialist on an in-network basis. Second opinions will not be covered on an out-of-network basis. (Amend the following sections of the VMED: Sections 6.1.2 and 8.4.)

- xi. **Emergency Care.** The Company will implement a \$75 copay for each in-network or out-of-network visit to an emergency room. The copay for an individual who is eligible for Medicare will be \$25. However, the applicable emergency room copay will be waived if the associate or eligible dependent is admitted to the hospital. (Amend the following sections of the VMED: Sections 6.1.2 and 6.1.3.)
- xii. **Urgent Care.** The Company will implement a \$20 copay for each in-network or out-of-network visit to an urgent care facility. The copay for an individual who is eligible for Medicare will be \$10. (Amend the following section of the VMED: Section 6.1.2.)
- xiii. **Ambulance Services.** Ambulance services for emergency services will be covered on an in-network and out-of-network basis at 90% of the submitted amount. Ambulance services for non-emergency services will be covered on an in-network basis at 80% of the NNF; and, on an out-of-network basis at 80% of the MAA. (Amend the following sections of the VMED: Sections 6.1.3 and 9.1.)
- xiv. **Durable Medical Equipment and Prosthetic Devices.** Durable medical equipment (DME) and prosthetic devices will be covered on an in-network basis at 90% of the NNF. Precertification on an in-network and out-of-network basis will be required if the cost of purchase or rental of durable medical equipment, or the cost of a prosthetic device, is more than \$5,000. (Amend the following sections of the VMED: Sections 6.1.3, 9.7 and 9.18.)
- xv. **Infertility Treatment.** Advanced reproductive technologies and fertility treatments will be covered on an in-network basis at 90% of the NNF. (Amend the following sections of the VMED: Sections 6.1.3 and 9.19.)
- xvi. **Covered Mental Health/Substance Abuse Services and Supplies.** The provisions of Sections 6.3.2 and 11.5 of the VMED that set forth visit limits for mental health care and substance abuse treatment will be deleted. Mental health/substance abuse services and supplies will be covered as follows:
  - Inpatient mental health care and substance abuse treatment will be covered on an in-network basis at 90% of the NNF; and, on an out-of-network basis at 70% of the MAA after the deductible is met. (Amend the following sections of the VMED: Sections 6.3 and 11.4.)

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- The Company will implement a \$20 copay for outpatient mental health care and substance abuse treatment provided on an in-network basis. For an individual who is eligible for Medicare, the Company will implement a \$10 copay for outpatient mental health care and substance abuse treatment provided on an in-network basis. For outpatient mental health care and substance abuse treatment received on an in-network basis, the maximum charge of \$15 per week that an associate or eligible dependent pays will no longer apply. Outpatient mental health care and substance abuse treatment will be covered on an out-of-network basis at 70% of the MAA after the deductible is met. (Amend the following sections of the VMEP: Sections 6.3 and 11.4.)

xvii. **Radiology and Diagnostic Laboratory Tests.** The Company will implement a \$20 copay for outpatient radiology and diagnostic laboratory tests performed in a physician's office or at an outpatient facility on an in-network basis. The copay for an individual who is eligible for Medicare will be \$10 on an in-network basis for outpatient radiology and diagnostic laboratory tests performed in a physician's office or at an outpatient facility. (Amend the following sections of the VMEP: Sections 6.1.2 and 9.6.)

2) **Health Care PPO Benefit Changes.** The medical benefits provided to associates and their eligible dependents enrolled in the Health Care PPO Option on and after January 1, 2013 will be as described in the VMEP, with the following modifications:

- a. **Maximum Allowed Amount.** The term Reasonable and Customary Amount ("R&C") will be replaced by the term Maximum Allowed Amount ("MAA"). MAA is defined as 315% of the national Medicare schedule. (Amend the following section of the VMEP: Section 2.)
- b. **Deductible.** For associates and their eligible dependents enrolled in the Health Care PPO Option, an annual deductible will apply for covered services or supplies obtained on an in-network basis of \$400 for 2013, \$450 for 2014 and \$475 for 2015 per individual and \$1,000 for 2013, \$1,125 for 2014 and \$1,187.50 for 2015 per family. For associates and their eligible dependents enrolled in the Health Care PPO Option, an annual deductible will apply for covered services or supplies obtained on an out-of-network basis of \$650 for 2013, \$700 for 2014 and \$725 for 2015 per individual and \$1,625 for 2013, \$1,750 for 2014 and \$1,812.50 for 2015 per family. Expenses that apply towards the deductible are aggregated between in-network and out-of-network expenses to reach the applicable deductible. The family annual deductible is satisfied when any combination of individual family member deductibles equals the applicable family annual deductible within a calendar year; however, an enrolled associate or eligible dependent will never satisfy more than his or her own individual amount. (Amend the following section of the VMEP: Section 6.2.1.)

- c. **Out-of-Pocket Maximum.** The out-of-pocket expense maximum applicable to covered services or supplies obtained on an in-network basis under the Health Care PPO Option during any calendar year will be \$1,050 for 2013, \$1,100 for 2014, and \$1,150 for 2015 per individual and \$2,625 for 2013, \$2,750 for 2014 and \$2,875 for 2015 per family. The out-of-pocket expense maximum applicable to covered services or supplies obtained on an out-of-network basis under the Health Care PPO Option during any calendar year will be \$2,000 for each of 2013 and 2014 and \$2,050 for 2015 per individual and \$5,000 for each of 2013 and 2014 and \$5,125 for 2015 per family. Expenses that apply towards the out-of-pocket maximum are aggregated between in-network and out-of-network expenses to reach the applicable out-of-pocket maximum. The family annual out-of-pocket maximums can be satisfied by any combination of family members within a calendar year; however, an enrolled associate or eligible dependent will never satisfy more than his or her own individual amount. Amounts paid towards the deductible will apply towards the annual out-of-pocket expense maximum. (Amend the following section of the VMEP: Section 6.2.3.)
- d. **Preventive Care Services.** Routine adult physical exams and routine well-baby and well-child care (pediatric exams) will be covered on an out-of-network basis at 100% of the MAA not subject to the deductible. In-network preventive care services will be covered according to the coverage, age, and frequency provisions of the Affordable Care Act. While not legally applicable to out-of-network services, out-of-network services will be covered according to the coverage, age, and frequency provisions applicable to in-network preventive care benefits under the Affordable Care Act. (Amend the following sections of the VMEP: Sections 6.2 and 9.16.)
- e. **Covered Medical Services and Supplies.**
- i. **Physicians' Services.** The Company will implement a \$20 copay for each physician's home or office visit on an in-network basis. For an individual who is eligible for Medicare, the copay will be \$10 on an in-network basis. Physician's office and home visits will be covered on an out-of-network basis at 70% of the MAA after the deductible is met. (Amend the following sections of the VMEP: Sections 6.2 and 6.2.2.)
  - ii. **Radiation Therapy, Chemotherapy, Electroshock Therapy and Hemodialysis.** The Company will implement a \$20 copay for radiation therapy, chemotherapy, electroshock therapy and hemodialysis provided in a physician's office on an in-network basis. For an individual who is eligible for Medicare, the copay will be \$10 on an in-network basis. Radiation therapy, chemotherapy, electroshock therapy and hemodialysis provided at a hospital outpatient facility will be covered on an in-network basis at 90% of the NNF after the deductible is met. Radiation therapy, chemotherapy, electroshock therapy and hemodialysis provided in a physician's office or performed at a hospital outpatient facility will be covered on an out-of-network basis at 70% of the MAA after the



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deductible is met. (Amend the following sections of the VMED: Sections 6.2, 6.2.2 and 9.20.)

- iii. **Physical, Occupational and Speech Therapy.** Outpatient physical, occupational and speech therapy will be covered on an out-of-network basis at 70% of the MAA after the deductible is met. (Amend the following sections of the VMED: Sections 6.2, 6.2.2 and 9.13.)
- iv. **Chiropractic Services.** The Company will implement a \$20 copay for services with a licensed chiropractor on an out-of-network basis. The maximum benefit payable for services with a licensed chiropractor will be limited to \$92 per visit on an out-of-network basis. In addition to an associate's responsibility for the copay, an associate will be responsible for the cost of the visit, if any, in excess of \$92. Chiropractic services will be subject to an aggregate limit of 60 visits per plan year regardless of whether coverage is provided in-network or out-of-network (chiropractic service visits will not exceed 1 visit per day). (Amend the following sections of the VMED: Sections 6.2, 6.2.2 and 9.4.)
- v. **Home Health Care.** Home health care will be covered on an out-of-network basis at 70% of the MAA after the deductible is met. (Amend the following sections of the VMED: Sections 6.2.2 and 7.2.)
- vi. **Inpatient Hospital Services.** Semi-private hospital room and board will be covered on an in-network basis at 90% of the NNF and on an out-of-network basis at 70% of the MAA, in each case, after the deductible is met. Any in-patient hospital physician's visits, newborn baby care, x-rays, diagnostic laboratory tests and other medically necessary ancillary services and supplies provided during a covered hospital confinement will be covered on an in-network basis at 90% of the NNF and on an out-of-network basis at 70% of the MAA, in each case, after the deductible is met. (Amend the following sections of the VMED: Sections 6.2, 6.2.2, 7.1 and 9.9.)
- vii. **Maternity and Newborn Care.** The Company will implement a \$20 copay for maternity care (pre and post-natal), at the initial visit only, on an in-network basis. The copay for an individual who is eligible for Medicare will be \$10, at the initial visit only, on an in-network basis. Maternity care (pre- and post-natal) will be covered on an out-of-network basis at 70% of the MAA after the deductible is met. Birthing center charges will be covered on an in-network basis at 90% of the NNF and on an out-of-network basis at 70% of the MAA, in each case, after the deductible is met. Newborn baby care will be covered on an in-network basis at 90% of the NNF and on an out-of-network basis at 70% of the MAA, in each case, after the deductible is met. (Amend the following sections of the VMED: Sections 6.2, 6.2.2 and 9.9.)

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- viii. **Skilled Nursing Facility Services.** Care in a skilled nursing facility will be covered on an out-of-network basis at 70% of the MAA after the deductible is met. (Amend the following sections of the VMEP: Sections 6.2.2 and 7.2.)
- ix. **Hospice Care.** Hospice care will be covered on an out-of-network basis at 70% of the MAA after the deductible is met. Bereavement counseling visits will not be covered as hospice care on an in-network or out-of-network basis. However, coverage for bereavement counseling visits may be covered under the mental health care benefit provisions of the VMEP, to the extent that such visits are determined by the TPA to be a covered service or supply under the VMEP. (Amend the following sections of the VMEP: Sections 2, 6.2.2 and 9.11.)
- x. **Surgery and Anesthesia.**
- Inpatient surgery will be covered on an in-network basis at 90% of the NNF and on an out-of-network basis at 70% of the MAA, in each case, after the deductible is met. (Amend the following section of the VMEP: Section 6.2.2.)
  - The Company will implement a \$20 copay for outpatient surgery performed in a physician's office on an in-network basis. The copay for an individual who is eligible for Medicare will be \$10 on an in-network basis. Outpatient surgery performed in a facility will be covered on an in-network basis at 90% of the NNF after the deductible is met. Outpatient surgery performed in a physician's office or in a facility will be covered on an out-of-network basis at 70% of the MAA after the deductible is met. (Amend the following sections of the VMEP: Sections 6.2.2 and 8.5.)
  - Anesthesia will be covered on an in-network basis at 90% of the NNF and on an out-of-network basis at 70% of the MAA, in each case, after the deductible is met. (Amend the following sections of the VMEP: Sections 6.2.2 and 8.5.)
  - The Company will implement a \$20 copay for second opinions on an in-network basis. The copay for an individual who is eligible for Medicare will be \$10. Second opinions will be covered on an out-of-network basis at 70% of the MAA after the deductible is met. (Amend the following sections of the VMEP: Sections 6.2, 6.2.2 and 8.4.)
- xi. **Emergency Care.** The Company will implement a \$75 copay for each in-network or out-of-network visit to an emergency room. The copay for an individual who is eligible for Medicare will be \$25. However, the applicable emergency room copay will be waived if the associate or

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eligible dependent is admitted to the hospital. (Amend the following section of the VMEP: Section 6.2.)

