

AGREEMENT

Between

COMMUNICATIONS WORKERS
OF AMERICA

And

CAROLINA TELEPHONE &
TELEGRAPH COMPANY

Effective November 4, 2006
Through November 8, 2009

New Bern, North Carolina

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THIS COLLECTIVE BARGAINING AGREEMENT
(hereinafter "Agreement"), made and entered into this the **4th**
day of **November, 2006** by and between Carolina Telephone
Telegraph Company (hereinafter "Company"), its successors and
assigns, and the Communications Workers of America
(hereinafter "Union"), its successors and assigns.

WITNESSETH THAT: The parties hereto have reached an
agreement with respect to wages, hours, and other terms and
conditions of employment as a result of collective bargaining.
The general purpose of this Agreement is to promote the mutual
interests of the Company and its employees, who are represented
by the Union, and to provide prompt, courteous, and efficient
service to customers.

It is recognized by this Agreement to be the duty and obligation
of the Company, its employees, and the Union, to cooperate
fully, both individually and collectively, for the advancement of
said purposes and conditions.

ARTICLE 1 RECOGNITION

SECTION 1. The Union having been certified by the National Labor Relations Board on June 9, 1997, in Case No. II-RC-6202, the Company recognizes the Union as the exclusive bargaining representative for the purpose of collective bargaining with respect to rates of pay, hours of employment, and other conditions of employment, for all its employees within the following described unit: All service representatives, tellers, and commercial clerical employees employed by Carolina Telephone and Telegraph Company at its New Bern, North Carolina facility and the tellers employed by Carolina Telephone and Telegraph Company at its Jacksonville, Morehead City and Greenville, North Carolina facilities; excluding all professional employees, confidential secretaries, guards, and supervisors as defined in the National Labor Relations Act, as amended.

SECTION 2. If the Company creates new bargaining unit jobs during the term of this Agreement, it shall inform the Union of such fact in writing at least thirty (30) days prior to the effective date of any such job. The Company's notice to the Union shall include the title of the job, the proposed rate of pay for such job, and a general description of the duties of the job. Upon written request by the Union, the Company will meet and negotiate with the Union concerning the rate of pay for such job. Such written request by the Union and any ensuing negotiations must occur within thirty (30) days of the Company's aforementioned initial notice, unless extended by mutual agreement. If no agreement is reached with respect to the rate of pay for such job within the aforementioned thirty (30) day period, or such time as mutually extended, the Company will implement its last offer.

SECTION 3. If the Company makes a substantial change in the nature of a bargaining unit job or changes the title of a bargaining unit job, it will give the Union Thirty (30) days written notice set forth in Section 2, above, and will, upon written request by the Union, meet and discuss with the Union the reason for such changes. Such written request by the Union and any ensuing meetings and discussions must occur within thirty (30) days of the Company's aforementioned initial notice unless extended by mutual agreement.

ARTICLE 2

COMPANY-UNION RELATIONS

Section 1. The Company and the Union recognize that it is in the best interest of the parties, the employees, and the public that all dealings between them be characterized by responsibility and respect. To this end, the Company and the Union and their respective representatives will apply the terms of this Agreement fairly and in accord with its intent and meaning.

Section 2. The employees of the Company, through their Union, agree that they will individually and collectively render loyal, courteous, and efficient service to the public at all times during the life of this Agreement; and that they will use their best efforts to protect the property of the Company.

Section 3. The parties acknowledge and agree that the success of the Company and its employees is dependent upon the Company's ability to meet constantly changing demands in the telecommunications industry. Flexibility in accomplishing whatever work is required to meet such demands with qualified employees, and the philosophy of working together toward a common goal are guiding principles which should be used in implementing and interpreting the provisions of this contract.

Section 4. Whenever the word "employee" is used in this Agreement, it shall be determined to mean the employees in the bargaining unit covered by this Agreement unless otherwise indicated. Whenever a gender is used in this Agreement, it shall be considered to include male and female.

Section 5. Both the Company and the Union agree to keep each other currently advised in writing of the names of their representatives who are authorized to handle grievances at each step of the grievance procedure.

ARTICLE 3

MANAGEMENT RIGHTS

Section 1. The Company retains all customary, usual, and exclusive rights, decision making prerogatives, functions, and authority connected with or in any way incident to its responsibility and inherent right to manage the enterprise or any part of it. The rights under this Agreement of employees in the bargaining unit and the Union are limited to those specifically set forth in this Agreement and the Company retains all prerogatives, functions, and rights not specifically limited by the terms of this Agreement. The Company shall have no obligation to bargain with the Union with respect to any such subject or the exercise of Company discretion and decision making with regard thereto, any subject covered by the terms of this Agreement and closed to further bargaining for the term thereof, and any subject which was or might have been raised in the course of collective bargaining.

Without limitation, but by way of illustration, the exclusive prerogatives, functions, and rights of the Company shall include, but are not limited to, the exclusive right to determine and take effective action respecting:

- A. The direction and supervision of all business operations and policies.
- B. The location of the business and the establishment of new work groups or functions at the facilities covered by this Agreement.
- C. The downsizing, partially closing, relocating, merging, consolidating, liquidating or totally closing of any or all of the facilities covered by this Agreement.
- D. The size of the working force, the allocation and assignment of work to workers, the determination of policies affecting the hiring of employees, the establishment of quality standards and judgment concerning job performance. In this connection, the sole and exclusive right of the Company to determine and enforce standards of performance is fully recognized.

- E. The establishment of standards/criteria for promotions, quantity of work, quality of work, safety, materials, equipment, methods, and procedures. In this connection, the exclusive right of the Company to administer tests or to establish other prerequisites for jobs is fully recognized.
- F. The installation or implementation of new methods, procedures, processes, practices, equipment, facilities or standards; and the discarding or modifying, wholly or in part, of any existing procedures, practices, and processes. In this connection, the Company's right to change the nature of the work being performed at this facility is fully recognized.
- G. Except as may be limited elsewhere in this Agreement, the scheduling and assignment of work to employees, including the determination of the number of tours, the beginning and ending hours of such tours, the number of days (and which days) an employee may be scheduled to work in a calendar week, and which employees will be assigned to the various tours.
- H. The requirement that an employee must work overtime, weekends, or other hours deemed by the Company to be necessary to accomplish the work.
- I. Except as may be limited elsewhere in this Agreement, the contracting out of work (including transferring work to other Company and/or **Embarq** Corporation facilities) as determined by the Company in its sole discretion.
- J. Except as may be limited elsewhere in this Agreement, the establishment, determination, and/or assignment of shifts, work days, work locations, and work/job duties.
- K. The revision/modification of job classifications and the revision/modification of job duties within job classifications.

- L. The determination of the need for and the qualifications of new hires, transfers, and promotions.
- M. The disciplining, suspending, demoting, or discharging of any employee for reasons which the Company deems appropriate and for which just cause exists.
- N. The promulgation and enforcement of rules and regulations concerning conduct of employees and discipline (including discharge) to be imposed for violations of such rules and regulations.
- O. The selection of supervisors and/or managers from the bargaining unit or from any other source in the Company's sole discretion.
- P. The establishment of measures to ensure safety, health, and protection of property.
- Q. The establishment of procedures (including monitoring of calls at its discretion) to ensure prompt, efficient, and courteous service to customers.

The exercise of any management prerogative, function, or right which is not specifically modified or limited by express terms set forth in this Agreement is not subject to the Grievance Procedure or to bargaining during the term of this Agreement.

ARTICLE 4 NON – DISCRIMINATION

Section 1. Neither the Company nor the Union, its agents, or members shall:

- A. Discriminate against any employee because of his/her being or not being, or becoming or not becoming, a member of the Union; or

- B. Intimidate or coerce any employee into joining or not joining, or continuing or not continuing, his/her membership in the Union; or
- C. Discriminate against any employee because of action taken by either party in processing grievances under the provisions of this Agreement.

Section 2. Discrimination against any employee because of race, religion, color, age, disability, creed, sex, or national origin is expressly prohibited. In keeping with this Agreement, neither the Company nor the Union will tolerate sexual harassment by any of its employees/members. Employees who engage in acts of sexual harassment are subject to discipline, up to and including discharge.

Section 3. The Company and the Union will comply with the Americans with Disabilities Act to ensure fair and equitable treatment of persons covered by such Act. The parties herein will further ensure that such reasonable accommodations as are required by law will be afforded to those persons covered by the Act.

ARTICLE 5 PROBATIONARY PERIOD

Section 1. Any employee covered by this Agreement shall be regarded as a probationary employee for the first six (6) months of his/her employment. The parties may, by mutual agreement, extend the probationary period in increments of one (1) month up to a maximum of two (2) months. If such employee is retained in the employ of the Company longer than said probationary period, he/she shall be considered a regular employee and such probationary period shall be counted for purposes of Net Credited Service, and Pension Service.

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Section 2. Should such probationary employee be deemed unsatisfactory, for any reason and in the sole judgment of the Company, at any time during the probationary period, he/she may be discharged, disciplined, or suspended. In the event of such discharge, discipline, or suspension, a probationary employee's sole recourse under this Agreement is to file a grievance under the grievance procedure set forth herein.

ARTICLE 6 SAFETY

Section 1. The maintenance of proper health and sanitary conditions and observance of all laws relating to safety and fire protection are of mutual concern to the Company and the Union, and both parties agree to cooperate with each other to provide a safe and healthy workplace.

Section 2. The Company may promulgate such health and safety rules and regulations as it deems necessary to provide a safe and healthy workplace and to discharge its obligations under OSHA or other federal and state health and safety laws. The Company agrees to meet and discuss with the appropriate Union representatives any such rules and regulations prior to their implementation.

