SUMMARY OF TENTATIVE AGREEMENT

BETWEEN

COMMUNICATIONS WORKERS OF AMERICA

DISTRICT 2-13 and DISTRICT 1 NJ

AND

VERIZON MID-ATLANTIC

MAY 2016

VERIZON MID-ATLANTIC - SUMMARY TENTATIVE AGREEMENT
MAY 29, 2016

After a little over 11-months of bargaining, including 45-days on strike, CWA, IBEW and Verizon have finally reached a tentative agreement on the terms and conditions of employment for 39,000 bargaining unit members at Verizon. This agreement provides for the creation of additional jobs, keeps job security intact, addresses workplace overtime issues, modest increases in healthcare and provides for increases in wages and pensions.

Duration of Contract:
The terms of the contract will become effective unless otherwise noted upon ratification and will remain in effect until 11:59 p.m., August 3, 2019.

1. Wages and Other Compensation
The combined 4-year wage increase will result in a compounded 10.9% base wage increase by the end of the contract. A ratification bonus of $1,250 in the first year and yearly corporate profit sharing payments of at least $700 will add to wage gains.

a. **General Wage Increase**. The increases listed below are applied to all steps in the basic wage schedules on the date indicated:

- 2016: First Sunday after Ratification – 3.0%
- Subsequent increases will occur on the first Sunday following the annual ratification date:
  - 2017 – 2.5%
  - 2018 – 2.5%
  - 2019 – 2.5%
- Compounded increase: 10.9%

b. Ratification Bonus.
- $1,250

c. Corporate Profit Sharing
- The CPS program is preserved – The Company will award corporate profit sharing distributions in each year of the contract, with the minimum distribution of $700 each year.

2. Preserving Job Security and Growing Jobs
CWA/IBEW members went on strike for 45 days to protest management's demands to strip our contract of job security protections. Management wanted to eliminate limits on contracting, gain "flexibility" to transfer workers to different locations for months at a time, and to shift work to outside and offshore contractors.

During the course of the strike, CWA discovered that Verizon was shifting work to call centers in the Philippines where wages average $1.78 per hour. This agreement preserves job protections won in past contracts and provides for more jobs, despite management's original intent to strip all protections from our contract.

a. The company began negotiations demanding to close 31 work locations affecting approximately 700 members. We were successful in preventing any of these locations from closing.

b. Verizon will hire 850 new full-time call center employees in the Mid-Atlantic region during the term of contract.
   - 272 will be allocated to Tech Support
   - 578 will be allocated to Sales and Service Centers
   - These new jobs will be allocated by bargaining unit.

c. Company will hire 100 additional technicians in the Potomac area. This is in addition to the 95 technicians previously hired.

d. The company will reclassify all Term Employees in Local 13000 to regular full-time employees.

e. Job Security Provisions Protected
   - All existing job security provisions, including no involuntary layoff, forced transfer, and downgrade, were maintained despite the company's determined effort to eliminate them.
   - Other employees are covered by existing provisions of the contract regarding layoffs, transfers, and other job protections which remain in full force and effect.

f. Regional Associate Mobility Plan – Bargaining will continue over the RAMP process through a committee after ratification.

3. Long-Term Service Difficulties (LTSD)

a. New Limits on LTSD

- There will be a new 10-week limit per calendar year on the Company's ability to declare an LTSD. Previously there had been no limit on the number of weeks the Company could declare an LTSD.
- In Pennsylvania and Delaware no employee will be involuntarily scheduled or assigned to work more than 6 days per week during a declared LTSD week. (Potomac has current language about involuntarily scheduled or assigned to work 6-days in a week in consecutive weeks)
- Discipline grievances for failing to work overtime during an LTSD in 2015 will be settled by making the grievant whole and the discipline will be removed from the personnel file.

b. Meetings – Within 90-days of contract ratification, a meeting comprised of the Vice-Presidents of the different business units and the Director of Labor Relations along with six representatives from the union including the District Vice-President will be held. The topics for the meeting include training, productivity, performance requirements, forced overtime, performance feedback, scheduling issues, and monitoring. Subsequent meetings may be scheduled to ensure continued progress on resolving these adverse workplace issues.