- xii. **Urgent Care.** The Company will implement a \$20 copay for each in-network or out-of-network visit to an urgent care facility. The copay for an individual who is eligible for Medicare will be \$10. (Amend the following section of the VMEP: Section 6.2.)
- xiii. **Ambulance Services.** Ambulance services for emergency services will be covered on an in-network basis and out-of-network basis at 90% of the submitted amount, in each case, after the deductible is met. Ambulance services will be covered for non-emergency services on an in-network basis at 70% of the NNF and on an out-of-network basis at 70% of the MAA, in each case, after the deductible is met. (Amend the following sections of the VMEP: Sections 6.2.2 and 9.1.)
- xiv. **Durable Medical Equipment and Prosthetic Devices.** Durable medical equipment (DME) and prosthetic devices will be covered on an in-network basis at 80% of the NNF and on an out-of-network basis at 70% of the MAA, in each case, after the deductible is met. Precertification on an in-network and out-of-network basis will be required if the cost of purchase or rental of durable medical equipment, or the cost of a prosthetic device, is more than \$5,000. (Amend the following sections of the VMEP: Sections 6.2.2, 9.7 and 9.18.)
- xv. **Infertility Treatment.** Advanced reproductive technologies and fertility treatments will be covered on an in-network basis at 90% of the NNF and on an out-of-network basis at 70% of the MAA, in each case, after the deductible is met. (Amend the following sections of the VMEP: Sections 6.2.2 and 9.19.)
- xvi. **Covered Mental Health/Substance Abuse Services and Supplies.** The provisions of Sections 6.2.2 and 9.11 of the VMEP that set forth visit limits for mental health care and substance abuse treatment will be deleted. Mental health/substance abuse services and supplies will be covered as follows:
  - Inpatient mental health care and substance abuse treatment will be covered on an in-network basis at 90% of the NNF and on an out-of-network basis at 70% of the MAA, in each case, after the deductible is met. (Amend the following sections of the VMEP: Sections 6.2.2 and 9.11.)
  - The Company will implement a \$20 copay for outpatient mental health care and substance abuse treatment on an in-network basis. The copay for an individual who is eligible for Medicare will be \$10 on an in-network basis. Outpatient mental health care and substance abuse

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treatment will be covered on an out-of-network basis at 70% of the MAA after the deductible is met. (Amend the following sections of the VMEP: Sections 6.2, 6.2.2 and 9.11.)

- xvii. **Radiology and Diagnostic Laboratory Tests.** The Company will implement a \$20 copay for outpatient radiology and diagnostic laboratory tests on an in-network basis. The applicable copay for an individual who is eligible for Medicare will be \$10 on an in-network basis. Outpatient radiology and diagnostic laboratory tests will be covered on an out-of-network basis at 70% of the MAA after the deductible is met. (Amend the following sections of the VMEP: Sections 6.2, 6.2.2, 8.5 and 9.6.)
- 3) **EPO.** (Amend the following section of the Verizon Alternate Choice Plan for New York and New England Associates: Section 4.)
- a. Effective as of the Effective Date, no new associates may be enrolled in the National EPO NYNE (the "EPO Option"). An associate who is enrolled in the EPO Option on the Effective Date will continue to be covered under the EPO Option provided that such associate remains continuously eligible for the Verizon Alternate Choice Plan and VMEP and enrolled in the EPO Option. If an associate changes medical options and is no longer enrolled in the EPO Option, the EPO Option will no longer be available to the associate and his or her eligible dependent(s).
- b. Coinsurance and deductible(s) applicable to the EPO Option will not change during the term of this 2012 MOU.
- c. **Copays**
- i. Copay for an office visit to a primary care provider (including OB-GYN) will be no greater than \$20.
- ii. Copay for a specialist office visit will be no greater than \$25.
- iii. Copay for an emergency room visit will be no greater than \$75.
- iv. Copay for inpatient hospital admissions will be no greater than the copay on the Effective Date of this 2012 MOU.
- d. The remaining terms of the Non-Board Settlement Agreement dated April 8, 2011 between the Company and the Communications Workers of America, AFL-CIO ("CWA") in NLRB Case No. 2-CA-39506, will remain in full force and effect, including that the Prescription Drug Benefit Changes outlined in Section VIII.2.B.5 of this 2012 MOU shall apply to the EPO Option.
- 4) **HMO Options.** (Amend the following section of the Verizon Alternate Choice Plan for New York and New England Associates: Section 4.1.) The:



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- a. Copay for an office visit to a primary care provider (including OB-GYN) will be no greater than \$20.
  - b. Copay for a specialist office visit will be no greater than \$25.
  - c. Copay for an emergency room visit will be no greater than \$75.
  - d. Copay for inpatient hospital admissions will be no greater than the copay applicable to the respective HMO Options on the Effective Date of this 2012 MOU.
  - e. Coinsurance and deductible(s) applicable to the respective HMO Options will not change during the term of this 2012 MOU.
- 5) **Prescription Drug Benefit Changes Applicable to Associates and Eligible Dependents.** The prescription drug coverage currently offered to associates and eligible dependents will be amended by the provisions outlined in Section VIII.2.B.5 of this 2012 MOU. (Amend the following sections of the VMEP: Sections 6.4.1, 6.4.2, 6.4.3, 12.4 and 12.5.)
- a. **Out-of-Pocket Maximum.** The provisions of Section 6.4.3 of the VMEP that set forth the \$400 annual out-of-pocket expense maximum under the Health Care PPO Option for pharmacy prescription drug coverage will be eliminated. An annual out-of-pocket expense maximum under the Health Care PPO Option will apply to prescription drugs purchased at mail order pharmacies of \$600 for 2013, \$700 for 2014, and for 2015 and each calendar year thereafter, the annual out-of-pocket expense maximum will increase by 6% when compared to the annual out-of-pocket expense maximum for the prior year. Any expenses incurred as a result of the provisions of Section VIII.2.B.5)(d) regarding a member paying the difference between the cost of a brand name and a generic drug when a generic equivalent is available will not count toward the out-of-pocket maximum.
  - b. **In-Network Pharmacies.** The following prescription drug coverage will apply for prescription drugs purchased at in-network pharmacies for up to a 30-day supply:
    - The copay for generic drugs will be the Discounted Network Price ("DNP") for the original prescription and each refill, with a maximum copay of \$8 for each of 2013 and 2014 and \$9 for 2015.
    - The copay for single-source and multi-source brand name drugs will be 30% of the DNP for the original prescription and each refill, with a maximum copay of \$25 for each of 2013 and 2014, and for 2015 and each calendar year thereafter, the maximum copay will increase by 6% when compared with the maximum copay for the prior Plan Year.
    - If an associate purchases a brand name drug when a generic equivalent is available, the associate will pay an amount equal to (a) the DNP, up to a

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maximum of \$8 for each of 2013 and 2014, or \$9 for 2015, plus (b) 100% of the cost difference between the brand name and generic drug, and the fixed dollar maximum copays described above will not apply. If the associate's treating physician certifies that the associate is medically unable to take the generic medication and such exception is approved by the TPA's procedures for approval of treatment or services, then the single source and multi-source coverage will apply.

- Once an associate has obtained three fills of the prescription from an in-network pharmacy (i.e., the initial prescription plus two refills), then the associate must use the mail order pharmacy to obtain subsequent refills of long-term prescription medications. If an associate does not use the mail order pharmacy to obtain such subsequent refills of a long-term prescription medication, an associate will be responsible for 50% of the DNP cost for subsequent refills of a long-term prescription medication. The fixed dollar maximum copays described above will not apply.
- c. **Out-of-Network Pharmacies.** For out-of-network pharmacies, an associate will pay 100% of the cost difference between the retail cost and the DNP. In addition, an associate will pay a percentage of the DNP, as provided below. After the \$50 per person out-of-network annual deductible is met, the following prescription drug coverage will apply for prescription drugs purchased at out-of-network pharmacies for up to a 30-day supply:
- The copay for generic drugs will be 30% of the DNP for the original prescription and each refill.
  - The copay for single-source and multi-source brand name drugs will be 40% of the DNP for the original prescription and each refill.
  - If an associate purchases a brand name drug when a generic equivalent is available, the associate will pay 30% of the DNP plus 100% of the cost difference between the brand name and generic drug, unless the associate's treating physician certifies that the associate is medically unable to take the generic medication and such exception is approved by the TPA's procedures for approval of treatment or services.
  - Once an associate has obtained three fills of the prescription from an out-of-network pharmacy (i.e., the initial prescription plus two refills), then the associate must use the mail order pharmacy to obtain subsequent refills of long-term prescription medications. If an associate does not use the mail order pharmacy to obtain such subsequent refills of a long-term prescription medication, an associate will be responsible for 50% of the DNP cost for subsequent refills of a long-term prescription medication.
- d. **Mail Order Pharmacy.** The prescription drug coverage for mail order drugs will be as follows for up to a 90-day supply:

- The copay for generic drugs will be the DNP for the original prescription and each refill, with a maximum copay of \$16 for each of 2013 and 2014, and \$18 for 2015.
  - The copay for single-source and multi-source brand name drugs will be 30% of the DNP for the original prescription and each refill, with a maximum copay of \$50 for each of 2013 and 2014, and for 2015 and each calendar year thereafter, the maximum copay will increase by 6% when compared with the maximum copay for the prior Plan Year.
  - If an associate purchases a brand name drug when a generic equivalent is available, the associate will pay an amount equal to (a) the DNP, up to a maximum of \$16 for each of 2013 and 2014, or \$18 for 2015, plus (b) 100% of the cost difference between the brand name and generic drug, and the fixed dollar maximum copays described above will not apply. If the associate's treating physician certifies that the associate is medically unable to take the generic medication and such exception is approved by the TPA's procedures for approval of treatment or services, then the single source and multi-source coverage will apply.
- e. **Over-the-Counter Medication.** Over-the-Counter medication will not be covered by the VMEP unless required by law.
- 6) **Cost-Containment Features; Health Management Program.** In addition to the cost-containment and health management programs set forth in Section 10 of the VMEP, the Company may provide associates and eligible dependents with an additional health management program, pursuant to which the Company may, from time to time, offer and implement health management and educational programs and initiatives that address effective health care utilization, health conditions, disease management and patient safety. The health management program may include the following programs that help manage health as set forth below. The Company will retain the discretion to add, eliminate and make changes to the programs offered from time to time in consultation with the TPA. The TPA will be Anthem. (Amend the following section of the VMEP: Section 10.)
- a. **Inpatient care advocacy (Voluntary Participation).** If an associate or eligible dependent is hospitalized, the TPA works with the associate or eligible dependent's physician to make sure that he or she is getting the care needed and that the physician's treatment plan is being carried out effectively.
  - b. **Readmission management (Voluntary Participation).** This program serves as a bridge between the hospital and home if an associate or eligible dependent is at high risk of being readmitted.
  - c. **Risk management (Voluntary Participation).** If an associate or eligible dependent has certain chronic or complex conditions, this program addresses such health



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care needs by providing access to medical specialists, medication information and coordination of equipment and supplies.