Section 3. When employees report for duty and are unable to perform their regularly assigned jobs because of unsafe conditions, as determined by the Company, they may be assigned to such other work as is available and for which they are qualified. If the Company determines that no other productive work is available, the Company may at any time send employees home. If, under such circumstances, employees have not worked a total of three hours, the Company will pay any such employees an additional hour of regular, straight time pay.

Section 4. If a building is declared closed due to the Company's Disaster Leave Policy, in effect, then employees within the facility will be subject to the same treatment and pay as non represented employees at the facility. The parties recognizes that the application of the policy is at management discretion as defined by company policy.

ARTICLE 7 SENIORITY/SERVICE DATES

Section 1. Definitions of Different Types of Seniority/Service

- A. An employee's Net Credited Service is defined as the amount of service time recognized for use in calculation of eligibility for benefits (e.g., vacation, disability benefits, and other Company benefits).
- B. An employee's Net Credited Service Date shall be used for the purposes of expressing preferences for tour selection, vacation selection, and, to the extent set forth in Articles 10 and 16, for filling vacancies and reduction in force. An employee's Net Credited Service Date as shown on the employee's personnel record will be controlling. In the event that two (2) or more employees have the same Net Credited Service Date, the Company will use each such employee's date of application for employment for the above-listed purposes.
- C. An employee's Pension Service Date is defined as the amount of service time recognized for use in calculation of eligibility for pension.

Section 2. During the term of this Agreement the different types of seniority/service set forth above will be used only for the purposes specifically set forth in this Agreement.

Section 3. Seniority During Absences. Net Credited Service shall continue to accrue during the first thirty (30) days of a leave of absence if the employee returns to work prior to the expiration of the leave. Regardless of the number of leaves granted, only one (1) such thirty (30) day service credit shall apply in a twelve (12) month period. In the case of reductions in force, Net Credited Service will continue to accrue for a period of up to six (6) months.

Section 4. Seniority for Part-Time Employees. Part-time employees shall accrue Net Credited Service for purposes of Section 1. B. in accordance with the following table:

Number of Hours
Normally

Assigned Per
Week

Net Credited Service Credit
(Per Calendar Month)

Up to 8 Hours, Inclusive	1/5 Month
Over 8 Hours to 16 Hours, Inclusive	2/5 Month
Over 16 Hours to 24 Hours, Inclusive	3/5 Month
Over 24 Hours to 32 Hours, Inclusive	4/5 Month
Over 32 Hours	1 Month

Section 5. Notwithstanding any of the foregoing provisions, all seniority/service rights of any type and all other rights under this Agreement shall be lost if any of the following occurs:

- A. An employee quits of his own accord, or
- B. An employee is discharged or dismissed; or
- C. An employee does not return to work when recalled after layoff under the provisions of Article 16, Section 2; or
 - (1) An employee is absent three (3) consecutive days or five (5) days within a one month period without an excuse that is satisfactory to the employer for such absence or fails to notify the employer of any cause, such employee thereby being considered as having quit and losing all seniority and all other rights under this Agreement; or
- D. An employee is absent from the payroll during layoffs continuously for a period of six (6) months.

Section 6. Any employee entering this bargaining unit shall have his/her Net Credited Service honored for the purposes set forth herein.

ARTICLE 8 **SCHEDULING**

Section 1. The Company shall post a work schedule on a weekly basis. The weekly work schedule shall be posted on or before 3:00 p.m. on the

Thursday preceding the first date of the weekly work schedule. The work schedule shall stipulate the starting and ending time of tours appearing on such schedules, together with the starting and ending time of each session. Intervals between sessions may be shifted as necessary to meet service requirements, except that intervals between sessions will not exceed four (4) hours. Insofar as service requirements will permit, a minimum interval of twelve (12) hours shall normally elapse between an employee's scheduled ending time of one tour and the scheduled starting time of his/her next tour except that the minimum shall be reduced to eight (8) hours when rotating Sunday or holiday tours or when exercising choice of tours under this Section.

Section 2. The Company will determine assignments of employees to the various tours each week based upon projected service requirements and the availability of qualified personnel. Employees who are in the same job classification or work group (as may from- time to time be designated by the Company) shall use their Net Credited Service to express preferences for tours within their job classification or designated work group prior to the posting of the weekly schedule. Employees with the greatest Net Credited Service will have their preferences honored to the extent that such preferences are consistent with the number of tours established by the Company in their job classification or designated work group for that week. For purposes of this Article only, work groups shall be comprised of employees who are in the same job classification. Nothing contained herein shall be interpreted to prevent the Company from designating work groups comprised of employees in different job classifications for any other reasons. An employee desiring a day off for reasons permitted under this Agreement shall submit a written request to his/her supervisor, no later than 5:00 P.M. on Wednesday preceding the posting of the work schedule, and such request will be considered by management and may be granted depending upon service conditions and availability of qualified personnel.

Section 3. Tours will normally consist of two (2) sessions, separated by a meal period which will normally be one (1) hour in length but will not be less than one-half (1/2) hour. The meal period will be assigned based upon service requirements and availability of personnel except that, for eight (8) hour tours, such meal periods shall be scheduled not less than three hours after the start of the tour or greater than five (5) hours after the start of the tour.

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Section 4. Employees who are not scheduled on the weekly work schedule for any reason (e.g., on leave of absence) but who return to work during the work week shall be assigned available tours for the rest of the week at the discretion of management.

Section 5. Scheduling Tours.

- A. Tours may fall on any day of the calendar week necessary to meet service requirements, except that tours and part-tours which make up the normal work week may not be spread over more than six (6) days of the calendar week except for part time employees who work less than forty (40) hours per week.
- B. Changes from the posted weekly work schedule may be allowed under the following conditions:
 - 1. The Company, at its initiative and at its discretion, may change the schedule to meet service/work force requirements and will, to the extent feasible, move employees directly impacted by the schedule change in inverse order of Net Credited Service dates; or
 - 2. The Company, in its discretion, may allow a schedule change for an employee if the requesting employee arranges for another qualified employee to replace him/her on the schedule under the following conditions set forth herein:
 - (a) the requesting employee and the employee who agrees to take the place of the requesting employee on the schedule shall indicate their consent to such a change in writing; and the supervisor of the requesting employee must also indicate his/her approval of such change in writing;

- (b) the employee who agrees to replace the requesting employee must also indicate in writing that he/she understands that he/she will be responsible for working the tour or session he/she has agreed to work;
- (c) no such changes shall be allowed if overtime pay is involved;
- (d) the minimum period for which an employee may change hours with another employee is one session; and
- (e) an employee will not normally be allowed to make more than one schedule change for a particular day.

No change shall be approved when the number of hours between the ending of one tour and the beginning of the next tour for any employee if such change is less than six (6) hours.

- C. Any connecting time worked that precedes or follows a scheduled tour shall be paid at least on an actual time worked basis. Before implementing a system different from the current system, the Company agrees to meet and discuss such system with the Union before implementing it.
- D. When scheduled Saturday, Sunday, or holiday hours are required by the Company, the assignment to work on Saturday, Sunday, or a holiday will be rotated, to the extent possible, among qualified employees in the same job classification or designated work group. The hours of such tours will be assigned by the Company.

ARTICLE 9 HOURS OF WORK

Section 1.

- A. The normal work week is forty (40) hours for regular full-time employees, provided there is work available. At the discretion of management, regular full-time employees may be scheduled to work less or more than forty (40) hours in a work week. Nothing contained herein shall be interpreted as a guarantee by the Company of a minimum number of hours of work for employees per week or as a limitation on the maximum number of hours an employee may be required to work in a calendar week.

- B. Nor does the Company relinquish its right to require employees to work overtime on a daily basis, during the weekend, nights, or at any other time necessary to accomplish work which the Company, in its discretion, deems necessary to accomplish. Further, nothing contained herein shall diminish the Company's right to determine the number of tours, the beginning and ending hours of such tours, the number of days (and which days) an employee may be scheduled to work in a calendar week, and (consistent with the Scheduling article of this Agreement) which employees will be assigned to the various tours.

- C. If the Company, in its discretion, schedules employees to work a Compressed Work Week (defined as a work week that is no less than forty (40) hours long, but is condensed into fewer than five (5) full days), the Company will meet with the Union to discuss how vacation days, holidays, and sickness benefits (including waiting periods) for employees working such a schedule shall be treated. If the Company schedules tours in excess of eight (8) hours, any overtime treatment for such hours shall be as set forth in Section 4 D.

Section 2. All employees are expected to report to work at the starting time of his/her scheduled tour. Any employee who is unable to report to work at the specified time shall telephone his/her supervisor prior to the scheduled report time concerning the reason for that employee's inability to report as scheduled. It is the responsibility of the calling employee to

ensure that he/she talks personally with his/her supervisor or (if his/her supervisor is not available) another supervisor (including any employee designated by the Company as a relief supervisor). If no supervisors (including designated relief supervisors) are available to talk to the employee personally, the employee shall leave a message with an employee designated by the Company to take such messages. The message shall include the nature of the call and a call-back number(s) where the employee can be reached for the next hour. The supervisor or his/her designee shall call the employee if he/she deems it necessary. Supervisory/management personnel, in their discretion, shall determine what is a legitimate reason for tardiness or absenteeism.