4. Health Care Changes for Active Workers

A key focus for Verizon management was to implement a variety of new programs and plan changes to drastically increase the cost of health care for our members. These included various schemes on contributions and radical changes to the plan design.

We did address changes in contributions but not to the degree the company sought and the plan design remains largely intact with modest increases. We also successfully rolled back the company's demands to drop the EPO plan and end eligibility for Sponsored Parents.

Overall the wage increases in this agreement and the job security provisions more than pay for the modest increases in cost sharing under the health care plan.

a. Contributions

The tentative agreement increases monthly premium contributions. These amounts will be divided over four paychecks each month.

	MCN & MEP (Monthly)		EPO, HMOs and Other Plans (Monthly) (contributions will be not greater than the following)	
	Employee	Employee + Family	Employee	Employee + Family
July 2016	$70	$140	$105	$210
2017	$88	$176	$132	$264
2018	$102	$204	$153	$306
2019	$110	$220	$165	$330

The $50 monthly tobacco fee and $100 health risk assessment credits are reflected in the amounts. The credits remain unchanged for the life of the contract.

b. MCN & MEP Plan Design Changes

Changes were made to the design of the health care plans, as follows:

	MCN		MEP	
	In Network	Out of Network	In Network	Out of Network
Annual Deductible: Deductibles apply to Out-of-Pocket Maximum.				
Individual	2016: $100 2017: $125 2018: $150 2019: $175	2016: $750 2017: $775 2018: $800 2019: $825	2016: $525 2017: $550 2018: $575 2019: $600	2016: $750 2017: $775 2018: $800 2019: $825
Family	2.5 times the individual rate	2.5 times the individual rate	2.5 times the individual rate	2.5 times the individual rate
OUT OF POCKET MAXIMUM (OOPM):				
Individual	2016: $1,200 2017: $1,250 2018: $1,300 2019: $1,350	2016: $2,000 2017: $2,050 2018: $2,100 2019: $2,150	2016: $1,300 2017: $1,350 2018: $1,400 2019: $1,450	2016: $2,200 2017: $2,250 2018: $2,300 2019: $2,350
Family	2.5 times the	2.5 times the	2.5 times the	2.5 times the

	MCN		MEP	
	In Network	Out of Network	In Network	Out of Network
	individual rate	individual rate	individual rate	individual rate
Coinsurance	10%	40%	10%	40%
Copays				
Primary Care Office Visits	$25	Deductible + Coinsurance	$25	Deductible + Coinsurance
Specialist Office Visits	$30	Deductible + Coinsurance	$30	Deductible + Coinsurance
Emergency Room Visits *(waived if admitted)*	2016: $100 2017: $110 2018: $120 2019: $130	Same as In network	2016: $100 2017: $110 2018: $120 2019: $130	Same as In Network
Maximum Allowed Amount (MAA)	Does not Apply	240% of national Medicare fee schedule	Does not Apply	240% of national Medicare fee schedule

- Urgent care copays will be $25 through the life of the contract.

c. HMO and EPO Plan Changes

- EPO Option preserved for currently enrolled employees
- Copays for Primary Care Visits will be no greater than $25 beginning August 2016
- Copays for specialist visits will be no greater than $30 beginning August 2016.
- Copays for emergency room visits will be no greater than the following amounts.

	ER Copays
July 2016	$100
2017	$110
2018	$120
2019	$130

d. Prescription Drug Program

- **New Brand Drug Formulary**: Beginning 2016, certain brand drugs in each treatment category will be designated as “preferred” by Express Scripts and subject to lower copay. This “preferred” drug list will give Express Scripts leverage to bargain with the pharmaceutical companies for lower prices. Members taking “non-preferred” drugs will be notified of the savings available from switching to a preferred alternative approved to treat the same condition.

- **Compound Drug Pre-Authorization:** Certain pharmacies offer the service of altering the active ingredients of prescribed medications into new forms. Examples include removing dyes for allergic patients or putting the drug into a cream or lozenge form for patients who can't swallow pills. These services often increase the cost of the drug substantially. Pre-authorization will now be required before the plan will cover a prescription filled as a compound. This will require the prescribing doctor to verify that the compound form is medically necessary. An appeals process will be established for any patient denied coverage for a compound drug.