- d. Disease management (Voluntary Participation). The TPA offers support for a wide variety of medical conditions. If an associate or eligible dependent has been diagnosed or is at high risk for the following, the TPA will provide guidance about the associate or eligible dependent's condition at no additional cost: asthma, cancer, COPD, congestive heart failure, coronary artery disease, depression, diabetes, low back pain, musculoskeletal conditions and vascular at risk.
  - e. Behavioral health support (Voluntary Participation).
  - f. Maternity support (Voluntary Participation).
- 7) **Contributions for Medical Coverage.** Starting on November 1, 2012 and for each month thereafter, an associate who enrolls in the HCN Option, Health Care PPO Option, or any other option offered by the Company under the VMEP, including any one or more benefits options provided pursuant to any HMO Options or the EPO Option described in the VMEP ("Other Medical Option"), will pay a monthly contribution on a before-tax basis towards the cost of coverage for the medical coverage category elected by such associate ("Monthly Employee Contribution"). The Monthly Employee Contribution for the HCN Option and the Health Care PPO Option is set forth below. With respect to the Monthly Employee Contribution for any Other Medical Option offered by the Company under the VMEP, the Monthly Employee Contribution for the medical coverage category elected by such associate under such Other Medical Option may vary by option but will be no greater than the Monthly Employee Contribution for the Other Medical Option category as set forth below, which is 150% of the Monthly Employee Contribution of the HCN Option and Health Care PPO Option. All associates and eligible dependents who participate in the VMEP and contribute on a before-tax basis will be subject to the mid-year change rules applicable to Internal Revenue Code section 125 cafeteria plans. With respect to the Monthly Employee Contributions in 2013, 2014 and 2015, an associate will be eligible for the non-tobacco user contribution rates (set forth below) for medical coverage if such associate and his or her covered dependents do not use tobacco products or satisfy a reasonable alternative standard as determined by the Company (e.g., complete an annual smoking cessation program). An associate will also be eligible to receive an annual credit of \$100 in 2013, 2014 and 2015, prorated on a pay-period basis toward the associate's contribution for healthcare if an associate completes a health risk assessment provided by the Company. For 2012 only, the Monthly Employee Contribution will be the same rate for all options, regardless of whether the associate is a tobacco user, and there will be no health risk assessment credit. The Monthly Employee Contributions that appear in the charts below for 2013, 2014 and 2015 will be annualized, will reflect an additional \$.04 on an annual basis, and will apply and be prorated on a pay-period basis.

Prior to November 1, 2012, the Company will offer associates an enrollment opportunity for the coverage period remaining in the 2012 Plan Year (i.e., November

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1, 2012 through December 31, 2012). Effective November 1, 2012, the Monthly Employee Contribution required by associates will commence and be as specified below for the 2012 Plan Year:

Coverage Category Elected	Monthly Employee Contribution
Employee Only	\$30
Employee + Family	\$60

Effective January 1, 2013, the Monthly Employee Contribution required by associates will be:

Coverage Category Elected	Health Care PPO Option Monthly Employee Contribution (Tobacco User Rate)	Health Care PPO Option Monthly Employee Contribution (Non-Tobacco User Rate)	HCN Option Monthly Employee Contribution (Tobacco User Rate)	HCN Option Monthly Employee Contribution (Non-Tobacco User Rate)	Other Medical Option Monthly Employee Contribution (Tobacco User Rate) – Up to a maximum of the amounts below	Other Medical Option Monthly Employee Contribution (Non-Tobacco User Rate) – Up to a maximum of the amounts below
Employee Only	\$103.33	\$53.33	\$103.33	\$53.33	\$125.83	\$75.83
Employee + Family	\$148.33	\$98.33	\$148.33	\$98.33	\$193.33	\$143.33

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Effective January 1, 2014, the Monthly Employee Contribution required by associates will be:

Coverage Category Elected	Health Care PPO Option Monthly Employee Contribution (Tobacco User Rate)	Health Care PPO Option Monthly Employee Contribution (Non-Tobacco User Rate)	HCN Option Monthly Employee Contribution (Tobacco User Rate)	HCN Option Monthly Employee Contribution (Non-Tobacco User Rate)	Other Medical Option Monthly Employee Contribution (Tobacco User Rate) – Up to a maximum of the amounts below	Other Medical Option Monthly Employee Contribution (Non-Tobacco User Rate) – Up to a maximum of the amounts below
Employee Only	\$108.33	\$58.33	\$108.33	\$58.33	\$133.33	\$83.33
Employee + Family	\$158.33	\$108.33	\$158.33	\$108.33	\$208.33	\$158.33

Effective January 1, 2015, the Monthly Employee Contribution required by associates will be:

Coverage Category Elected	Health Care PPO Option Monthly Employee Contribution (Tobacco User Rate)	Health Care PPO Option Monthly Employee Contribution (Non-Tobacco User Rate)	HCN Option Monthly Employee Contribution (Tobacco User Rate)	HCN Option Monthly Employee Contribution (Non-Tobacco User Rate)	Other Medical Option Monthly Employee Contribution (Tobacco User Rate) – Up to a maximum of the amounts below	Other Medical Option Monthly Employee Contribution (Non-Tobacco User Rate) – Up to a maximum of the amounts below
Employee Only	\$113.33	\$63.33	\$113.33	\$63.33	\$140.83	\$90.83
Employee + Family	\$168.33	\$118.33	\$168.33	\$118.33	\$223.33	\$173.33

(Amend the following sections of the VMEP: Sections 3 and 5.)



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**C. Modification of Individualized Enrollment Process.**

The individualized enrollment process will be amended to provide that an associate will only be permitted to enroll in and/or modify the associate's health care benefit coverage elections on a plan year (calendar year) basis, and as permitted under the change in status rules under Section 125 of the Internal Revenue Code, or as otherwise required by law.

**3. HEALTH REIMBURSEMENT ACCOUNT**

A. Effective January 1, 2013, the Company will establish a Health Reimbursement Account (HRA), within the meaning of IRS Notice 2002-45 and related guidance, on behalf of each "Full-Time Employee" (as such term is defined in the VMEP) and each "Part-Time Employee" (as such term is defined in the VMEP) who is working at least 17 hours per week, in each case who has at least 3 months of net credited service and who is eligible for the VMEP. During the 2013 plan year, the Company will allocate a credit of \$850 to each HRA for eligible "Full-Time Employees" as of January 1, 2013 and a credit of \$425 to each HRA for eligible "Part-Time Employees" who are working at least 17 hours per week as of January 1, 2013, to reimburse otherwise unreimbursed eligible medical expenses (as defined in IRC section 213(d)) for the associate and his or her eligible IRS tax dependents, provided that the HRA may not be used to reimburse the associate for any premium or contribution under the VMEP or otherwise, including any Monthly Employee Contributions. An associate who is hired after January 1, 2013 will not be eligible for an HRA for the 2013 calendar year.

B. To the extent there is a positive balance in an associate's HRA after the 2013 plan year, the associate may continue to incur and receive reimbursement from the HRA until the balance in such notional account is zero.

C. If the associate terminates employment for any reason other than Retirement (as defined under the Pension Plan), claims incurred after the date of termination will not be eligible for reimbursement. Claims incurred before termination but not paid shall be eligible for reimbursement for three months following the date of termination. Any remaining balance after the run off period will be forfeited, unless the associate elects continued coverage under COBRA.

D. Upon the death of an associate, the remaining balance of his or her HRA account shall be used to reimburse claims incurred before the associate's death for eligible medical expenses of the associate or his or her IRS tax dependents. Claims incurred before the associate's death but not paid shall be eligible for reimbursement for three months following the date of death. Any remaining balance after the run off period will be forfeited, unless the surviving IRS tax dependent elects continued coverage under COBRA. In the event an associate is on a leave of absence, he or she shall continue to be eligible for credits to and reimbursements from the HRA in the same manner as an eligible associate who is not on a leave of absence.

E. The Company will have the sole and exclusive right to determine and implement applicable administrative details with respect to the HRAs, which include, without limitation claims processing procedures, communications, and establishment of applicable COBRA rates.

The HRAs will be established and operated in accordance with IRS guidance and applicable law.

#### 4. **RETIREE HEALTH AND WELFARE BENEFITS AND PRESCRIPTION DRUG COVERAGE CHANGES**

Any changes to the health care benefits and prescription drug coverage provided to active employees as set forth in Section 2 above will also be made, effective January 1, 2013, to the health care benefits and prescription drug coverage provided to eligible retirees who retired after August 9, 1986 ("Covered Retiree") and the applicable retiree health care plans will be amended in the same manner as those provisions are amended for active employees pursuant to Section 2 above. Any future changes to health care benefits and prescription drug coverage provided to Covered Retirees will be negotiated with the Union in the same manner as that for active employees and future retirees.

A. **Changes to Deductible.** Notwithstanding the foregoing, the deductible provisions for the Health Care PPO Option set forth in Section VIII.2.B.2)b. of the 2012 MOU shall not apply to Covered Retirees who retire prior to January 1, 2013. The deductible for such Covered Retirees and their eligible dependents enrolled in the Health Care PPO Option shall remain as currently provided in the VMEP. Covered Retirees enrolled in the Health Care PPO Option who retire on or after January 1, 2013 will be subject to the deductibles set forth in Section VIII.2.B.2)b. of this 2012 MOU during the term of the 2012 MOU and will thereafter be subject to the same increase in deductibles as active associates on a going forward basis.

#### B. **Prescription Drug Coverage for Medicare Beneficiaries.**

1) Notwithstanding the foregoing, effective as of January 1, 2013, Medicare-eligible Covered Retirees and dependents will participate in the Verizon sponsored Medicare Part D plan. While the prescription drug coverage outlined by Section VIII.2.B.5) of this 2012 MOU will apply to Medicare-eligible Covered Retirees and dependents, the Company will be required to comply with legal requirements applicable to Medicare Part D prescription drug plans, such as Covered Retirees will be eligible for three (3) 30-day supplies of covered medication per visit at retail (even though Section VIII.2.B.5) of this 2012 MOU only allows for up to one 30-day supply per visit at retail), and the provisions of Sections VIII.2.B.5)(b), (c) and (d) regarding a member paying the difference between the cost of a brand-name and a generic drug when a generic equivalent is available will not apply to Medicare-eligible Covered Retirees.

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2) Notwithstanding the provisions of Sections VIII.2.B.5)(b), (c) and (d) regarding the copayment amount for multi-source brand name prescription drugs, the copay for Medicare-eligible Covered Retirees for multi-source brand name drugs will be as follows:

- a. The copay for in-network retail pharmacies will be 40% of the DNP for the original prescription and each refill, with a maximum copay of \$30.
- b. The copay for mail order pharmacies will be 40% of the DNP for the original prescription and each refill, with a maximum copay of \$60.
- c. The copay for out-of-network retail pharmacies will be 50% of the DNP for the original prescription and each refill.

C. **EPO Enrollment Provisions.** Effective on the Effective Date, no new Covered Retirees may be enrolled in the EPO Option. A Covered Retiree who is enrolled in the EPO Option on the Effective Date will continue to be covered under the EPO Option provided that such Covered Retiree remains continuously eligible for the Verizon Alternate Choice Plan and VMEP and enrolled in the EPO Option. If a Covered Retiree changes medical options and is no longer enrolled in the EPO Option, the EPO Option will no longer be available to the Covered Retiree and his or her eligible dependents. If an associate is enrolled in the EPO Option at the time of retirement and is eligible for retiree medical coverage under the VMEP, the Covered Retiree and/or his or her eligible dependent(s) may remain continuously enrolled in the EPO Option provided that such individuals remain continuously eligible for the Verizon Alternate Choice Plan and VMEP and enrolled in the EPO Option and are not Medicare-eligible.

D. **HMO Option.** To the extent that the Company determines to offer or retain any particular HMO at any time the following shall apply:

1) After the enrollment opportunity for 2012, if an associate is enrolled in an HMO Option at the time of retirement, the Covered Retiree and/or his or her eligible dependents can remain continuously enrolled in the HMO as long as the HMO is offered to Covered Retirees provided that such individuals remain continuously eligible for the Verizon Alternate Choice Plan and VMEP and enrolled in the HMO and are not Medicare-eligible. After the enrollment opportunity for 2012, if an associate is not enrolled in an HMO Option when the associate retires, the Covered Retiree cannot enroll in an HMO Option as a Covered Retiree. Notwithstanding the foregoing, the Company may provide Medicare-eligible retirees the opportunity to enroll in certain HMOs.

2) HMOs that cover Medicare-eligible retirees that require governmental approval will not be subject to the limitation on copays set forth in Section VIII.2.B.4)(a), (b) and (c) of the 2012 MOU.

E. **Changes to Contributions.**

1) **Retirees with Net Credited Service Date On or After August 3, 2008.** Any associate whose Net Credited Service date, as defined in the Pension Plan, is on or

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after August 3, 2008 and who otherwise did not qualify for any Company-subsidized retiree medical coverage upon his or her initial employment termination, will continue to be subject to the "New Hire" contribution requirements outlined in Section VII.3.C. of the 2008 MOU, as modified by this paragraph 1). Any such New Hire will receive upon retirement an annual benefit for medical coverage, for the rest of his or her life, of \$480 for each year of Net Credited Service which the New Hire completes that commences on or after August 3, 2008 (up to a maximum of 30 years net credited service). All other provisions of Section VII.3.C of the 2008 MOU will remain unchanged.