Section 3. Relief Periods

- A. A relief period of fifteen (15) minutes during each session shall be scheduled for each employee. The Company will make a good faith effort to schedule relief periods as near the mid-point of the session as is practicable, service requirements permitting. Such time shall be considered as time worked.
- B. In cases of connecting or nonscheduled work when an employee requests time off for a relief Period, such request may be granted, without pay, if practicable in view of the nature and/or Expected duration of the work.)

Section 4. Overtime Pay and Sunday Pay.

- A. Overtime shall be paid at the rate of one and one-half (1 $\frac{1}{2}$) times an employee's base rate of pay for time worked in excess of forty (40) hours during the work week, defined as 12:01 a.m. Sunday to 12:00 midnight Saturday.
- B. Time worked on Sunday shall be paid at the rate of one and one-half (1 $\frac{1}{2}$) times an employee's base rate of pay. Time worked on Sunday, to a maximum of eight (8) hours, shall not be counted for purposes of determining eligibility for weekly (over forty (40)) overtime as set forth in paragraph A of this Section.

- C. For eight (8) hour tours on days other than Sunday, pay at the overtime rate of one and one-half (1 1/2) times a regular full-time employee's base rate of pay shall be paid for time worked in excess of eight (8) hours. Such time worked in excess of eight (8) hours in a work day which is paid at the time and one-half (1 1/2) rate shall not be counted for purposes of determining eligibility for weekly (over forty (40)) overtime as set forth in paragraph A of this Section.
- D. For work on days other than Sunday, if the Company schedules tours in excess of eight (8) hours, the overtime rate will begin at the end of the scheduled tour (not at the end of eight (8) hours). Such time worked in excess of an employee's scheduled tour which is paid at the time and one-half (1 1/2) rate shall not be counted for purposes of determining eligibility for weekly (over forty (40)) overtime as set forth in paragraph A of this Section.

Section 5. Pay for Authorized Holiday.

- A. Employees shall be paid a day's base pay for an authorized holiday irrespective of any payment for time worked on the holiday, except as provided in Paragraphs 1 through 5 below:
 - 1. Absentees, meaning employees failing to report for scheduled work on the holiday, or on either of the work days that immediately precede or follow the holiday, shall receive no pay for the holiday unless such absences are excused.
 - 2. Employees who have been granted a formal or informal leave of absence during a period in which a holiday occurs shall not be eligible to receive pay for the holiday. For the purposes of this paragraph only, absences for five (5) consecutive scheduled workdays shall constitute an informal leave of absence unless such absences are

permitted by the Company due to a temporary force surplus.

Employees who are eligible to receive department sickness payments because of sickness on a holiday shall receive no further pay for the holiday.

3. Employees who are eligible to receive sickness benefit payments or accident benefit payments under the Employees' Benefit Plan because of disablement on a holiday shall receive no further pay for the holiday.
4. An employee whose last day of work before leaving the service of the Company is on a day immediately preceding a paid holiday shall receive no pay for the holiday.

- B. Regular part-time employees shall be paid regular pay equal to the number of hours normally worked on a weekday.
- C. Employees who are eligible for and receive holiday pay under this Section 5 shall have the hours for which they are paid (eight (8) for full-time employees) counted for purposes of determining eligibility for weekly (over forty (40)) overtime pay under Section 4. A.

Section 6. Pay for Work on Holiday. Time worked on a holiday will be paid at the rate of one and one-half (1 1/2) times the employee's base rate of pay. Time worked on a holiday shall not be counted for purposes of determining eligibility for weekly (over forty (40)) overtime pay under Section 4. A. In addition, regular full-time employees working on a holiday shall be paid an additional eight (8) hours for the holiday if they qualify under Section 5; and regular part-time employees shall be paid regular pay equal to the number of hours normally worked on a week day if they qualify under Section 5.

Section 7. Call-Out

- A. Call-out shall be generally defined as the call of an employee while off duty to perform work for the Company which was not previously scheduled. The following shall not be considered a call-out:
1. If the time worked immediately precedes and/or follows (and connects) with the employee's regularly scheduled time.
 2. Work assignments, when notice of such assignments is given in advance and the minimum assigned time is two (2) hours.
- B. Employees on call-out (as defined above) shall be paid at the rate of one and one-half (1 1/2) times the employee's base rate of pay. Employees called-out will receive a minimum of two (2) hours call-out pay for any call-out which requires an employee to physically report to a Company-directed work location if the call-out does not connect with an employee's scheduled tour. Call-out pay will continue until the employee is released from duty. When any related subsequent call-out is made within two and one-half (2 1/2) hours of the start of the first call-out, the subsequent call-out will be treated as a continuation of the first call-out. Time worked during a call-out which is paid at the rate of time and one-half (1 1/2) shall not be counted for determining eligibility for weekly (over forty (40)) overtime as set forth in 4. A. of this Section and is further subject to the no duplication or pyramiding language set forth in Section 8 of this Article.

Section 8. No Duplication or Pyramiding. It is understood that payments made for time worked on a holiday under Section 6, and holiday payments as set forth in Section 5, shall not be duplicated for the same hours worked. Further, there shall be no duplication or pyramiding of payments made at the time and one-half (1 1/2) rate under Sections 4, 6, and 7 as the parties agree that no time shall be paid at the overtime rate more than once.

Section 9. Overtime Opportunities. It is recognized that the Company can assign work which is paid at the overtime rate (one and one-half (1 1/2) times the employee's base rate of pay) under this Agreement to any employees who, in the Company's judgment, are qualified to perform such work. However, the Company will maintain a list of employees in each job classification and/or work group who desire to work such overtime work and will make a good faith effort to equitably distribute such work among employees on such list in such job classifications and/or work groups who are qualified to perform such overtime work, it being understood, however, that the Company is not limited to assigning overtime work only to those employees on the aforementioned list.

Section 10. Differentials.

- A. Temporary Supervisor Differential. When an employee is designated by the Company to act as a temporary supervisor, s/he will receive a differential of seventy-five cents (\$0.75) per hour for all hours of the assignment and will not perform his/her normal duties during such assignment. This differential applies only when an employee is assigned to act as a temporary supervisor for at least eight (8) hours in a work day.
- B. Bi-lingual Differential. Bi-lingual employees assigned by the Company to a telephone number requiring them to speak to customers in a language other than English will be paid a seventy-five cent (\$0.75) per hour differential for the hours assigned to the non-English telephone line.
- C. Coach Differential. Employees designated by the Company to act as a coach will receive a differential of two dollars (\$2.00) per hour for all hours of the assignment and will not perform their normal job duties during such assignment unless specifically directed to do so by the Company. It is recognized that the Company may from time to time, in its discretion, direct employees designated as coaches to perform other (non-coach) work; but such employees will continue to receive the Coach Differential, regardless of work

assignment, so long as they are designated as a coach by the Company.

- D. **Night Differential. A night tour differential of \$0.75 per hour shall be paid for each hour worked between the hours of 7:00 p.m. and 6:00 a.m. by any employee who is assigned to work those hours.**
- E. Employees will not be paid more than one (1) differential for the same hours worked.

ARTICLE 10 JOB POSTINGS/VACANCIES

Section 1. When a vacancy occurs within the bargaining unit, it is within the sole prerogative of the Company to determine whether or not it should fill such vacancy. If the Company determines that it should fill the vacancy, it shall endeavor to do so from eligible bargaining unit employees then employed at any of the facilities set forth in the Recognition clause (Article 1) who have submitted timely bids, assuming that an eligible employee, in the Company's judgment, meets the then existing selection criteria for such job. In filling the vacancy, qualifications to perform the job and demonstrated job performance shall be the controlling factors. If qualifications and demonstrated job performance are substantially equal, Net Credited Service shall prevail. In the event that there are no employees in the bargaining unit who, in the Company's judgment, meet the then existing selection criteria for such job, the Company reserves the right to fill the vacancy by hiring from outside the bargaining unit, including outside the Company.

Section 2. When the Company determines that it should fill a vacancy that occurs within this bargaining unit, the Company shall post on the Company Intranet site a notice of same, which notice shall state the position available, range of pay rates for that position, location, name of supervisor, and qualifications required (including any tests which must be passed in order to qualify for such position or other prerequisites for that position). Such notice shall remain posted for a period of seven (7) calendar days, and employees in this bargaining unit who desire to bid for that position should submit an electronic job interest request form within the seven (7) calendar day period. After the seven (7) calendar day period,

the Company shall remove the posting and shall notify the successful bidder, if any, within twenty-one (21) calendar days of the removal of the posting. In addition, the Company shall notify all unsuccessful bidders of the successful bidder's name and Net Credited Service date, if applicable. If, after a notice has been posted in accordance with this Section, the Company decides not to fill the vacancy or vacancies, all bidders shall be notified of such decision.

Section 3. When a bargaining unit employee has been awarded a position under the terms of this section, such employee may not thereafter bid on any other vacancies for at least one calendar year after being awarded the position. The Company may waive this requirement depending upon service requirements and/or availability of qualified personnel.

Section 4. Where a bargaining unit employee has been awarded a position pursuant to the terms of this section and the Company determines, at any time within the first six (6) months of the employee being awarded such position, that such employee is not satisfactorily performing in such position or, if within such six (6) months period, an employee awarded a position under this section requests that he/she be removed from this position, the Company may either (1) return the employee to his/her former job if the job is still available or to any available job in the employee's former job classification, or (2) move the employee to a job in a lower rated classification, if one is available, and the employee meets the basic requirements of that job, or (3) place the employee on a one-year formal personal leave of absence (which must ultimately be approved by the Benefits Committee) pending availability of a suitable job. In the case of a personal leave of absence, it will be the employee's responsibility to apply for posted jobs. If, after one year, the employee has not been placed in a job within this bargaining unit, the employee will be terminated as "failing to return from leave."