<table>
<tr><th></th><th>Deductible</th><th>Generic</th><th>Preferred Brand</th><th>Non-Preferred Brand</th><th>Brand w/ Generic Alternative</th></tr>
<tr><td>In-Network* (30 day)</td><td>None</td><td>100% of Discounted Network Price (DNP), Max:
2016-2018: $10
2019: $10.40</td><td>20% of DNP, Max:

2016-17: $30
2018: $31.80
2019: $33.71</td><td>30% of DNP, Max:

2016-17: $40
2018: $42.40
2019: $44.94</td><td rowspan="3">No Change</td></tr>
<tr><td>Out-of-Network* (30 day)</td><td>$50</td><td>30% of DNP plus 100% of the cost difference between retail and DNP</td><td colspan="2">40% of DNP plus 100% of cost difference between retail and DNP</td></tr>
<tr><td>Mail Order (90 day)</td><td>None</td><td>100% of DNP, Max:
2016 – 18: $20
2019: $20.80</td><td>20% of DNP, Max:
2016-17: $60
2018: $63.60
2019: $67.42</td><td>30% of DNP, Max:
2016-17: $80.00
2018: $84.80
2019: $89.88</td></tr>
<tr><td colspan="6">*After 3 fills of a prescription from a pharmacy (In or Out-of-Network), employee pays 50% of DNP with no max dollar copay as an incentive to use the Mail Order program</td></tr>
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5. Retiree Health Benefits

a. Medicare-eligible Retirees with Net Credited Service before August 3, 2008

- Beginning in 2017, the new Medicare Advantage Plan for Pre-Medicare eligible retirees will be based on the MCN plan for actives with no deductibles and no contributions. Starting in 2017, the Medicare-eligible retirees currently covered by the MEP PPO or MCN plans will be enrolled into a new MCN Medicare Advantage plan, not an HMO.

- All doctors that accept Medicare will be covered as in-network under this new Medicare Advantage plan.
- Unlike traditional Medicare and the Verizon Supplemental plan, the Medicare Advantage plan will provide full coverage under one card and one administrator.
- There will be no deductible for the Medicare Advantage MCN plan.
- All plan design elements will remain unchanged from current Verizon plans.
- The Company and Union will work together to educate retirees about this change to ensure a smooth transition with a communications and outreach program funded by the Company.
- Administration of prescription drug coverage will remain unchanged.
- Retirees in the MCN and MEP who retired prior to January 1, 2013 will continue to have no contribution towards coverage.
- Prescriptions costs for Medicare Retirees will be $10 generic, $25.00 Preferred Brand and $30.00 Non-Preferred Brand at Retail, and 2 times the Retail rate for Mail Order 90 Day Supply

c. Pre-Medicare Retirees with Net Credited Service before August 3, 2008

- Active plan design changes described on page 4 will be applied to Pre-Medicare retiree plans.
- Minimum contributions for Pre-Medicare Retiree plans will be as follows:

	MCN / MEP (Only Applies if Retired after January 1, 2013)			EPO, HMOs and Other Plans (All Pre-Medicare Retirees)		
	Retiree	+1	+ Family	Retiree	+1	+ Family
2016	$39.33	$67.42	$67.42	$105	$160	$210
2017	$41.69	$71.46	$71.46	$132	$200	$264
2018	$44.19	$75.75	$75.75	$153	$230	$306
2019	$46.84	$80.29	$80.29	$165	$250	$330

- Retirees in the MCN and MEP who retired prior to January 1, 2013 will continue to have no minimum contribution.
- Company contribution caps on retiree health insurance will be in effect through the contract. The MCN and MEP plans are not currently projected to exceed the cap at any point during the contract.

6. Pensions and Retirement Security

a. **Pension Plan** At the onset of bargaining, management demanded to freeze the pension plan, which would have decimated pension benefits of long-service employees. We successfully defeated that demand, preserving the pension for all current plan participants and boosted pension bands during the contract.