2) **Retirees with Net Credited Service Date Before August 3, 2008 and who Retired After January 1, 1992.** Any Covered Retiree with a Net Credited Service Date, as defined in the Pension Plan, before August 3, 2008 and who retired after January 1, 1992 will be required to contribute to obtain retiree medical coverage. The minimum contribution for retiree medical coverage will be required on an after-tax basis.

a. **Contributions for Retiree Medical Coverage.**

(i) Such Covered Retiree who enrolls in any Option under the VMEP other than the HCN Option or the Health Care PPO Option, such as an HMO option or the EPO Option ("Other Medical Option") will pay a monthly contribution, on an after-tax basis, towards the cost of coverage for the medical coverage category elected by such Covered Retiree. These contributions will commence on January 1, 2013. The monthly contribution rate for such Other Medical Option may vary by option but will be no greater than the monthly contribution rate for the applicable Plan Year set forth below; provided that the monthly contribution rate for Medicare-eligible Covered Retirees will be no greater than 50% of such rates:

	2013	2014	2015
Retiree Only	\$67.50	\$75	\$82.50
Retiree + 1	\$105	\$115	\$125
Retiree + Family	\$135	\$150	\$165

(ii) Starting on January 1, 2013 and for each month thereafter, each such Covered Retiree who retires on or after January 1, 2013 and who enrolls in the HCN Option or the Health Care PPO Option will pay a monthly contribution, on an after-tax basis, towards the cost of coverage for the medical coverage category elected by such Covered Retiree ("Retiree Monthly Contribution"), as specifically provided below. Each such Covered Retiree who retires prior to January 1, 2013 and who enrolls in the HCN Option or the Health Care PPO Option will not be required to pay a Retiree Monthly Contribution toward the cost of coverage.

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(A) Effective January 1, 2013, the Retiree Monthly Contribution for Plan Years 2013 and 2014 shall be as follows:

	Pre-Medicare Retiree Monthly Contribution	Medicare-Eligible Retiree Monthly Contribution
Retiree Only	\$35	\$17.50
Retiree + 1	\$60	\$30
Retiree + Family	\$60	\$30

(B) For each Plan Year beginning on and after January 1, 2015, the Retiree Monthly Contribution for such Plan Year will increase by 6% when compared with the applicable Retiree Monthly Contribution for the previous Plan Year for each coverage category available to a Covered Retiree. For example, a Medicare-eligible Covered Retiree enrolled in the Health Care PPO Option who retires after January 1, 2013 will pay a Monthly Contribution in 2015 of \$18.55 (\$17.50 + 6%) for Retiree Only coverage for the 2015 Plan Year and will pay a Monthly Contribution in 2016 of \$19.66 (\$18.55 + 6%) for the 2016 Plan Year.

**b. Calculation of Annual Contribution.**

(i) The minimum contribution requirements for retiree medical coverage set forth in paragraph (a) of this Section VIII.4.E.2 will apply annually with monthly contributions.

(ii) For Plan Years 2012, 2013, 2014 and 2015, each such Covered Retiree will only be required to pay the monthly contribution amount relating to each Plan Year pursuant to paragraph (a) above, as applicable, and shall not be required to pay the excess, if any, of the cost of retiree medical coverage for the coverage category elected by such Covered Retiree over the Company's annual contribution limits set forth in Section VII.3.B of the 2008 MOU.

(iii) For Plan Years beginning on and after January 1, 2016, the Company's annual contribution toward the cost of coverage for the coverage category and medical option elected by a Covered Retiree shall be capped at the greater of (A) the Company's annual contribution limits set forth in Section VII.3.B of the 2008 MOU or (B) the COBRA contribution rate established in December 2014 for the 2015 Plan Year for pre-Medicare and Medicare-eligible retirees, as applicable, for the Health Care PPO Option, HCN Option, or for any Other Medical Option, an amount no greater than the COBRA contribution rate established for the HCN Option (the "2016 Company Contribution Cap"). Each such Covered Retiree's annual contribution toward the cost of retiree medical coverage (such amount to be paid by the Covered Retiree on a monthly basis) for each Plan Year beginning on and after January 1, 2016 will be equal to the greater of (1) the excess, if any, of the cost of coverage for the coverage category and medical option elected by such Covered Retiree for such Plan Year over the 2016 Company Contribution

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Cap, or (2) the annual contribution amount(s) for such Plan Year, calculated based on the monthly contribution amounts set forth in paragraph (a) above for retiree medical coverage.

#### **IX. LIFE INSURANCE VEB RESERVES**

The Companies will have discretion to utilize the assets of the NYNEX Corporation Non-Management Employees' Benefits Trust that currently funds the retiree life insurance benefit under Verizon Plan 501, to also fund medical and dental claims for retirees under Verizon Plan 576 (the Verizon Post-1995 Collectively Bargained Retiree Health Plan (Post-1992 Retirees)), and will have discretion to merge Verizon Plan 501 and Verizon Plan 576.

#### **X. SHARING OF CALLS AMONG CENTERS**

1. The Companies may implement and expand upon call routing capabilities allowing for the routine transfer and/or routing of calls between and among centers in any location performing like functions, on a next available agent, balanced load or any other basis determined by the Companies, consistent with the terms of this Article X – Sharing of Calls Among Centers. For example, a routine routing of a call between Customer Sales and Service Centers (“CSSCs”) is between centers performing like functions. A routine routing of a call from an Enhanced Verizon Resolution Center (“EVRC”) to a Fiber Solutions Center (“FSC”) is another example of a routing between centers performing like functions, as is a routine routing of a call from an FSC to an EVRC if qualified employees are available at the EVRC to handle the call. On the other hand, a routing of a call from a CSSC to a Business Sales and Billing Center (“BSBC”) is not an example of a routing between centers performing like functions.

2. The centers (“Centers”) subject to this Article X – Sharing of Calls Among Centers include: CSSCs, BSBCs, FSCs, EVRCs, Multilingual Sales and Service Centers



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("MSSCs") and any other or future center designed to combine or integrate the work of these existing Centers.

3. Except as provided in this provision, there will be no limitations, geographic or otherwise, on the Companies' right to transfer and route calls between and among the Centers, contractor locations and/or individuals working at home, performing like functions. Such calls (other than HSI technical support as described below) subject to this 2012 MOU shall first be routed to available union-represented employees at like-function call centers located in the state in which the calls originate. If no union-represented employees at like-function call centers located in the state in which the calls originate are available to handle calls, the calls will be routed to other union-represented employees in the Northeast. If no union-represented employees in the Northeast are available to handle calls, the calls will be routed to union-represented employees in Mid-Atlantic (except the Pennsylvania EVRC). If no union-represented employees in Mid-Atlantic are available to handle calls, the calls will be routed to union-represented employees in the United States in a call center outside of the Northeast or Mid-Atlantic footprint. If no union-represented employees in the United States in a call center outside of the Northeast or Mid-Atlantic footprint are available to handle calls, the calls will be routed to contractors.

4. Notwithstanding the foregoing, for the time periods of January 1, 2013 to December 31, 2013, January 1, 2014 to December 31, 2014, and January 1, 2015 to December 31, 2015 CSSCs, BSBCs, and MSSCs (collectively referred to in this provision as "Sales and Service Centers") in the New York/New England footprint will together handle an aggregate regional call volume that is equivalent to at least 82% of all calls originating from New York/New England footprint customers between January 1, 2013 and December 31, 2013,

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between January 1, 2014 and December 31, 2014, and between January 1, 2015 and December 31, 2015 that are routed through the electronic routing system ("ERS") to Sales and Service Centers, contractor locations and/or individuals working at home. The Companies will provide the Union quarterly with the following information broken out by month: (a) the aggregate regional call volume percentage as described above, (b) the total number of New York/New England footprint sales and service calls handled in Sales and Service Centers, contractor locations and/or by individuals working at home, and (c) the total number of calls handled by Sales and Service Centers in the New York/New England footprint and/or employees working at home in the New York/New England footprint. Upon request of the Local Union the Company will meet quarterly to discuss the information provided.

5. If the aggregate regional call volume percentage is less than 82% during the first six months of 2013, there shall be no layoffs during the last six months of 2013 of New York/New England footprint Sales and Service Center associates holding a job title that handles calls that are subject to this paragraph. If the aggregate regional call volume percentage is less than 82% during the second six months of 2013, there shall be no layoffs during the first six months of 2014 of New York/New England footprint Sales and Service Center associates holding a job title that handles calls that are subject to this paragraph. If the aggregate regional call volume percentage is less than 82% during the first six months of 2014, there shall be no layoffs during the last six months of 2014 of New York/New England footprint Sales and Service Center associates holding a job title that handles calls that are subject to this paragraph. If the aggregate regional call volume percentage is less than 82% during the last six months of 2014, there shall be no layoffs during the first six months of 2015 of New York/New England footprint Sales and Service Center associates holding a job title that handles calls that are subject

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to this paragraph. If the aggregate regional call volume percentage is less than 82% during the first six months of 2015, there shall be no layoffs during the last six months of 2015 of New York/New England footprint Sales and Service Center associates holding a job title that handles calls that are subject to this paragraph. If the aggregate regional call volume percentage is less than 82% during the last six months of 2015, there shall be no layoffs during the first six months of 2016 of New York/New England footprint Sales and Service Center associates holding a job title that handles calls that are subject to this paragraph.

6. For the time period of January 1, 2013 to December 31, 2013, EVRCs and FSCs (collectively referred to in this provision as "Tech Support Centers") in the New York/New England footprint will together handle an aggregate regional call volume that is equivalent to at least 59% of all fiber and copper calls (other than HSI calls that are initially routed by the ERS to contractors) originating from New York/New England footprint customers between January 1, 2013 and December 31, 2013 that are routed through the ERS to Tech Support Centers, contractor locations and/or individuals working at home. The Companies will provide the Union quarterly with the following information broken out by month: (a) the aggregate regional call volume percentage as described above, (b) the total number of New York/New England footprint tech support calls (other than HSI calls that are initially routed by the ERS to contractors) handled in Tech Support Centers, contractor locations and/or by individuals working at home, and (c) the total number of calls handled by Tech Support Centers in the New York/New England footprint and/or employees working at home in the New York/New England footprint. Upon request of the Local Union the Company will meet quarterly to discuss the information provided.



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7. If the aggregate regional call volume percentage is less than 59% during the first six months of 2013, there shall be no layoffs during the last six months of 2013 of New York/New England footprint Tech Support Center associates holding a job title that handles calls that are subject to this paragraph. If the aggregate regional call volume percentage is less than 59% during the last six months of 2013 there shall be no layoffs during the first six months of 2014 of New York/New England footprint Tech Support Center associates holding a job title that handles calls that are subject to this paragraph.

8. For the time period of January 1, 2014 to December 31, 2014, Tech Support Centers in the New York/New England footprint will together handle an aggregate regional call volume that is equivalent to at least 60% of all fiber and copper calls (other than HSI calls that are initially routed by the ERS to contractors) originating from New York/New England footprint customers between January 1, 2014 and December 31, 2014 that are routed through the ERS to Tech Support Centers, contractor locations and/or individuals working at home.

9. If the aggregate regional call volume percentage is less than 60% during the first six months of 2014, there shall be no layoffs during the last six months of 2014 of New York/New England footprint Tech Support Center associates holding a job title that handles calls that are subject to this paragraph. If the aggregate regional call volume percentage is less than 60% during the last six months of 2014, there shall be no layoffs during the first six months of 2015 of New York/New England footprint Tech Support Center associates holding a job title that handles calls that are subject to this paragraph.