Section 5. When an employee bids into or is transferred to a job having a lower wage guide, his/her rate of pay shall not be reduced if it is not above the maximum rate for the new job and such employee will be slotted into the wage progression schedule at the rate immediately above his/her current rate. If his/her rate is above the maximum in the new job, his/her rate shall be reduced to that maximum.

When an employee bids into or is transferred to a job having a higher wage guide, such employee will be slotted into the wage progression schedule at the rate immediately above his/her current rate.

Section 6. Hardship transfers shall be considered on a case-by-case basis. They shall be for good and sufficient reasons and mutually agreed to by the local President (having jurisdiction over the job being filled) and the appropriate Company representative.

Section 7. Temporary Assignments/Transfers to Other Locations. Temporary assignments/transfers of an employee to perform work in the same job classification at a location other than the employee's regularly assigned work location in order to meet Company service needs (including training) shall not be considered a permanent transfer or as filling a vacancy under this Article. Such temporary assignments/transfers may be made at the Company's discretion. The Company will select the employee(s) best qualified to perform the specific temporary assignments at the other location; if qualifications are equal, Net Credited Service will control.

ARTICLE 11

TRAVEL EXPENSES, TRAVEL TIME AND TRANSFER EXPENSES

Section 1. Travel Expenses and Travel Time.

- A. All bargaining unit employees will be issued a corporate credit card to be used for business travel expenses. When required by the Company to travel, employees shall be reimbursed for necessary reasonable board, lodging, and other expenses, including laundry expense incurred during the period of travel, upon presentation of properly receipted bills, vouchers, or other evidence of payment.

- B. When an employee is authorized by the Company to travel by means of his/her personal automobile, the employee shall receive **the standard company mileage allowance`** per mile for travel over the agreed-upon

route. The employee may be required to submit evidence that he/she has the minimum amount of automobile liability insurance required by state law.

- C. Any time spent by an employee in traveling, at the direction of the Company, shall be considered as time worked.

Section 2. Expenses in Connection with Transfers.

- A. The Company shall not pay any transfer or moving expenses (or any other monetary sums of any nature) when an employee is transferred at his/her request.
- B. When an employee is transferred at the instance of the Company from one town to another, he/she shall be given reasonable notice prior to the transfer. Reasonable expenses in connection with the transfer (as specifically set forth below) shall be borne by the Company:
 - 1. The employee shall suffer no loss of regular pay or a total of up to two (2) days cumulatively to arrange for suitable housing, the moving of household furnishings, and to make the trip to the new location.
 - 2. The employee shall be reimbursed, upon presentation of receipted bills or other evidence of payment, for actual cost of transportation, meals, lodging, and other incidental expenses for himself/herself and the members of his/her immediate family residing with him/her, including drayage costs and other incidental expenses of moving household furnishings.
 - 3. The employee shall be reimbursed for loss of unexpired rent or house payment for a period not to exceed one (1) month except that in case of undue hardship consideration will be given to reimbursing the employee for unexpired rent or house payment

beyond one (1) month but not to exceed three (3) months.

A "transfer" for purposes of this section shall mean a move to a new primary work location in another town more than fifty (50) miles from the employee's prior primary work location.

- C. Total expenses under this Section shall not exceed five thousand dollars (\$5,000) for renters and ten thousand dollars (\$10,000) for homeowners.

ARTICLE 12 HOLIDAYS

Section 1. General holidays shall be authorized as follows:

- New Year's Day
- Memorial Day
- Independence Day
- Labor Day
- Thanksgiving Day
- Christmas Day

Section 2. Holidays Falling on Saturday/Sunday. When an authorized general holiday falls on Saturday or Sunday, the Company may, at its discretion, observe the holiday on either Friday or Monday. The Company shall designate on which day (Friday or Monday) any such general holiday will be observed by November 1 of the preceding year.

Section 3. Nothing contained herein shall limit the right of the Company to require employees to work on general and personal holidays.

Section 4. When an authorized general holiday falls within an employee's PTO period, an additional day of PTO shall be granted and will be scheduled in accordance with the PTO scheduling provisions of this Agreement.

Section 5. Policies and procedures concerning holiday pay and pay for work performed on a holiday are set forth elsewhere in this Agreement.

**ARTICLE 13
PAID TIME OFF**

Section 1. Purpose

Paid Time Off (PTO) is a program where an employee manages his/her paid time away from work and has the flexibility to use PTO hours based on the employee's personal needs.

PTO hours are provided for all incidental absences from work. The employee must use all available PTO hours before hours can be taken unpaid, except in situations where FMLA-covered absences will exceed five consecutive days. In that case, the employee will have the opportunity to elect whether to take PTO hours or an unpaid absence. In all other situations, the employee will not have the opportunity to choose.

Section 2 Eligibility

Regular Full-Time employees will earn PTO based on their cumulative length of continuous service as shown in the following schedule.

Regular Part-Time employees will earn PTO based on their cumulative length of continuous service and on the basis of hours worked in relation to 2,088 hours per year.

<u>Length of Service</u>	<u>Eligibility</u>
0 to fewer than 1 year	11 days
1 to fewer than 2 years	16 days
2 years but fewer than 5 years	18 days
5 years but fewer than 15 years	23 days
15 years but fewer than 25 years	28 days
25 years and over	33 days

In general, if employees are hired on or before the 15th day of the month they will earn their PTO time for that month. If they are hired after the 15th of the month, they are not eligible to earn their PTO time until the following month. It follows that employees who terminate after the 15th

of the month have earned their PTO time for that month. PTO hours earned but unused will be paid out at termination.

The PTO year which shall be used in computing the amount of paid time off shall be from January 1st to December 31st of each year in which this Agreement continues in effect, except that in the anniversary year of 2, 5, 15, and 25 years the employee earns PTO at the higher rate for the entire year.

Section 3. Definitions

The Paid Time Off program includes both Scheduled PTO and Unscheduled PTO. Scheduled PTO are those hours selected by the employee in accordance with the PTO selection process as outlined in Section 8. Unscheduled PTO occurs when an employee requests time away from work that is not pre-scheduled.

Scheduled PTO hours are included as part of the regular work week for overtime purposes. Unscheduled PTO hours are not included as part of the standard work week for overtime purposes.

Section 4. PTO Scheduling

Scheduled PTO may be taken during the period of January 1 through December 31. The Company will seek to accommodate employees' use of earned PTO. The Company will reschedule an employee's affected PTO giving the employee the choice of times available if an employee is on disability prior to and throughout a scheduled PTO period and returns back to work within the same calendar year. The Company may reschedule an employees' scheduled PTO period for operational reasons or if the employee is unable to take his/her scheduled PTO because of absence caused by an industrial injury provided that the PTO shall be rescheduled at a mutually satisfactory alternate period during the current year. Seniority shall govern in the choice of available scheduled PTO periods as determined by operational needs, provided that the employees involved have notified the Company of their scheduled PTO dates prior to December 15th.

- A. When an employee leaves the work group during the year, the unused PTO week(s) of that employee may, at the Company's discretion: (a) be left unfilled; or (b) be offered to employees entering the work group as a result of the employee leaving

the work group; or (c) be offered (in the order of Net Credited Service) to those employees within the affected work group who have less Net Credited Service than the employee leaving the work group.

Section 5. PTO Assignments

- A. PTO in accordance with this provision may be taken at any time during the calendar year subject to service requirements and subject to the selection provisions set forth below. PTO shall be scheduled in segments of at least five (5) consecutive days and may be scheduled for two (2) or three (3) consecutive week segments. PTO shall be scheduled to begin on the first working day of the week. When a holiday falls within an employee's scheduled PTO period; and, in such circumstance, the employee will be entitled to an extra day of PTO, which day will be treated as a segment and must be scheduled before December 15 or such day will be scheduled by the Company.

Where the employee is eligible for two or more weeks of PTO, one week of PTO may be taken a day or days at a time. PTO taken a day or days at a time is subject to the following conditions:

1. One week advance notice with supervisory approval. Supervisor can waive notice at his/her discretion.
2. Regular scheduled PTO in weekly increments take precedence over day or partial days at a time request.

Service requirements permitting, employees may be allowed to take sixteen (16) hours of PTO in multiples of one (1) hour increments; and twenty four (24) hours in four (4) hour increments.

- B. The selection of PTO periods shall be based upon Net Credited Service dates in work groups designated by the Company. An individual employee may exercise his/her Net Credited Service with respect to PTO periods only at the time the PTO schedule for a given work group is established. If an employee splits his/her PTO periods, Net Credited Service may be exercised by the employee only on the first segment until all employees in the work group have made their first selection. Thereafter an employee may exercise his/her Net Credited Service with respect to the second segment of his/her PTO

periods, as outlined above, and the same procedure shall be adhered to with respect to any additional PTO segments.

- C. The Company will post no later than November 1 preceding the year, a PTO schedule showing the number of employees in each work group who can be off at any one time during the PTO year, together with the PTO allowance for which each employee is eligible.
- D. Starting no later than November 15 preceding the year, the Company will make a reasonable effort to contact employees, in order of their Net Credited Service, so that they may choose a PTO period from those available. Employees not making a selection at the time of contact, and employees whom the Company was unable to contact after a reasonable effort to do so, shall be passed over but shall have the right to make a selection from the remaining available PTO periods in accordance with their Net Credited Service at any subsequent time prior to December 15. PTO periods for employees failing to meet this requirement shall be assigned by the Company.
- E. After PTO periods have been scheduled as set forth above, they may be changed at the initiative of the Company as service and work force requirements dictate. Upon written request of an employee, PTO may be rescheduled to any available segments during the unexpired portion of the PTO Plan year provided such rescheduling is consistent with service requirements.