- The pension will retain the lump sum cash out provisions of the previous bargaining agreement.
- Pension bands will be increased 1% in 2016, 2017 and 2018.
- For the life of the contract, the GATT lump sum basis will not be updated even if the mortality table is updated.

b. **The Special Enhanced Income Security Plan (EISP)**

- Employees who elect to voluntarily leave the services of the Company and are accepted under the Special EISP will receive one supplemental voluntary termination bonus of $40,000 in addition to the $10,000 stipulated in our agreements.
- Raising of the caps on EISP payments from 30 years Net Credited Service to 40 years Net Credited Service.
- Waiver of age-based pension reductions for early commencement of retirement.
- Acceleration of the next scheduled pension band increase.
- Volunteers, who leave on a later date than the initial off-payroll date, will receive the most favorable lump sum calculation based on either the earliest or actual off-payroll date.
- The Company will honor off-payroll date requests by seniority when possible.
- There shall be no layoff in a title, work group, or work location subject to a Special EISP during the time period between the first and last off-payroll dates.
- The Company will not force assign any member to a receiving work location on a board and lodging assignment if at the receiving work location any member who normally performs the same work assignment left employment within the previous 12-months under a Special EISP.

7. Provisions for Call Center Workers

From the start, the Company demanded major changes in work rules that would affect call center workers. At the end of the day, we were able to hold onto important protections that assure good working conditions in the centers and to keep and grow jobs within the Mid-Atlantic region.

- 850 new full-time call center positions will be added during the life of contract.
- Improvements were made to the Call Sharing agreement:
    - Sales and Service Centers (Customer Sales and Service Centers (CSSC), Business Sales and Billing Centers (BSSC), and Multilingual Sales and Service Centers (MSSC)) shall handle at least 68% of all calls originating in the Mid-Atlantic footprint.
    - Tech Support Centers (Enhanced Verizon Resolution Center (EVRC) and Fiber Solution Centers (FSC) shall handle at least 55% of all calls originating in the Mid-Atlantic footprint.
    - This increases the percentage of the work that we were guaranteed in the last contract.
    - If the call volume falls below the designated level over any six-month period, there shall be no layoffs of any member covered by this call share agreement in the centers for the following six months. There is no end date to this provision.
    - List of cross-functional duties of representatives in Sales and Service Centers and Tech Support Centers is continued. There will be no additional duties in 2016.

- In the Sales and Service Centers, members will be given the option of working the overtime hours or leaving, when overtime hours are cancelled with less than 24 hours' notice prior to the start of the tour in which overtime has been assigned.
    - For holidays, when work hours are cancelled with less than 72-hours' notice the employee, at their option, may continue to work the previously assigned holiday tour.
    - In addition, the company will first seek volunteers before assigning any holiday tours.
    - Common Interest Meetings may include issues to address topics such as training, productivity, performance requirements, forced overtime, performance feedback, scheduling issues, monitoring and stress.

8. Other Benefits

a. **Benefits for Spouses in Same-Sex Marriages -** The Supreme Court has ruled that same-sex marriages are legal. Therefore the language previously included in the collective bargaining agreement will be modified to provide benefits to legally married same-sex domestic partners.

b. **Advisory Council on Family Care**
   - Annual funding for the ACFC will be $908,800 per contract year.
   - The existing ACFC Coordinator Letter will be renewed, with an expiration date of December 31, 2016
   - All other provisions of the ACFC are unchanged from the previous bargaining Agreement.

c. **Training Advisory Board Executive Council**
   - Annual funding for the TABEC will be $1.5 million

d. **Health Care Oversight Committee (HCOC)**
   - The HCOC will remain in full force and effect during the term of this 2016 MOU.

e. **Tuition Assistance Plan -** Certain course studies will no longer be covered under this program.

9. Return to Work Agreement

a. Floating holidays that were scheduled during the work stoppage may be rescheduled no later than September 30, 2016 and taken no later than December 31, 2016.

b. Unused vacation days and Excused Work Days remaining from 2015 which were still available on April 13, 2016, and which were not paid in lieu of during the strike, may be taken pursuant to normal scheduling guidelines no later than September 30, 2016.