10. For the time period of January 1, 2015 to December 31, 2015, Tech Support Centers in the New York/New England footprint will together handle an aggregate regional call volume that is equivalent to at least 60% of all fiber and copper calls (other than HSI calls that

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are initially routed by the ERS to contractors) originating from New York/New England footprint customers between January 1, 2015 and December 31, 2015 that are routed through the ERS to Tech Support Centers, contractor locations and/or individuals working at home.

11. If the aggregate regional call volume percentage is less than 60% during the first six months of 2015, there shall be no layoffs during the last six months of 2015 of New York/New England footprint Tech Support Center associates holding a job title that handles calls that are subject to this paragraph. If the aggregate regional call volume percentage is less than 60% during the last six months of 2015, there shall be no layoffs during the first six months of 2016 of New York/New England footprint Tech Support Center associates holding a job title that handles calls that are subject to this paragraph.

12. For purposes of this article, a calculation of "aggregate regional call volume," shall include all calls, regardless of geographic origin, handled by applicable Centers and/or employees working at home during the applicable time period, and "aggregate regional call volume percentage" shall include calls handled by both IBEW and CWA-represented employees in the New York/New England footprint. For example, if the regional call volume originating in the New York/New England footprint for calls routed through the ERS to Sales and Service Centers, contractor locations and/or individuals working at home is 40 million in 2013, Sales and Service Centers in the New York/New England footprint and/or New York/New England employees working at home will handle an aggregate of at least 32.8 million calls (82%) in 2013, which may originate anywhere in the country, provided those calls are routed consistent with the call routing provisions of this Article X – Sharing of Calls Among Centers. Nothing in this provision should be construed or interpreted as a guarantee that a certain amount of work will be performed in any single Center or location.

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13. In addition, the Companies may require representatives in any CSSC, BSBC, MSSC, Verizon Center for Customers with Disabilities ("VCCD"), FSC or EVRC to handle customer inquiries and requests as listed below which would have otherwise been handled by or transferred to another Center or individual, if such inquiry or request is either part of a misrouted call (as described below) or a secondary request or inquiry that is part of a properly routed call.

14. Inquiries and requests that CSSC, BSBC, MSSC and VCCD representatives (or representatives of any other or future center designed to combine or integrate the work of these existing Centers) may be assigned to resolve are:

- a. Customer reports that a TV or specific channel is not working. The representative would click the desktop icon where the set top box is automatically reset and confirm that the issue is resolved.
- b. Customer reports that internet service is not working. The representative would click on the desktop where the router is automatically reset and confirm that the issue is resolved.
- c. Customer requests a check on internet speed. The representative would verify account setup and click the desktop icon to test speed to customer location.
- d. Customer reports phone service problem. The representative would initiate automated test and restoral of service. The ticket would be auto-populated.
- e. Customer requests status of repair ticket. The representative would access the open repair ticket and read the status to the customer.
- f. Customer wants to know where a technician is/the status of a repair visit. The representative would access the information and advise the customer.
- g. Customer requests assistance locating their WiFi credentials, such as WEP key or SSID. The representative would click the desktop tool and perform the needed steps to instruct the customer where to locate the information on their equipment.
- h. Customer reports an emergency situation (i.e., fire, storm damage, flood) and requests remote activation of service recovery features, such as call forwarding. The representative would access the desktop tool and submit a request to activate the service recovery feature.

15. Inquiries and requests that FSC and EVRC representatives (or representatives of any other or future center designed to combine or integrate the work of these existing Centers)



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may be assigned to resolve are:

- a. Customer requests out-of-service credit. The representative validates eligibility and submits credit.
- b. Customer wants to order pay-per-view event. The representative would activate pay-per-view order.
- c. Customer wants to add or change a channel package or to add a set top box. The representative would submit an order to add or change the feature or add a set top box.
- d. Customer wants to update their records (e.g., billing address). The representative would access account record and make change.
- e. Customer asks for product information. The representative would access product library to answer question.
- f. Customer asks about bill payment options. The representative would provide options for payment location (web/phone/physical).
- g. Customer requests last month's bill amount. The representative would review account information and advise the customer of the amount.
- h. Customer questions installation charges. The representative would use system to open an investigation.
- i. Customer wants to confirm an order and/or its status. The representative would review order information and change scheduled date, if needed.
- j. Customer requests to add a Value Added Service (VAS) product to their account, such as VISS, Back-up & Storage. The representative would click the desktop tool and submit an order for the requested product.
- k. Customer requests the need to create or change their account authentication PIN. The representative would review the account and access the desktop tool to submit the update/change request.

16. If the Companies wish to add additional cross functional duties beyond those set forth above, they will provide written notice to the Unions, and they will not implement the additional cross functional duties until 20 days after this written notice is provided. Any such additional cross functional duties will involve customer inquiries and requests that can be resolved by application of representative training comparable to that required for the above lists.

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In calendar year 2013 and in each succeeding calendar year, the Companies will be permitted to add two additional tasks in each calendar year to the Sales and Support Centers and two additional tasks in each calendar year to the Technical Support Centers subject to the above-stated notice and comparable training requirements. The additional tasks added pursuant to this paragraph will not require training in excess of 120 minutes per task. Other than the additions set forth in the preceding sentences, the Companies will not add any additional cross functional duties in calendar year 2013 or any succeeding calendar year, absent the Union's agreement. The assignment of any duties pursuant to paragraphs 14, 15 and/or 16 will not entitle associates to additional pay.

17. FSC and EVRC representatives will only make sales that are initiated by the customer. FSC and EVRC representatives will also transfer the following types of sales to CSSCs, BSBCs, MSSCs and VCCD even if the services are requested by the customer: HSI to FiOS service, new video service (FiOS or DirecTV orders), new data service (HSI or FiOS), and changes to bundle packages to add data or video. Types of calls that are currently routed through the ERS to CSSCs, BSBCs, MSSCs and VCCD will continue to be routed to CSSCs, BSBCs, MSSCs and VCCD, and types of calls that are currently routed through the ERS to FSCs and EVRCs will continue to be routed to FSCs and EVRCs. While customers may provide insufficient or incorrect information through the ERS that can result in misrouting, if the customer's identified reason for a call routed through the ERS is a sales or billing matter, the ERS will seek to route such calls to CSSC, BSBC, MSSC or VCCD representatives. If the customer's identified reason for a call routed through the ERS is a problem with the functioning of a service, the ERS will seek to route the call to FSC or EVRC representatives.

18. Beginning upon ratification of this 2012 MOU, training for the Computer and

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Internet Knowledge Test ("CIKT") will be offered to Customer Service Administrators ("CSAs") up to two times and will be provided during normal work hours. Any CSA who had previously taken training for the CIKT will be eligible for training one additional time. Once an associate successfully passes the CIKT, training for the Fiber Customer Support Analyst ("FCSA") position will be scheduled and classes will begin once enrollment meets the minimum class size requirement at the Companies' discretion, consistent with business needs. In connection with the foregoing, current CSAs in the EVRCs will not be required to participate in a Fiber Customer Support Analyst Structured Interview Revised.

19. All New England CSAs will be upgraded to the FCSA position after passing the second training module (data). Any CSA that has been upgraded to an FCSA position that fails the third training module (video) will be returned to the CSA position.

20. CSAs in the EVRCs will be tested for FCSA positions, and CSAs who test qualify and pass training will become FCSAs and will be assigned FCSA work, which can support fiber or copper network customers. As set forth in paragraph 18, prior to such testing the Companies will offer CSAs training for the CIKT.

21. Beginning within eighteen months of ratification of this 2012 MOU, when High Speed Internet ("HSI")(copper DSL) technical support calls arrive at an FSC or EVRC, either because they are misdirected or otherwise, the FSC or EVRC will provide the appropriate resolution with associates who are test-qualified and trained in HSI work. When such calls arrive at a CSSC, BSBC, MSSC, or VCCD, the associates will attempt a resolution involving tasks which management determines to assign consistent with the technical support list set forth above (including any tasks added to that list in the future, consistent with the terms of paragraph 16 above). If those actions will not resolve the issue the call will be transferred to HSI technical

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support. Customer calls for HSI technical support may be routed to FSCs or EVRCs, such as when FSCs or EVRCs are not fully occupied with other calls, but such calls shall not be required to be routed to FSCs or EVRCs rather than to HSI technical support center contractors.

22. During the term of this 2012 MOU the Company will maintain a CSSC, BSBC and MSSC presence in CWA Local 1105 and a CSSC presence in CWA Local 1400. The Company's obligation to maintain a CSSC, BSBC and MSSC presence in CWA Local 1105 and a CSSC presence in CWA Local 1400 will terminate with the expiration of this 2012 MOU and at that time the parties' rights and obligations with respect to maintaining a CSSC, BSBC and MSSC presence in CWA Local 1105 and a CSSC presence in CWA Local 1400 will return to those in effect prior to the effective date of this 2012 MOU. All terms of the "ACD" letter in the 2008-2011 CWA New York Commercial CBA that pertain to CSSCs, BSBCs, and MSSCs, including without limitation the headcount ratio requirements, and the Marketing Campaign Call letter in the 2008-2011 New York Commercial CBA, the 2008-2011 CWA Local 1400 CBA and a similar letter for the MSSCs dated October 7, 2010 are superseded by this Article X - Sharing of Calls Among Centers. In addition, the ACD letter will be amended to delete references to the RSSC and GBS.

#### **XI. SALES COMPENSATION PLAN TITLES**

The agreement of the Companies and Union regarding the discussion of additional Sales Compensation Plan Titles during the term of this 2012 MOU is set forth in Attachment 1.

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## **XII. ABSENCE FROM DUTY**

### **A. Effective January 1, 2013:**

1. Payment for days scheduled but not worked during the period of seven consecutive calendar days or less beginning with the first day of each absence due to an employee's personal illness or off-duty accident will be capped at ten days. Part-time employees will also be capped at 10 paid days, but the number of hours part-time employees will be paid for each day will be pro-rated based on the number of hours such employees are normally scheduled to work, in the same manner that the Company pro-rates vacation and other paid time for part-time employees. For example, a part-time employee who always works 22.5 hours per week will receive no more than 45 hours of paid incidental absence in a calendar year.

2. All employees may take up to four (4) incidental absence days in a calendar year which shall not be charged against an employee's record for purposes of determining attendance performance on the Company's applicable absence control plan ("Exempt Days"). Incidental absence days, in excess of the four (4) Exempt Days, may be treated in accordance with the Company's applicable absence control plan. This Section XII.A.2 will not apply to an associate until such associate reaches one year of net credited service. The number of Exempt Days for such an associate will be prorated in the year he or she reaches one year of net credited service as follows: (a) an associate who reaches one year of net credited service in the first quarter of the calendar year will receive four (4) Exempt Days; (b) an associate who reaches one year of net credited service in the second quarter will receive three (3) Exempt Days; (c) an associate who reaches one year of net credited service in the third quarter will receive two (2) Exempt Days and (d) an associate who reaches one year of net credited service in the fourth quarter will receive one (1) Exempt Day.

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3. Employees who use four days or fewer of paid or unpaid incidental absence in a calendar year will receive the following lump sum payment, prorated for part-time employees, which will be paid no later than the first paycheck in March of the following year. All existing provision(s) pertaining to unpaid incidental absence, including waiting days, will continue in full force and effect.

Number of Paid or Unpaid Incidental Absence Days Used in the Calendar Year	Lump Sum Payment
4 Days	1 day's pay
At least 3 Days but less than 4 Days	2 days' pay
At least 2 Days but less than 3 Days	3 days' pay
More than Zero Days but less than 2 Days	4 days' pay
Zero Days	5 days' pay

B. Prorating Lump Sum Payment for Working a Partial Year.

Eligibility: Regular and Temporary employees who are hired for an assignment expected to last more than one year must be on the payroll for at least 90 days during a calendar year, excluding time not on the job due to SADBPA absence and paid and unpaid leave, to be eligible for a lump sum payment pursuant to Section XII.A.3. Temporary employees who are hired for an assignment expected to last one year or less are ineligible for a lump sum payout pursuant to Section XII.A.3. Employees who are discharged for cause on or before December 31 of the calendar year will not be eligible to receive a lump sum payment pursuant to Section XII.A.3.