Section 6. Carryover

The Company agrees to allow employees covered by the labor agreement to carry over up to a maximum of 40 hours of PTO to the following calendar year. Carryover PTO must be scheduled and taken before March 31st of the following year and is not cumulative.

Employees on Short Term Disability at year-end also will be able to carry over a maximum of 40 hours of unused PTO with a March 31st expiration date.

Employees may carry over PTO by notifying their supervisor by October 1st. If an employee desires to carry over PTO after October 1st they may do so with the agreement of their supervisor. The employee shall select by November 1st the PTO time they wish to take in the first quarter of the

following year in order for such selection to have priority. Any selections requested and approved after November 1st shall not have priority over PTO time selected during the normal PTO selection process.

Section 7. PTO Pay

- A. PTO pay for a regular full-time employee shall be at the base rate of pay.
- B. PTO pay for regular part-time employees shall be at the base rate of pay prorated according to the average weekly scheduled hours of the employee during the preceding four (4) weeks.

Section 8. PTO Treatment for Employees Leaving the Service.

An employee who leaves the service on or after December 26 of the current year shall be granted pay in lieu of unused PTO time to which he/she would have been entitled had he/she remained in service during the subsequent year. Employees who leave employment with the Company will be paid for any accrued unused PTO time for which they are eligible during the calendar year in which they leave.

ARTICLE 14 ABSENCES EXCUSED WITH PAY

Section 1. Accident and Sickness Benefit Plan

- A. The Company agrees to provide accident and sickness benefits for all regular full time or part time (scheduled to work 20 or more hours per week) employees on a non-contributory basis, provided, however, the Company reserves the right to change insurance

carriers or to establish other arrangements for accident and sickness benefits, so long as it maintains all present benefit practices, except scheduled benefits. The provisions of the Accident and Sickness Benefits Plan shall govern in all matters pertaining to accident and sickness benefits.

1. Any eligible employee receiving benefits under a previous plan on the effective date will continue to receive benefits under that plan until either of the following first occurs:
 - a) exhaustion of benefits, or
 - b) the employee returns to work on his/her regular work schedule.
2. To be a participant covered by the A&S Benefit Plan an employee must:
 - a) complete one (1) calendar year of employment.
 - b) be a regular full-time (scheduled to work 40 hours per week) or regular part-time (scheduled to work at least twenty hours per week).

B. Employees qualify for STD benefits when they are participants who cannot work at their usual job due to an illness or injury incurred, either on or off the job; and satisfy the requirements as outlined in this Article.

STD benefits begin on the sixth consecutive scheduled workday of illness or injury for participants.

1. Employees will be required **to** use paid time off (PTO) benefits for the first five consecutive scheduled workdays of absence of their own medical condition. If an employee does not have available PTO benefit for any portion of the first five (5) days of illness, those days for which PTO is not available shall be unpaid.
2. Employees with less than two (2) years of service will be provided with an additional eight (8) hours to be added to their PTO bucket. Employees with two (2) years or greater service will have an additional twenty-four (24) hours to be added to their PTO bucket.

3. Employees' absences for their own non-medical condition (to include FLMA protected absences) will be paid from their PTO benefits, if available. Employees will not be permitted to **substitute non-paid** time off for available PTO benefits.
4. Should employment terminate, any remaining PTO benefits time will be paid out upon **termination** of employment.
5. The employee is solely responsible for providing medical certification when requested by the Company. As described in the claims procedure the healthcare provider must certify that an employee is unable to work due to illness or injury and set the return to work date. The company, at its own expense, may also require that the employee undergo an Independent Medical Evaluation (IME).

C. Employees do not qualify for STD benefits if:

1. they engage in any activity which is inconsistent with the application for STD.
2. the physician or counselor is not licensed by the state where treatment is received.
3. cosmetic surgery is performed except when medically necessary.
4. they refuse restricted or temporary alternate (light) duty assignments that are in compliance with work restrictions while receiving STD benefits; or
5. the illness or injury is caused by armed conflict, results from committing a felony or attempted felony, occurs while engaging in an illegal activity, or is intentionally self-inflicted.

D. If employment is involuntarily terminated due to reasons including but not limited to reduction in work force, resolution of a Workers' Compensation claim, plant/office closure, etc., while the employee is receiving STD benefits, the employee may continue to receive benefits until either the benefits are exhausted

or the employee's doctor (or the IME doctor) states the employee can return to work. If employment is involuntarily terminated for just cause, STD benefits may be terminated immediately.

1. Other company benefits will cease as provided by each program. The Company may suspend or deny STD benefits if the employee fails to submit all forms/documentation as required, or if the employee does not comply with a Company request for an IME.
2. Employees shall immediately become ineligible for STD benefits 60 days prior to the date of and subsequently after the Company officially closes an operation or company facility.

E. An employee may become or remain eligible for temporary restricted STD Benefits for a partial schedule if the certifying physician's opinion, or an IME physician's opinion, indicates a return to work in a temporary restricted duty capacity is permissible and the Company is able to accommodate the restrictions. Temporary restricted schedule STD benefits are paid when an employee misses portions of a workday or works a shortened workweek (partial schedule) due to illness or injury incurred on or off the job. The physician must state that the partial schedule will be temporary – no more than 90 days.

1. The restricted duty schedule must be consistent with the business unit's permitted schedules. The duration of the temporary restricted schedule will be at the Company's discretion, but in no case will it be longer than 90 days.

F. Employees released to a full work schedule with work restrictions may be allowed to perform temporary alternate (light) duty assignments at the Company's discretion. Light duty assignments are permitted provided there is meaningful business unit work available to be performed which does not violate the stated medical restrictions; and the prognosis from the treating physician (or IME) clearly indicates the employee will be able to return to his/her normal job duties within ninety (90) calendar days from the initiation date of light duty.

- G. Application for non-occupational injury/illness related STD benefits must be submitted on properly completed Company forms and must be signed as directed. The forms will require a physician's written certification of inability to work to include the specific diagnosis, prognosis, expected date of return and any work restrictions which may apply.

The Company may suspend or deny STD benefits if proper certification is not received within fifteen (15) calendar days from the date of the absence.

The forms required by the Plan can be obtained through:

- **Employee Solutions Network (ESN) at 1-800-697-6000**
- **Embark.com**
- **HR Self Serve**
- **Equip Benefit website**

2. When foreseeable, requests for absences should be submitted at least thirty (30) calendar days prior to the planned absence. In all cases, required forms should be returned as far in advance as possible.

H. Independent Medical Examination

The Company may, at its own expense, require an independent medical examination (IME) and certification by a second physician at any time during an illness/injury period. If the IME physician's determination does not support the need for time away from work, the pay for incidental absence or STD benefits will cease.

A third opinion may be requested by the employee at their own expense to resolve the conflict of opinion. The third examination and certification must be performed by a physician mutually agreeable to the Company and the employee. The third opinion is final and binding. If the results support the initial certification, pay for incidental absence and/or STD benefits will be reinstated.

retroactively and the Company will assume responsibility for the payment of the third opinion.

When there is evidence of fraudulent activity/abuse related to the illness/injury absence, pay for incidental absence or STD benefits may be suspended while an IME is pending. An employee's failure to cooperate or to maintain scheduled appointments for a second or third opinion will result in the suspension of pay for incidental absence or STD benefits.

If the initial disability qualification is not sustained by the second or third opinion, the employee must return to work unless qualified for an unpaid FMLA leave. Failure to return to work other than while on FMLA leave will result in termination for job abandonment.

As a condition of this STD Policy, employees must give their consent for their treating doctor to provide information about their condition to the Company or to an IME doctor.

I. Benefits may be paid up to a maximum of twenty-six (26) weeks. The amount of pay is a percentage of "base salary". Base salary for the purpose of determining the appropriate STD benefit will be based on the rate of pay in effect on the last regular scheduled workday prior to cessation of active work. Base salary does not include incentive compensation, overtime, shift differential or other special payments or calculations.

1. The STD benefit is either sixty (60%) percent or one hundred percent (100%) of base salary. The percentage paid is based on the length of service with the Company. An employee's service anniversary date determines the timeframe for which an employee can receive benefits. The following STD benefit payment schedule is based on completed years of service as determined by the employee's system anniversary date.

2. A higher level of benefits does not take place if an employment anniversary occurs before the employee works 181 consecutive days after any STD benefit usage.

If your service is:	Benefit are 100% of Base Salary for:	Benefits are 60% of Base Salary for:
Less than one calendar year	0 weeks	0 weeks
1 year but less than 2 years	2 week	24 weeks
2 years but less than 3 years	4 weeks	22 weeks
3 years but less than 4 yerars	6 weeks	20 weeks
4 years but less than 5 years	8 weeks	18 weeks
5 years but less than 6 years	10 weeks	16 weeks
6 years but less than 7 years	12 weeks	14 weeks
7 years but less than 8 years	14 weeks	12 weeks
8 years but less than 9 years	16 weeks	10 weeks
9 years but less than 10 years	18 weeks	8 weeks
10 years but less than 11 years	20 weeks	6 weeks
11 years but less than 12 years	22 weeks	4 weeks
12 years but less than 13 years	24 weeks	2 weeks
13 years or more	26 weeks	0 weeks

3. STD benefits cease when either the employee is released to return to work or benefits exhaust.

J. For time lost on account of occupational accidents, the Company shall pay the employee the difference between the payments received under Workers' Compensation and the benefits as provided by the provisions of the Accident & Sickness Benefits Plan. The difference between the Worker's Compensation insurance benefits and benefits provided by the Company's STD plan will be paid from the employee's nonoccupational benefits, if available. If there are insufficient nonoccupational benefits available to subsidize the Worker's Compensation insurance benefits, the employee will then only receive the Worker's Compensation insurance benefit amounts. The Plan's benefits will be limited such that the sum of the Plan's benefits and Worker's Compensation benefits will not exceed 85% of the employee's Base Salary, unless otherwise required by state Worker's Compensation laws. The employee will receive his/her basic rate of pay in accordance with the schedule provided in this Article. In certain circumstances the employee may be

required to endorse his/her Workers' Compensation insurance payment check over to the Company.