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Proration: The lump sum payment pursuant to Section XII.A.3 will be prorated by twelfths to correspond to the number of months the employee was on the payroll during the calendar year, exclusive of SADBPA absence and paid and unpaid leaves. For purposes of proration, a month will be taken into account if the employee was on the payroll on any day of the calendar month, and not on SADBPA or other paid or unpaid leave for the entire month.

C. For purposes of incentive pay under this provision, a day's pay shall be paid under this Article at one-fifth the employee's basic weekly rate, excluding differentials and overtime.

D. Paid incidental absence days will count towards the applicable annual cap. Unpaid waiting days will not count towards the applicable annual cap.

### **XIII. TUITION ASSISTANCE PLAN**

Except as otherwise provided for herein, the Tuition Assistance Plan ("TAP" or "the Plan") and every other tuition assistance plan or program will be modified as follows effective January 1, 2013:

A. Cap: There will be an annual cap on tuition assistance for eligible regular full time associates of \$8,000.00 under TAP. There will be an annual cap for eligible part time associates of \$3,500.00.

B. Exclusions and Limitations: The following exclusions and limitations are added to the existing exclusions and limitations set forth in the Plan: a course of study leading to a degree or certification/license in the areas of aviation or medicine will not be covered, except in the case of associates already participating in or approved for Fall 2012 semester courses in the areas of medicine or aviation. Such associates will be grandfathered under the terms of the

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existing Plan as otherwise modified by this 2012 MOU until the degree or certification/license is attained.

C. Repayment Obligations: The repayment obligation and payment of tuition and fees set forth in the existing Plan are modified as follows:

1. Associates currently in arrears on repayment obligations will have until 30 days after ratification of this 2012 MOU to repay money owed, or agree to a payment plan for full repayment within twelve months. If the associate fails to abide by this paragraph C.1, or fails to fully comply with such payment plan by making all payments on time, the associate will be subject to the eligibility considerations set forth in paragraph C.3 below.
2. Associates who during the term of the contract incur a repayment obligation must satisfy the obligations set forth in either paragraph C.2.a or C.2.b below or they will be subject to the eligibility considerations set forth in paragraph C.3 below:
  - (a) complete repayment within 90 days after notification by the Plan Administrator, or
  - (b) agree within 30 days after notification by the Plan Administrator to a payment plan for full repayment within twelve months and fully comply with such payment plan by making all payments on time.
3. Associates who fail to comply with their repayment obligation as set forth herein will be ineligible for future participation in the TAP until they have satisfied their repayment obligation in full, at which point their eligibility will be restored. If such an associate whose eligibility is restored subsequently participates in the Plan, the associate will be required to pay all monies owed for future TAP-eligible courses directly to the educational

September 19, 2012

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institution. The Companies will reimburse to the associates amounts authorized to be paid under the Plan if, within sixty days of the course end date, the associate submits a receipt from the educational institution showing the amount of tuition paid for the course(s).

#### **XIV. WORK AT HOME ARRANGEMENTS**

The agreement of the Companies and the Union regarding Work at Home Arrangements is set forth in Attachment 2.

#### **XV. NATIONAL HEALTH CARE REFORM**

The agreement of the Companies and the Union regarding health care reform, which is set forth in the 2008 MOU, is eliminated and the Labor and Management Partnership for Health Care Reform is dissolved.

#### **XVI. HALF-DAY TIME OFF ON CHRISTMAS EVE**

In the absence of a written agreement stating otherwise, the Companies will grant an associate one-half day off with pay in observance of Christmas Eve work and load permitting and only to the extent the employee is scheduled and works on December 24 as part of his or her basic work week. If the Companies cannot grant an associate a half-day off with pay on December 24 due to workload or other Company needs, that associate will be granted one-half day off with pay within the next 30 days.

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10/2/12**XVII. NEW CONTRACTING INITIATIVES**

The New Contracting Initiatives letter of agreement and the agreement of the Companies and the Union regarding the proper interpretation of that letter of agreement, which are set forth in the 2008 MOU, are amended as set forth in Attachment 3.

**XVIII. NEXT STEP PROGRAM**

The Next Step Program is eliminated and replaced with the following:

This will confirm our agreement that all aspects of the Next Step Program ("NSP") will be terminated as of May 31, 2016. This letter will clarify how the termination of this program will affect associates who have completed the program, or may be enrolled in classes but have not completed the degree requirements.

In particular, the parties agree that notwithstanding anything to the contrary in any of their collective bargaining agreements:

A. Associates who have completed the program and have attained the Telecommunications Technical Associate ("TTA") title, and the related wage and pension benefits, will retain that title and the aforementioned benefits to the extent that they remain in that position.

B. Only associates who are already enrolled in the NSP for classes beginning in the Fall 2012 semester, but have not completed their degree requirements, will be able to continue taking courses under the NSP. However, they must complete their coursework no later than May 31, 2016, at which time the NSP will be terminated.

September 19, 2012

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**XIX. FORCE ADJUSTMENT PLAN**

The Force Adjustment Plan Article in each New York collective bargaining agreement will be amended as set forth in Attachment 4.

**XX. MOVING PAYDAY TO FRIDAY**

Effective with the week ending January 5, 2013, the payday for all associates will move from Thursdays to Fridays.

**XXI. WORK AND FAMILY**

Funding for the Work and Family Committee during the term of this 2012 MOU will be a total of \$6.0 million (i.e., \$1.5 million per contract year which includes funding for 2011). This funding will be allocated between CWA NY/NE and IBEW NY 2213. Any funds contributed by the Companies for these committees that have not been expended by the end of the contract term will be returned to the Companies.

**XXII. COPIES OF CBA**

The Companies will provide to each associate a copy of the collective bargaining agreement (union printed). The Company and the Union shall agree on a final version of the collective bargaining agreement that can be submitted to be printed within 75 days from ratification of the agreement.

The Companies will provide the Union with copies of the 2012 MOU and each 2012 collective bargaining agreement (union printed) as well as electronic versions of the 2012 MOU and the 2012 collective bargaining agreements. The Company and the Union shall agree on a

September 19, 2012

final version of the collective bargaining agreements that can be submitted to be printed within 75 days from ratification of the agreement.

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**XXIII. ADDITIONAL CENTER JOBS AGREEMENT**

The Agreement Regarding Additional Center Jobs is set forth in Attachment 5.

**XXIV. AGREEMENT REGARDING FIOS DISCOUNT**

The agreement regarding a FiOS discount is set forth in Attachment 6.

**XXV. AGREEMENT REGARDING CERTAIN PLANT WORK**

The agreement regarding Certain Plant Work is set forth in Attachment 7.

**XXVI. MEMORANDUM OF AGREEMENT**

The 2012 Memorandum of Agreement, which updates the 2008 Memorandum of Agreement, is set forth in Attachment 8.

**XXVII. DURATION**

All provisions of the parties' agreements will remain in full force and effect until 11:59 p.m. on August 1, 2015.



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September 19, 2012

ATTACHMENT 1

September 19, 2012

Mr. Dennis Trainor  
Assistant to the Vice President  
Communications Workers of America  
80 Pine Street -37th Floor  
New York, New York 10005

Ms. Gail Evans  
Administrative Director to the V.P.  
CWA District 2-13, AFL-CIO  
9602D Martin Luther King Jr. Highway  
Lanham, Maryland 20706

Mr. Myles J. Calvey  
Chairman, System Council T-6  
International Brotherhood of Electrical Workers AFL-CIO  
1137 Washington Street  
Dorchester, MA 02124

Ms. Mary Jo Arcuri  
Business Manager  
International Brotherhood of Electrical Workers,  
AFL-CIO, Local 2213  
One Telergy Parkway  
6333 Route 298 – Suite 103  
E. Syracuse, NY 13507

Dear Messrs. Trainor and Calvey and Mmes. Evans and Arcuri:

This will confirm our agreement that the parties to the 2012 MOUs covering the Communications Workers of America, AFL-CIO, Local 2213 and Council T-6 and its affiliated Locals of the International Brotherhood of Electrical Workers, AFL-CIO will jointly meet periodically to discuss the addition of Sales Compensation Plan titles, and variable compensation for these titles, during the term of the 2012 MOU. The parties' first meeting shall take place within 90 days after ratification of the 2012 MOU. Absent mutual agreement of the parties, the Company will not add Sales Compensation Plan titles to any bargaining unit.

Very truly yours,

Joseph Gimilaro  
Executive Director – Labor Relations

September 19, 2012

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Patrick Prindeville  
Executive Director – Labor Relations

AGREED:

CWA

By: \_\_\_\_\_  
Gail Evans  
Administrative Director to the V.P.

By:   
Dennis Trainor  
Assistant to the Vice President

System Council T-6, IBEW  
AFL-CIO

By: \_\_\_\_\_  
Myles J. Calvey  
Chairman, System Council T-6

IBEW, Local 2213

By: \_\_\_\_\_  
Mary Jo Arcuri  
Business Manager

September 19, 2012

ATTACHMENT 2

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### WORK AT HOME

For a trial period beginning on the Effective Date and ending on December 31, 2013, the Companies may implement work at home arrangements at two locations. The Companies shall select the locations with the agreement of the Union, which shall not be unreasonably withheld. The participating associates' wages, benefits coverage and other terms and conditions of employment including but not limited to tour selection, vacation scheduling (vacation weeks, days, EWDs, etc.), and overtime scheduling will continue to be governed by the applicable collective bargaining agreements. Associates will be expected to comply with the same rules and policies of the Companies with which all associates must comply. During the trial, the Companies will meet with the Union quarterly to discuss any concerns that may arise.

Additional terms, conditions and principles for associates working at home are as follows:

1. The Companies will designate the specific job titles and work groups eligible for each work at home arrangement with the agreement of the Union, which shall not be unreasonably withheld.
2. The Companies will select associates who volunteer in the eligible job titles and designated work groups, by seniority, who have the following qualifications:
  - a. A current overall performance rating of Exceeds Requirements or Meets Requirements;
  - b. At least six months experience in the associate's present title and at least one year of net credited service;
  - c. The at-home work location has adequate space with privacy and sufficient electric power and outlets for all equipment necessary to perform the associate's work;

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- d. No deed, lease, condominium or co-op restrictions would be violated by performance of the work at the home residence. The associate is accountable for determining such occupancy/use restrictions; and
- e. The associate's residence or home must have broadband capability with a minimum of 3 MB upload and 3 MB download bandwidth.

3. The associate's normal reporting location when not working at home will remain unchanged provided the employee would not have been relocated had he or she not taken the work at home assignment. All work schedules will be posted electronically. No payment for mileage or travel time will be made when the associate is directed to report to his/her normal reporting location for meetings with his/her supervisor or training, or when the associate visits the location to pick up work related materials. Regardless of the geographic relationship between this normal reporting location and the work at home location, the associate's Local Union alignment will continue to be controlled by the normal reporting location – not the work at home location. The associate is required to notify his manager at least four weeks in advance of any planned change of residence.

4. The Companies will bear the cost of providing a Verizon computer with agent image, headset, and business voice service. Bargaining unit employees will install and maintain computer equipment and landlines provided by the Company. All equipment and items provided must only be used for business purposes. To the extent an associate requires an accommodation, the Companies will provide equipment and items as required by law. All Verizon equipment and other materials provided to an associate in connection with the work at home arrangement, and all equipment, materials, correspondence, records, documents, software, promotional materials and other Company property, including all copies, summaries, synopses, or portions thereof,

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which come into the associate's possession, whether or not created by the associate, and regardless of whether they were received by the associate at his/her residence, will at all times remain the sole and exclusive property of the Companies. At any time that the Companies request, and immediately upon the termination of an associate's employment, the associate will return to the Companies all such Company property, and will not keep any copies of such Company property. An accepted IPP/EIPP volunteer must return all Company property no later than seven days prior to his or her off payroll date otherwise he/she will not receive the IPP/EIPP payment until such equipment is returned in working condition. Removal and return of Company-provided computer equipment, landlines and/or related peripherals will be performed by either the employee or another bargaining unit member.

5. The work at home arrangement must enable the supervisor to evaluate associate performance, certify the accuracy of time sheets and attendance records and perform other supervisor responsibilities to the same extent as if the participating associate were working at his/her normal reporting location. Associates will be required to: (i) be logged into the Companies' instant messaging ("IM") system during all work hours, and (ii) send an IM or e-mail to their supervisor at the commencement of their shift in order to be recorded as having timely reported to work. Supervisors will call the associate's home for work related matters and may make announced and unannounced home visits.

6. The participating associate will be responsible for providing the broadband connection, a quiet and safe work environment, ergonomic furniture, utilities and liability homeowners or renters insurance. Associates will take all steps necessary to ensure that all Company equipment that is used in the residence is covered by such insurance policies and must supply the Company with the applicable insurance certificate if required to do so. If an associate

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already has liability, homeowners or renters insurance but must purchase additional liability, homeowners or renters insurance as a result of working at home, the Companies will reimburse the associate for the cost of any such additional insurance. In the event the associate receives any insurance payment arising from the insured loss of any Company property, he/she must immediately remit payment to the Company.

7. It is the associate's responsibility to use Company equipment in a reasonable and safe manner and to protect Company equipment and software against damage, abuse, misuse or other violation of existing rules of the Companies concerning protection of its property and information. Associates may not use Company equipment, materials, systems or software in any manner or for any purpose that violates the Companies' policies, the Verizon Code of Conduct, or federal, state or local laws. Associates will adhere to the Companies' policies regarding the protection of Company information from disclosure to third-parties who do not have a need to know such information. No third party, including family or friends, may use Company equipment or software for any reason.

8. Associates will work their full tours, including split tours where such tours are permitted by existing collective bargaining agreements and will adhere to their work schedule. They will also begin work on time and give their full time and attention to the performance of their job duties. Work at home time will not be spent on dependent care activities. In the event associates need to leave their work positions at times other than scheduled breaks and the lunch hour (e.g., feeling ill), they must first confer with supervision and secure permission. If an emergency situation develops requiring immediate action on the part of the associate, he/she should react appropriately then notify his/her supervisor as soon as practicable. Upon returning to their work positions, associates must inform supervision. Associates will be expected to



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communicate to their family members and friends that distractions such as personal telephone calls, visitors and interruptions by children while on duty can be very disruptive to their ability to perform the job, and should be limited to emergencies. During working hours, associates will not be permitted to invite business visitors or social guests of the associate to their residence without the express written authorization of their supervisor.

9. Associates will be expected to keep their work at home area free from potential hazards and obstructions, and generally to treat it as if it were a primary Company office. If an associate suffers a work-related injury or illness in his/her residence, the associate must report the injury or illness in accordance with Company policy.

10. Associates will be expected to inform supervision expeditiously of the malfunction of any work-at-home equipment. Supervision may require the associate to report to the normal reporting location or other Company work location until malfunctioning equipment is repaired and/or replaced. As per Paragraph 3 above, no payment for mileage or travel time will be made when the associate is directed to report to his/her normal reporting location.

11. Associates may be required to report to Company or non-Company locations for purposes such as supervisor meetings, medical visits, training sessions and policy/practice coverage. Associates will be given notice of such meetings by noon the day before.

12. Emergency call outs and overtime will be handled as outlined in the applicable collective bargaining agreement and/or local practice provided it does not violate any applicable collective bargaining agreement. Overtime must be approved in advance by the associate's supervisor or authorized designee, unless an associate is in the process of completing a customer call.

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13. Upon thirty days' notice to the Companies, an associate may withdraw from and discontinue a work at home arrangement. The Companies will provide an associate with fourteen (14) days' notice of a Company decision to remove the associate from a work at home arrangement. Notwithstanding the foregoing, when an associate is removed for performance reasons or a violation of the Verizon Code of Conduct the associate will be notified no later than noon the day before.

14. The Companies will designate one work day per month at the associate's normal reporting location. Associates will have the option of working from their normal reporting location or from home on that day. The Companies will notify the Union at least 48 hours in advance of the designated date. If requested by the Local Union representative or steward, associates will be permitted on a voluntary basis to meet with the representative or steward on such days. Such meeting will be permitted to occur for up to thirty minutes during normal work time at the Companies' discretion. If requested by the Local Union representative or steward, the Companies will permit such meetings to occur for up to forty-five minutes during normal work time during the months of March and September only, on a day scheduled at the Companies' discretion. Pay for any such meeting will be limited to the associate(s) participating in the meeting. The Union representative conducting the meeting shall not be paid by the Company for that time. As per Paragraph 3 above, no payment for mileage or travel time will be made when the associate is directed to report to his/her normal reporting location.

15. Alleged violations of this Article XIV – Work at Home Arrangements are subject to the grievance and arbitration procedures of the applicable collective bargaining agreements.

September 19, 2012

ATTACHMENT 3

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### NEW CONTRACTING INITIATIVES

The letter of agreement on New Contracting Initiatives will be replaced by a new letter of agreement on New Contracting Initiatives to read as follows:

This will confirm our agreement regarding the Company's commitment in connection with new contracting initiatives.

The Company agrees that through December 31, 2014 it will not contract out work that is not being contracted out on the effective date of this agreement.

The parties further agree to continue a Contracting Initiatives Committee, which will be chaired by the Company's Regional Bargaining Agent and the Union's Area Director, each of whom may appoint up to two additional members. The purpose of the Committee is to give the parties the opportunity to conduct open and thorough discussions concerning the Company's intention and rationale regarding the contracting out of bargaining unit work. The Committee will also discuss issues regarding the following exceptions to the restriction on new contracting initiatives: The restriction shall not preclude contracting out work to meet peak load requirements which cannot be covered with overtime or to deal with emergency situations (such as severe weather conditions).

In addition, commencing January 1, 2015 the Company will notify the Union at least six months in advance of any new contracting initiatives. The Contracting Initiatives Committee, will then have the opportunity to discuss such new major initiatives. In these discussions, the goal of the parties will be to balance the needs of customers, the provision of excellent service, and the use of bargaining unit employees to perform bargaining unit work.

September 19, 2012

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September 19, 2012

Mr. Dennis Trainor  
Assistant to the Vice President  
Communications Workers of America  
80 Pine Street -37th Floor  
New York, New York 10005

Dear Mr. Trainor:

This will confirm our agreement regarding the proper interpretation of the New Contracting Initiatives letter of agreement dated September 19, 2012.

- 'New contract initiative' means contracting out work that is not being contracted out within the same area on the effective date of this agreement. For purposes of this commitment, area shall mean: In New York, Units listed in Section 8.02 of the Plant agreement; in New England, each State.
- "New Contract Initiative" does not include contracting of work if such work was contracted out on a short duration intermittent basis during the three years preceding the effective date of this agreement (except for Company Service work and Field Technician work similar to work performed by Butler Communications).
- Through December 31, 2014, the Company may not increase the level of contracting of traditional telephone work in an area within a title.
- The Company will not implement any new contract initiative between January 1, 2015 and July 1, 2015 if the initiative involves the equivalent of (a) the work of at least 25 full time employees, or (b) the work of 10% of the number of employees in the title and area, whichever is lower.
- The six months notice of new contracting initiatives that the Company is required to give the Union commencing January 1, 2015 shall apply only to new initiatives that involve the equivalent of the work of at least 25 full time employees.
- After the end of the six month notice period, the Company is free to implement planned new contracting initiatives that do not otherwise violate the collective bargaining agreement.

Very truly yours,



Patrick Prindeville  
Executive Director, Labor Relations

AGREED:

September 19, 2012

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COMMUNICATIONS WORKERS  
OF AMERICA

By: Dennis G. Trainor  
Dennis Trainor  
Assistant to the Vice President

September 19, 2012

ATTACHMENT 4

## FORCE ADJUSTMENT PLAN

September 19, 2012

Mr. Dennis Trainor  
Assistant to the Vice President  
Communications Workers of America  
80 Pine Street -37th Floor  
New York, New York 10005

Dear Mr. Trainor:

As we discussed, this will confirm the agreement between Verizon New York Inc., Empire City Subway Company (Limited), Verizon Avenue, Inc., Verizon Advanced Data, Inc., Verizon Corporate Services Corp., and Verizon Services Corp. (collectively "the Company") and the Communications Workers Of America, AFL-CIO ("CWA") and the International Brotherhood of Electrical Workers, Local 2213 ("IBEW")(collectively "the Union") to modify the application of the Force Adjustment Plan ("FAP") under certain circumstances set forth below.

Specifically, the Company and the Union agree as follows:

1. This Agreement will apply to the following CWA-represented and IBEW-represented bargaining units and cover only those employees to whom the FAP applies:

CWA Plant (Verizon New York, VSC, ECS, VZA, VZAD, VCSC)  
CWA District 1 (VSC) (formerly the TRG contract)  
CWA Local 1104 (Downstate Accounting) (Verizon New York, VCSC)  
CWA Local 1105 (Downstate Commercial) (Verizon New York, VCSC, VSC)  
CWA Local 1108 (Downstate Traffic) (Verizon New York, VCSC, VSC)  
CWA Local 1104 (Upstate Traffic) (formerly Local 1112) (Verizon New York)  
CWA Local 1113 (Upstate Accounting) (Verizon New York, VCSC, VSC)  
IBEW Local 2213 (Upstate Commercial) (Verizon New York, VSC)

2. Notwithstanding anything to the contrary in the parties' collective bargaining agreements, whenever the Company chooses to declare a surplus condition under the FAP in any of the bargaining units set forth in Paragraph 1 above, it may, in its discretion, declare a surplus condition within an Article 8 Unit ("Unit Area") as defined in the CWA Plant Agreement rather than within a Force Adjustment Area ("FAA") as defined in the FAP.



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Once each quarter, the Company may declare a surplus condition in one or more titles in any Unit Area; however, no title would be declared surplus in any Unit Area more than twice within a calendar year. Nothing herein shall limit the number of surplus conditions that the Company may declare by title and FAA, whether or not it has also previously declared a surplus condition or conditions in a Unit Area.

Specifically, the Article 8 Units are as follows:

### UNITS

- (1) Rockland County—which for the purposes of this definition shall include Greenwood Lake and Tuxedo.
- (2) Westchester County—which for the purposes of this definition shall include Greenwich, Connecticut; and Putnam County.
- (3) Kings County
- (4) Queens County
- (5) Bronx County
- (6) New York County
- (7) Richmond County
- (8) Nassau County
- (9) Suffolk County
- (10) Empire City Subway Company (Limited)

The geographic boundaries of the Units listed below shall be the same as the geographic boundaries, as they exist as of August 3, 2008, of the Local Union or Local Unions appearing alongside the Unit name.

UNIT	LOCAL UNIONS
(11) Poughkeepsie	1120
(12) Albany	1116, 1118
(13) Syracuse-Utica-Oswego	1114, 1123, 1126
(14) Binghamton	1111
(15) Glens Falls-Plattsburgh	1127, 1129
(16) Watertown	1124, 1128
(17) Buffalo	1117, 1122
(18) Hamburg	1115

3. If the Company determines that it will declare a surplus condition in a title and Unit Area the Company shall notify the Union in writing of any declared surplus condition and shall provide the Union with the title and Unit Area affected, together with the names, titles, net credited service dates, and work locations of all employees in the affected title. The Company shall also notify the Union in writing whether the surplus condition is caused by Process Change or by an External Event as those terms are defined in the letter of agreement dated April 3, 1994. If the surplus condition is caused by Process Change, the provisions of paragraphs 8 (b) and 10 of the FAP shall not be implemented, except as

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provided by the Memorandum of Understanding dated September 4, 2003 relating to employees hired after August 3, 2003. If the surplus is caused by an External Event or if the surplus involves employees hired after August 3, 2003, the Company may implement paragraphs 8 (b) and 10.