- K. Overpayments occur when the employee is paid more STD benefits than they are entitled to receive. The Company will recover overpayments by offsets against future payments or any other method permitted by applicable law.
- L. Coordination with other Benefits – STD benefits are coordinated with any Workers' Compensation benefits and with Social Security Disability for wage replacement. The employee receives the maximum benefit payment available under either this policy or Workers' Compensation and/or Social Security Disability, but no greater than 100% of base salary.
- M. When non-occupational illness or injury keeps an employee from working at his/her regular work schedule after a return from an STD benefit period, further benefits are paid as shown:

IF.....

An employee returns to work on his/her regular work schedule for less than 181 continuous days

THEN.....

STD benefits begin immediately at the benefit level which applied work schedule for less when the employee returned to work.

An employee returns to work on his/her regular work Schedule for at least 181 continuous days.....

the STD benefit level is reinstated, according to the payment schedule.

1. When occupational illness or injury prevents employees from working, the above reinstatement schedule does not apply as benefits are paid on a per injury/illness basis.
2. PTO or fixed holidays, bereavement, jury duty and other excused paid time is included in 181 day benefit reinstatement periods.

N. An employee's job is normally held available during the period of paid STD benefits. If medical documentation indicates an employee will not return to work upon exhaustion of STD benefits, the employee (**with medical certification indicating prognosis on employee's ability to return to work**) may be placed on an excused, unpaid absence for up to **90 days**, but **unused PTO shall** be substituted during this unpaid absence.

The total period of absence associated with the illness or injury, including paid STD benefits, excused unpaid absence (**or PTO substitutions**), unpaid leave of absence, and Family and Medical Leave Act entitlement (if available) shall not exceed **39 weeks**. PTO if available, may not be used to extend the STD absence beyond **27 weeks**. Any earned, but unused PTO will be paid in a lump sum at the end of the STD period. When this period of absence ends, employment will be terminated.

Employment is terminated when an employee cannot return to work after a total absence of **27 weeks (excluding any approved leave of absence)**.

Long-term disability, if applicable, and/or retirement benefits may be available as described in the applicable Summary Plan Description.

P. Within 45 calendar days of a denial letter, you or your authorized representative may provide a reconsideration request to appeal.benefit@embarq.com or in writing to:

Benefit Appeal Group
6500 Sprint Parkway
Overland Park, KS 66251
Mailstop: KSOPHL0302-3A

The Plan Administrator determines if you are covered by the Plan and if you qualify for benefits under the Plan. The Plan Administrator will generally determine claims for benefits under the Plan within 45 days of receipt of a claim. A written denial of a claim under the Plan will give specific reasons for the denial, reference specific Plan provisions on which the denial is based, describe any additional material necessary for you to perfect your claim, and explain the Plan's claim review procedure.

In special circumstances, a response to your claim may take more than 45 days. The Plan administrator may extend this period for up to 30 days if the Plan Administrator both determines that such an extension is necessary due to matters beyond the control of the Plan and notifies you before the end of the 45-day period of the circumstances requiring the extension and the date by which the Plan expects to render a decision.

If before the end of this 30-day period, the Plan Administrator determines that, due to matters beyond the control of the Plan, a decision cannot be rendered within that extension period, the period for making the determination may be extended for up to an additional 30 days, provided the Plan Administrator notifies the claimant, before the end of the first 30-day extension period, of the circumstances requiring the extension and the date as of which the Plan expects to render a decision.

Within 180 days of receiving written notice of claim denial from the Plan Administrator, you or your authorized representative may appeal. This appeal should be in writing and directed to:

Benefit Administrative Committee
5454 W. 110th St.
Overland Park, KS 66211
Mailstop: KSOPKJ0201

In your appeal, include a copy of your denial letter from the Plan Administrator. You should state in your appeal the reasons you believe your claim was improperly denied and submit any additional information, material or comments you consider appropriate.

You will receive a response to your appeal within 45 days. If more time is needed, you will be notified within 45 days after receipt of your request for review. In no event will a decision be made more than 90 days after receipt of your request for review.

You will be informed of the Benefit Administrative Committee's decision. The response will include the specific reasons for the decision as well as specific references to the appropriate Plan provisions on which the decision is based. The decision of the Benefit Administrative Committee is final.

Section 2. Absences Excused with Pay.

A. In addition to other provisions of this Article concerning absences with pay, employees shall be excused without loss of regular pay for absences due to any of the following:

1. Jury Duty and Subpoenaed Witnesses. If reasonable notice be given his/her supervisor, an employee shall suffer no loss of base pay for the time necessarily consumed in the performance of jury duty and no deduction shall be made for any amount of monies received from civil authorities. While employees will not receive pay for time missed while serving as a witness, duly subpoenaed witnesses will be allowed time off without pay; and such time off will not be counted as a chargeable occurrence under the attendance program.

2. Quarantine. Absence due to unavoidable quarantine by the health authorities or a physician designated by the Company shall be subject to the same treatment as absence due to personal illness, provided under Section 2. above.

3. Deaths. If notice be given his/her supervisor, an employee shall suffer no loss of base pay for a reasonable amount of scheduled time lost on account of death in the immediate family or other covered family members under the following terms and conditions. Paid

absence for such cause may be granted up to a maximum of five (5) days (starting on the day of death and extending through the day following the funeral) for death in the Immediate Family, which is defined as an employee's spouse, parent (including step-parents), child (including step-children), and siblings (including step-brother or step sister).

Paid absence for such cause may be granted up to a maximum of three (3) days (starting on the day of death and extending through the day following the funeral) for Other Covered Family Members, which are defined as an employee's aunt, uncle, niece, nephew, grandparent, grandchild, in-law (including mother, father son, daughter, brother, sister, and grandparent).

4. Voting. If reasonable notice be given his/her supervisor, an employee shall suffer no loss of regular pay for time necessarily consumed in voting in any federal, state, municipal, or county elections, if the polls are not open during the employee's off hours, or if the employee does not have sufficient time to reach the polling place before or after his/her scheduled work hours, not to exceed two (2) hours.

5. Blood Donors. If reasonable notice be given his/her supervisor and subject to service requirements, employees who volunteer to donate blood may be excused with pay for the time required to donate blood under the terms and conditions set forth herein. Such time off with pay will be allowed, at the discretion of the Company, only in those circumstances where the hours of operation of the blood collecting unit do not permit employees to donate blood during non-working hours. Pay for such time off shall be limited to the actual amount

of time needed to donate blood, but in no event to exceed two (2) hours.

B. Excusals for Military Duty.

1. Employees who are members of the National Guard, or reserve components of the Army, Navy, Air Force, Marine Corps, or Coast Guard, and who are excused when called out with their military units for normal training periods or emergency service or when ordered to participate individually in training activities, shall be paid the amount, if any, by which their base company pay exceeds government pay. For this purpose, government pay will include base pay, pay for special or hazardous duty and, for those with dependents, the difference between quarters allowance established for members of the uniformed services with dependents and those established for members of the uniformed services with equal rank without dependents.
2. Requests to be excused for military training or duty involving absences of more than two (2) weeks in any one (1) year will be considered individually.
3. It is not the intent of the any of the foregoing to provide such payments for more than ten (10) workdays in any one (1) year; unless such payments are approved by the president or vice president.
4. Participation in active or emergency duty under the considerations outlined above shall not affect the regular vacation to which the employee may be entitled.

Section 3. Absence Payment Limitation. No payment beyond five (5) full days base pay shall be made for absence from duty during any calendar week.

Section 4. Overtime Payment Limitation. Paid excused time shall not be considered as time worked when computing overtime payments.

Section 5. While the Company encourages employees to conduct matters of a personal nature during non-working hours, it is recognized that there may be extenuating circumstances in which an employee may desire to be absent from his or her assigned duties to attend to personal and family care matters which cannot be handled outside the employee's scheduled hours of work. The parties agree that time off under this Section may be granted only for such personal and family care needs and should not be treated as an additional holiday, additional vacation time, or as a guaranteed number of hours to which each employee is entitled each year. The Company, in its discretion, may grant time off for personal and family care needs only subject to service requirements and available personnel under the following terms and conditions:

- A. Time off for personal and family care needs may, at the Company's discretion and depending upon service requirements and available personnel, be granted with pay only under the conditions set forth below:
 - 1. The absence is the result of circumstances substantially beyond the control of the employee (e.g., family emergencies, doctors/dentists appointments that cannot be scheduled outside normal working hours); and
 - 2. The employee has requested the time off in writing by 12:00 p.m. on the Tuesday preceding the week in which the time off will occur, except in the case of illness, injuries, or emergencies which make it impossible for the employee to make such written request by the stated time.

3. If the criteria in subparagraphs I and 2 above are met, the employee shall receive pay at his/her regular rate of pay for the time off with the following limitations:
 - (a) The time off will not be included in the computation of overtime or premium rate;
 - (b) Twelve (12) hours is the maximum payable under this section in any calendar year and hours may not be carried over to the next calendar year;
 - (c) Such time off may only be taken in minimum increments of one (1) hour;
 - (d) Time off with pay under this section will not be granted for Mondays except in exceptional circumstances;
 - (e) Nothing contained herein shall be interpreted to diminish an employee's right to take unpaid leave under the terms and conditions of the Family and Medical Leave Act.

ARTICLE 15

LEAVES OF ABSENCE

Section 1. Insofar as the requirements of the service will permit, leaves of absence without pay for good cause and of at least fourteen (14) calendar days duration and for no more than thirty (30) calendar days duration may be granted to regular employees under the conditions set forth in this

article. The intention of the employee with respect to return to work shall be established in writing between the employee and the Company prior to the commencement of the leave of absence.

Section 2. In accordance with this Article, employees who are on leaves of absence shall be unpaid. However, if an employee has qualified for **PTO** pay prior to commencing the leave, the employee shall be required to use such **PTO** during the leave of absence. Such **PTO** days used in conjunction with this leave shall be counted as leave days. Employees shall be required to exhaust all other paid time prior to commencing a leave.

Section 3. Family and Medical Leave

It is the Company's and Union's intention that the leave policy set forth in this article comply in all respects with the Family and Medical Leave Act. Leaves of Absence without pay granted under this Section shall be in one of the following categories.

- A. Leave of Absence due to employee illness or accident. Regular employees whose illness or injury requires that they be absent from work are entitled to a Leave of Absence up to 12 workweeks. A medical certification shall be required to obtain or extend a medical Leave of Absence. An employee returning from a Leave of Absence for the employee's illness or injury shall be required to furnish a fitness for duty statement prior to assuming his/her job duties.

- B. Leave to care for a newborn or newly adopted or newly placed foster child. A regular employee shall be entitled to a Leave of Absence up to 12 workweeks to care for a newborn child or to care for an

adopted or foster child who has been placed with the employee. A leave for this purpose must be taken during the 12 month period beginning on the date of the birth or placement and may not be taken on an intermittent or reduced schedule basis.

- C. Leave of Absence to care for a spouse, parent or child with a serious health condition. Regular employees will be entitled to a Leave of Absence of up to 12 workweeks to care for their spouse, child or parent when that individual has a serious health condition. A Medical Certification shall be required to obtain a Leave of Absence for this purpose.
- D. Maximum duration. Leaves of Absence to care for a newborn or newly adopted/placed child and Leaves of Absence to care for a spouse, child or parent with a serious health condition, shall not exceed a total of 12 workweeks in any 12-month period either individually or aggregated with other Leaves of Absence granted pursuant to this section.
- E. Notice required. If the need for a family or medical leave is foreseeable, the employee must give 30 days notice to the Company. If such need is not foreseeable, the employee must give as much notice as possible.
- F. Pay while on leave. Employees who are on Leaves of Absence due to their own personal illness or injury may be entitled to sickness or accident benefits pursuant

to Section 3. Other Leaves of Absence taken pursuant to this section will be without pay, except that if an employee has qualified for PTO pay, prior to commencing the leave, he or she shall be required to use such PTO during the Leave of Absence.

Section 4. Provided that service requirements permit, and further provided that the employee requesting the leave is eligible for reemployment, a one-year school leave may be granted upon proper application and sufficient proof of full-time school enrollment. This leave may, under the same terms and conditions outlined above, be renewed for a total of three times, so that the maximum leave period would be four (4) years. Each renewal is conditioned upon proper application and sufficient proof of full-time school enrollment.

Section 5. Military leaves will be granted to employees under terms and conditions then existing under applicable state and federal laws. Similarly, the Company shall accord to each employee who applies for reemployment after conclusion of his military service with the United States such reemployment rights as he/she shall be entitled to under then existing state and federal statutes.

Section 6. Leave of Absence for Care of Newborn. Child.

- A. Eligibility for Leave of Absence for Care of Newborn Children. Employees who have just completed a period of disability associated with childbirth and which disability period did not extend beyond three (3) months following delivery qualify for this Leave. Employees who have not completed a disability associated with childbirth must provide satisfactory evidence of a direct association with newborn children to qualify for the Leave. "Direct association" means children under three (3) months of age on the day prior to the day the Leave for Care of Newborn Children is to commence.

- B. Period of Leave of Absence for Care of Newborn Children. This Leave may be granted for a period of up to three (3) months. The starting date will be at the end of the disability payment period. In the event that there is no previous period of disability associated with childbirth, the starting date of the Leave, with the approval of the Company, will be at such time an employee who meets the eligibility requirements for such a Leave requests.
- C. Reinstatement from Leaves of Absence for Care of Newborn Children. Employees granted such leaves shall be entitled to guaranteed reinstatement to the same job or one of similar status and pay three (3) months following the date of birth of the natural or adopted child. If, upon application for reinstatement prior to the end of the three (3) month period following delivery, a position of like status and pay for which the employee is qualified is not available, reinstatement may be deferred until a position is available, but, in no case, shall reinstatement be deferred beyond three (3) months following delivery. Reinstatement, as provided in this Section, shall, however, be subject to force requirements which may have occurred because of technological changes which took place during the employee's absence on leave.
- D. Reimbursement of Insurance Premiums. Coverage under the Company's health insurance and dental plans will be extended to employees on Leaves for Anticipated Disability or for Care of Newborn Children at employees' expense if they were eligible for such coverage prior to going on Leave. The Company shall, upon application by the employee, reimburse the employee for the Company's contribution to the health insurance and dental plan premiums paid by the employee for the month in which the anticipated disability began.
- E. Service Credit. Employees granted Leaves of Absence for Anticipated Disability or Leaves of Absence for Care of Newborn Children shall receive service credit for the first thirty (30) days of Leave if they return to work. Regardless of the number of leaves granted hereunder, only one (1)

thirty (30) day service credit period will be granted during a twelve (12) month period.

Section 7. Provided that service requirements permit, and under the terms and conditions set forth below, the Company may grant a leave of absence without pay to an employee who desires such unpaid leave to attend to lawful, official Union business:

- A. The employee requesting such leave must normally make his/her request in writing to his/her supervisor at least ten (10) days in advance of the commencement of such leave; however, if it is impossible to give such ten (10) days notice due to extenuating circumstances, the employee will make such written request as soon as she/he becomes aware of the need for such leave.
- B. The employee requesting such leave must be an officer or duly designated delegate of the Union (as designated in writing to the Company by the International Representative of the Union) and will, upon request by the Company, provide written documentation to establish the specific need and reason for such requested leave.
- C. Such leaves shall not exceed fifteen (15) consecutive work days at any one time nor more than thirty (30) days, forty-five (45) days in the case of the president executive vice president, secretary/treasurer, and secretary and treasurer of the local) in any one calendar year. Except by written mutual agreement between the designated Human Resources Department representative of the Company and the International Representatives for the Union, the number of bargaining unit employees on this type leave at the same time shall be limited to two (2).
- D. With respect to collective bargaining sessions concerning a renewal of this Agreement, the above provisions shall not apply; but, instead, it is agreed that one employee from this bargaining unit may, upon proper advance notice to the Company (at least ten (10) calendar days' notice), participate in such collective bargaining sessions,

and that such employee will not be paid by the Company while attending or preparing for such sessions.

ARTICLE 16 FORCE ADJUSTMENT

Section 1.

- A.** Whenever the Company, in its discretion, deems that it is advisable to reduce the work force, reduce the hours being worked by employees, or to lay-off employees, such force adjustments will be made effective among employees within the bargaining unit according to the following principles/procedures:
1. Temporary, occasional, and probationary employees shall be laid off or have their hours reduced first.
 2. The Company will identify, by job classification, the number of employees in each job classification who will be affected.
 3. The Company will next identify twenty-five percent (25%) of the employees in each affected job classification who, in the Company's judgment, are the best qualified and best performing employees in that job classification. To be eligible for selection to this twenty-five percent (25%) of employees, an employee must have been employed in the affected job classification for at least one (1) year. Among the criteria which the Company will consider in making its judgment are the sales performance of employees in such classification for the preceding twelve (12) months, attendance and punctuality, discipline records, and training skills. The Company will meet and disclose to the Union, at least fourteen (14) calendar days before the effective date of the force adjustment, the identity of the employees whom it has selected in each job classification. Those identified employees will be the last employees in that job classification to be laid off or have their hours reduced (such

layoff or reduction in hours to be determined, as among such identified employees, by their Net Credited Service dates).

4. With respect to the remaining seventy-five percent (75%) of the employees in each affected job classification, the Company will first layoff or reduce the hours of those employees who are in the third (3rd) step or above of any disciplinary/corrective action procedure or program. (e.g., attendance, performance, or misconduct) (such layoff or reduction in hours to be determined, as among such identified employees, by their Net Credited Service dates). After the above employees have been laid off or have had their hours reduced, remaining employees in each affected job classification will be laid off or have their hours reduced based on their Net Credited Service dates (employees with the least amount of Net Credited Service being laid off or having their hours reduced first).

Section 2. Recall.