4. If the Company declares a surplus condition as provided for herein, the Company shall offer to regular employees in the surplus title and Unit Area the opportunity to fill vacancies in jobs in any Company bargaining unit, having the same or a lower basic weekly wage rate, within any Force Adjustment Area that encompasses the location of their present job. Employees will have seven days to volunteer for such vacancies. Volunteers who are qualified, test qualified, or become test qualified during the seven day period will be accepted in order of their net credited service to the extent necessary to eliminate the surplus condition. In addition, such surplus employees will, for the duration of the Force Adjustment Plan process, be given priority consideration for vacancies they apply for in accordance with the NYNEX Job Bank provisions.
5. If the implementation of the above steps does not relieve the surplus, the Company shall offer to regular employees in the surplus title within the Unit Area in which the surplus has been declared the opportunity to leave the service of the Company and receive Income Protection payments in amounts set forth in the collective bargaining agreement. Volunteers will be accepted in order of their net credited service to the extent necessary to eliminate the surplus condition. An employee's election to leave the service of the Company and receive Income Protection payments must be in writing and transmitted to the Company within fifteen (15) days from the date of the Company's offer in order to be effective and it may not be revoked after such fifteen (15) day period. No further steps of the FAP shall be implemented for the Unit Area surplus condition except under Paragraph 6 below.
6. If at the conclusion of the process set forth in Paragraph 5 above, the Company, in its discretion, wishes to implement further steps of the FAP for the Unit Area surplus condition, it shall expand the declared surplus condition to employees in the same title in which it declared the surplus condition by Unit Area to employees in that title in the entire FAA which includes the Unit Area. If the Company decides to do so, it will provide the Union with the additional names, titles, net credited service dates and work locations of all employees in the affected title and follow the Steps of the FAP beginning with Step 1, except that employees who were previously offered the opportunity to fill vacancies or receive an Income Protection payment ("IPP") under Paragraphs 4 and 5 above, respectively, will not have the right to claim a vacancy under Step 1 of the FAP (unless there are new vacancies posted since the implementation of Paragraph 4 above) or receive an IPP under Step 3 of the FAP. If the Company expands the declared surplus condition under this paragraph and proceeds to any Step(s) of the FAP beyond Step 3, the employees in the Unit Area who were previously offered the opportunity to fill vacancies or receive an IPP under Paragraphs 4 and 5 above shall be combined with the expanded group of surplus employees in the FAA and the FAP will apply to the combined group of employees. If the Company decides not to expand the declared surplus condition to the entire FAA, it shall so advise the Union in writing.

September 19, 2012


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7. Except as provided for herein, this Agreement does not intend to add to, diminish or affect any rights or obligations that any of the parties have under the provisions of their collective bargaining agreements including, but not limited to, the FAP as interpreted by prior and pending arbitration awards.
8. This Agreement is without prejudice or precedent to any party's position in any other matter and no party will attempt to cite or refer to this Agreement in any grievance, arbitration, or other proceeding in any forum, except as necessary to enforce the terms of the Agreement itself.

Very truly yours,



Patrick Prindeville,  
Executive Director, Labor Relations

AGREED: 

COMMUNICATIONS WORKERS OF AMERICA

Dennis Trainor

Assistant to the Vice President

AGREED: \_\_\_\_\_

INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS  
LOCAL 2213

Mary Jo Arcuri

President/Business Manager

September 19, 2012

ATTACHMENT 5

**ADDITIONAL CENTER JOBS AGREEMENT**

This agreement ("Agreement") is made and entered into by the Communications Workers of America, AFL-CIO and its local unions and affiliates ("CWA"), International Brotherhood of Electrical Workers Locals 2213, 2222, 2313, 2320, 2321, 2322, 2323, 2324, 2325 and 2327 ("IBEW") (CWA and IBEW shall herein be collectively referred to as "Unions"), Verizon New York Inc. ("VZNY"), Verizon Avenue Corp. ("VZA"), Verizon Advanced Data Inc. ("VZAD"), Verizon New England Inc. ("VZNE"), Empire City Subway Company (Limited) ("ECS"), Verizon Services Corp. ("VSC"), Verizon Corporate Services Corp. ("VCSC") (company parties herein collectively referred to as "Companies").

WHEREAS, the Companies and the Unions are parties to various collective bargaining agreements ("Labor Agreements");

WHEREAS, the Unions represent employees in a number of bargaining units ("Bargaining Units") covered by the above-mentioned Labor Agreements;

WHEREAS, the Companies employ Bargaining Unit employees in, among others, Customer Sales and Service Centers ("CSSCs"), Business Sales and Billing Centers ("BSBCs"), Multilingual Sales and Service Centers ("MSSCs") (CSSCs, BSBCs and MSSCs will collectively be referred to herein as "Sales and Service Centers"), Fiber Solutions Centers ("FSCs"), and Enhanced Verizon Resolution Centers ("EVRCs") (Sales and Service Centers, FSCs and EVRCs will collectively be referred to herein as "Centers");

WHEREAS, the Unions and the Companies, in conjunction with their negotiation of successor agreements to the Labor Agreements that the parties agreed to in 2008, desire to provide for the addition of newly hired employees into certain Centers during the term of said successor Labor Agreements as provided for herein;

THEREFORE, for good and valuable consideration, the parties agree as follows:

1. The Companies agree that, in return for the Unions' agreement to the Companies' current Sharing of Calls Among Centers proposal, they will add 300 regular full-time, newly hired employees ("Additional Hires") during the term of the successor contract to the 2008 Labor Agreements, into one or more Centers that employ Bargaining Unit employees covered by the Labor Agreements, contingent upon obtaining sufficient qualified and successfully trained candidates.

(a) The Companies will hire 125 of the Additional Hires into positions in Sales and Service Centers located in NY/NE.

(b) The Companies will hire 175 of the Additional Hires into the Fiber Customer Support Analyst ("FCSA") position in FSCs and EVRCs located in NY/NE.

(c) The 300 Additional Hires requirement is a single, aggregate number of Additional

September 19, 2012

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PST  
[Signature]

Hires to be hired pursuant to this Agreement, whether represented by CWA or the IBEW. The Companies will have no obligation pursuant to this Agreement to either maintain any particular headcount or backfill in the event that Additional Hires leave employment or transfer from the Centers.

(d) Initial staffing of the 175 Additional Hires for the EVRCs and FSCs will be applied proportionately to each Union Local based on the current number of employees in the EVRCs and FSCs in each Local. In addition, initial staffing of the 125 Additional Hires for the Sales and Service Centers will be applied proportionately based on the current number of employees in the Sales and Service Centers in each Local. Initial staffing placement may be adjusted if there is insufficient space to accommodate the additional headcount.

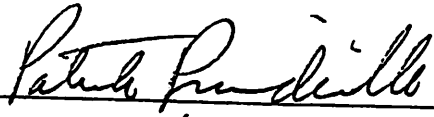
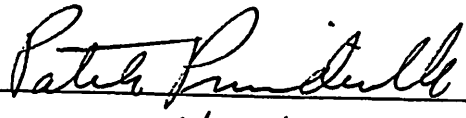

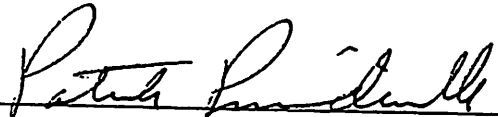
2. All Additional Hires will be subject to existing testing, training and other pre- and post-hire procedures as appropriate, except that any internal staffing obligation, such as the 50% internal staffing obligation, shall not apply to the hiring of Additional Hires pursuant to this Agreement. Individuals who do not successfully complete training will not be counted towards the 300 Additional Hires requirement.

3. The terms and conditions of Additional Hires will be based on the provisions of the 2012 MOU applicable to employees first hired or rehired on or after date of ratification of the 2012 MOU, if any.

For: CWA District 1  <u>[Signature: Dennis G. Trainor]</u> Date: <u>Sept. 19, 2012</u>	For: Verizon New York Inc.  <u>[Signature: Patrick Pinduck]</u> Date: <u>9/19/12</u>
For: IBEW Local 2213  _____ Date: _____	For: Verizon New England Inc.  <u>[Signature: Patrick Pinduck]</u> Date: <u>9/19/12</u>

September 19, 2012

9/19/12  
ck  
WJ

For: IBEW Local 2222     Date: _____	For: Verizon Services Corporation   Date: <u>9/19/12</u>
For: IBEW Local 2313     Date: _____	For: Empire City Subway Company Limited   Date: <u>9/19/12</u>
For: IBEW Local 2320     Date: _____	For: Verizon Corporate Services Corp.   Date: <u>9/19/12</u>
For: IBEW Local 2321     Date: _____	For: Verizon Advanced Data Inc.   Date: <u>9/19/12</u>



September 19, 2012

9/19/12  
PCH

For: IBEW Local 2322

For: Verizon Avenue Inc.

Date: \_\_\_\_\_

Date: 9/19/12

*Patricia Rindell*

For: IBEW Local 2323

Date: \_\_\_\_\_

For: IBEW Local 2324

Date: \_\_\_\_\_

For: IBEW Local 2325

Date: \_\_\_\_\_

September 19, 2012

9/19/2012  
DST  
[Signature]

For: IBEW Local 2327

Date: \_\_\_\_\_

September 19, 2012

ATTACHMENT 6

9/19/12  
DST  
PP

September 19, 2012

Mr. Dennis Trainor  
Assistant to the Vice President  
Communications Workers of America  
80 Pine Street -37th Floor  
New York, New York 10005


Re: FiOS Discount

Dear Mr. Trainor:

This will confirm our understanding that Verizon New York Inc. (VNY), Empire City Subway, Verizon Avenue Inc., Verizon Advanced Data, Inc., Verizon Corporate Services Corp., Verizon Services Corp. and Verizon New England (collectively "the Company") will continue to offer an employee discount to all associates on the same basis that it offers such discount to the Company's management employees.

The Company presently expects to keep these employee offers indefinitely. However, the Company reserves the right in its sole discretion to make adjustments from time-to-time to the discounted rate (up or down) or otherwise modify or suspend the promotions or discontinue them entirely either temporarily or permanently. Furthermore, employees who newly subscribe to the aforementioned services should this discount program be modified will be subject to the rate that is in effect at that time. If the Company decides to modify, adjust, suspend or terminate the discount to employees, it will provide thirty (30) days' notice to the Union before such change takes effect.

Sincerely,

  
Patrick Prindeville  
Executive Director, Labor Relations

September 19, 2012

ATTACHMENT 7

### CERTAIN PLANT WORK

Notwithstanding any provision to the contrary in any of the parties' Labor Agreements, this agreement ("Agreement") is made and entered into by the Communications Workers of America, AFL-CIO and its local unions and affiliates (collectively referred to as the "Union") and Verizon New York Inc. ("VNY").

WHEREAS, the Union represent employees in the Plant bargaining unit; and

WHEREAS, VNY currently uses contractors to perform various underground cable placement work (e.g. submarine cable placement, placement of cables on bridges, the placement of cables into existing conduit or open trenches) in upstate New York (e.g. Northeast, Central and Western areas); and

WHEREAS, the Union and VNY in conjunction with their negotiation of a successor agreement that the parties agreed to in 2008, have agreed that some portion of the underground cable placing work should be brought into VNY.

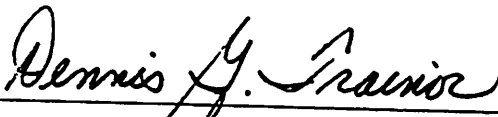
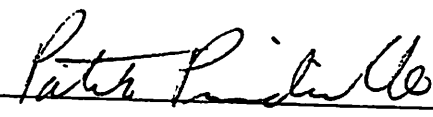
THEREFORE, for good and valuable consideration, the parties agree as follows:

#### Reduction of Contracting of Upstate Underground Cable Work

A. VNY will bring in certain underground cable placing work (i.e. the placement of cables into existing conduit or open trenches) that is currently performed by contractors in upstate New York (e.g. Northeast, Central and Western areas). The work that is brought into VNY will not include cable placing work that is more unique in nature (e.g. cable placement work that requires scaffolding, submarine cable placement, placement on bridges, or other unique rigging equipment or preparation).

B. The amount of such work that will be brought into VNY will be equal to the level that such work is contracted out as of the date of this Agreement and such work will be performed by employees in the Field Technician occupational classification/job title.

C. VNY shall be able, as it determines, to contract out any of the cable placing work that it brings into VNY under this Agreement.

For: CWA District 1	For: Verizon New York Inc.
	
Date: <u>Sept. 19, 2012</u>	Date: <u>9/19/12</u>