- A. Those employees who are laid off by the Company must keep the Company informed in writing as to the current address at which they may be reached. Notification of recall may be made by telephone or registered mail. When such a recall offer has been made, the employee must accept the offer within seven (7) calendar days and return to work within fourteen (14) calendar days, unless such period is extended by the Company, or the recalled employee loses all rights of recall.
- B. Employees on layoff will be recalled to the respective job classifications from which they were laid off in inverse order of their layoff from such job classification, with the last employee(s) laid off from a job classification being the first employee(s) recalled to that job classification.
- C. A laid off employee rehired within one hundred eighty (180) calendar days from the date of his/her layoff shall have the continuity of his/her Net Credited Service protected.

- D. In the event an employee on layoff status is not recalled within one hundred eighty (180) calendar days from the date of his/her layoff, such employee shall lose all recall and seniority/service rights under this Agreement and shall be deemed as no longer employed by the Company.

**ARTICLE 17
SEPARATION PAY**

Section 1. Eligibility.

- A. All regular full-time and regular part-time employees (scheduled to work at least twenty (20) hours or more per week) of the Company are covered by this Article if they are separated under circumstances as specifically described in paragraph B, below.
- B. Separation pay is payable only when a termination is initiated by the Company due to:
 - 1. Job elimination
 - 2. Reorganization or restructuring
 - 3. Relocation of facilities
 - 4. Other surplusing situations initiated by the Company
- C. Separation pay is not payable for any reason other than the reasons set forth in paragraph B, above. For example, separation pay is not payable when, in the Company's judgment, the termination is due to:
 - 1. Voluntary resignation, when not solicited by the Company to reduce a surplus of staff
 - 2. Voluntary retirement
 - 3. Death

4. Disability
5. Unsatisfactory job performance
6. Violation of Company policy or other employee conduct resulting in termination.
7. Sale of business when comparable employment continues with the former or successor business
8. Refusal of the employee to accept a comparable position with the Company within reasonable commuting distance. A comparable offer is one at the same grade (or reasonable equivalent in a different pay schedule), and is generally the same line of work. Reasonable commuting distance is defined as an employee having to travel not more than thirty (30) miles further (one (1) way) than the employee previously traveled to work.
9. Any other instance in which termination is not initiated by the Company for business reasons.

Section 2. Calculation of Separation Pay. Separation pay is determined using the employee's base salary on the last day worked. Eligible employees will receive two (2) weeks of separation pay for each full year of service, to a maximum of fifty two (52) weeks of separation pay. In determining separation pay, the employee's status, i.e., full or part-time, on the last day worked is used. Part-time employees will have their separation pay pro-rated based on the number of hours they are normally scheduled in a work week. Separation pay will be paid in a one-time, lump sum payment. Should the separated employee return to **Embarq** in fewer weeks than paid in lump sum, the difference between the amount paid and the pay for the period of absence will be refunded to the Company by the employee, within thirty (30) days after return to employment, or within such other reasonable time as agreed upon by the Company and the employee. Separation pay is subject to local, state, and federal taxes and all other deductions and withholdings from employee wages required by law in the same manner as regular wages. Employees who receive separation pay are eligible for continued medical/health coverage under COBRA.

ARTICLE 18

GRIEVANCE PROCEDURE

Section 1. The parties recognize that it is in the interest of all concerned that there be an orderly procedure whereby employee complaints and job-related problems may be expressed, discussed and, wherever possible, resolved to the mutual satisfaction of all concerned. Should any grievance arise during the term of this Agreement, an earnest effort shall be made to resolve such grievance in the manner described in this Article.

- A. A grievance is defined as a complaint by an employee for whom the Union is the bargaining agent, involving the interpretation or application of a specific provision of this Agreement. Grievances shall be based upon the provisions of this Agreement only.

- B. A grievance shall be presented at the first step of the Grievance Procedure as soon as possible after it arises, but in no event later than thirty (30) calendar days after it occurred, and the failure to present the matter within this time shall constitute an abandonment and waiver of the grievance.

- C. After any matter appropriate for grievance handling under this Agreement shall have been referred to the Union for grievance handling and the Company informed of such reference, the Company agrees that it will neither initiate nor participate in any discussion of the matter with the individual employees affected except in the presence of a Union representative.

Section 2. Any grievance based upon a claim or complaint of any kind which arose prior to the effective date of this Agreement or subsequent to the expiration thereof shall not be subject to the procedures outlined in this Article.

Section 3. An individual employee or group of employees shall have the right at any time to present grievances to the Company and to have such grievances adjusted, without the intervention of the Union, as long as the adjustment is not inconsistent with the terms of this Agreement and provided further that, upon request, the Union shall be given an opportunity to be present at such adjustment.

Section 4. A grievance shall first be presented by the employee involved to his/her first level manager. Where the employee involved so requests, the Union may present his/her grievance to that employee's first level manager. The party presenting the grievance, employee or Union, shall state the factual basis alleged in support of the grievance and the specific provision or provisions of this Agreement relied upon.

The management representative will make an earnest effort to reach a satisfactory settlement of the grievance and will give his/her answer within fourteen (14) calendar days after its presentation to him/her.

Section 5. If the grievance is not satisfactorily adjusted under Section 4, the Union may appeal the grievance to the next level of management within fourteen (14) calendar days following the first level manager's response. The grievance shall be reduced to writing, setting forth the factual basis and specific Agreement provisions relied upon. Within fourteen (14) calendar days following presentation, this level manager shall give the Company's position on the grievance in writing to the Union Representative.

Section 6. If the grievance is not settled satisfactorily in accordance with the procedure in Section 5, it may be presented to the Company's designated Human Resources Department Representative by the Union's Local President. In addition, the International Representative of the Union may attend the meeting. A grievance at this step must be presented within thirty (30) calendar days after receipt of the answer under Section 5, and a failure to present the grievance within the time shall constitute an abandonment and waiver of the grievance. The grievance at this level shall be presented in writing, and shall contain a brief statement of the grievance and list the specific provision(s) of this Agreement claimed to have been violated. The Company shall furnish the Union a written reply to the grievance at this level within thirty (30) calendar days after the matter was presented to it.

Section 7. In the event of a discharge of any employee, the parties agree that the Union and affected employee may bypass the first two steps of the Grievance Procedure and proceed, within ten (10) calendar days of the occurrence of the discharge, to file a written grievance directly with the Company's designated Human Resources Department Representative under Section 6 above.

Section 8. When the grieving party and/or the Union fails to follow the time limits set forth above, the grievance will be considered dropped. When the Company fails to follow the time limits set forth above, the grievance will be automatically progressed to the next step in the grievance/arbitration procedure. The time periods specified in this Article may be extended or modified by verbal or written consent of the parties; however, if such consent is verbal, the party requesting the extension must confirm such extension in writing to the non-requesting party within ten (10) days of such consent.

Section 9. Insofar as practicable, the investigation of a grievance by the Union or its representatives will be handled only during non-work time and shall not interfere with the performance of duties by employees. It is recognized that there may be occasions when in an investigation of a grievance it may be impossible to handle such investigation during non-work time, and the Company will not unreasonably withhold its permission for the investigation of such grievance during work time. In any event, whether the investigation occurs during non-work or work time, time devoted in such investigation will not be paid by the Company.

Section 10. At the grievance meetings under this Article, the Union may have up to two (2) employees present from within the Company. Grievance meetings under this Article 18 will be held at reasonable hours and usually during work hours. Employees who participate in grievance meetings held during regular working hours will be paid their regular rate of pay for time actually spent in such meetings. Time spent by an employee in grievance meetings outside of the employee's normally scheduled hours will not be paid by the Company.

ARTICLE 19 ARBITRATION

Section 1. In the event that a grievance, as defined in Article 18, Section 1.A., has not been settled to the satisfaction of the parties involved through the Grievance Procedure of Article 18 of this Agreement, the Union may, within sixty (60) calendar days after the answer of the Company at Article 18, Section 6. of the Grievance Procedure, serve on the Company a written notice that the grievance will be submitted to arbitration. Such request for arbitration shall be not valid if not served within the time prescribed.

Section 2. The moving party shall, after serving on the other party a notice of intent to arbitrate, as set forth above, request the Director of the Federal Mediation and Conciliation Service (FMCS) to submit to the Company and the Union a list of seven (7) arbitrators approved by the agency. The request to the FMCS must be made within fifteen (15) calendar days after service of the notice of intent to arbitrate. The FMCS list shall be composed of arbitrators whose principal residence/place of business is in North Carolina, South Carolina, Eastern Tennessee, Southern Virginia, or Georgia. The Company and the Union shall each have the right to strike three (3) names from such list. The parties shall alternate in striking the names, the representative of the aggrieved party exercising the first strike. The person whose name remains on the list shall be designated as the arbitrator.

Section 3. If the moving party fails to act within the time limits set forth above, without the written consent of the other party, then the moving party shall forfeit its case and no action to compel arbitration shall be brought thereon. The voluntary agreement of the non-moving party to submit the grievance to the arbitrator shall not be a waiver of any time limits; but the arbitrator shall first pass upon the timeliness of the grievance and of the arbitration. There shall be no allegation of a waiver of any of these time limits unless they can be sustained by a writing signed by the Union and the Company as time limits specified in this Article may be extended or otherwise modified only by mutual written consent.

Section 4. Each party shall bear the expense of preparing and presenting its own case. The compensation and expenses of the impartial arbitrator and the incidental expenses of the arbitration proceeding, including the cost of a reporter (if one is used) and any official transcripts prepared by a reporter, shall be borne equally by the Company and the Union. Either party may tape-record the hearing at that party's own expense. Time spent by

employees in attending an arbitration hearing shall not be paid for by the Company. Employees whose attendance is necessary at such hearing shall normally give written notice to the Company at least three (3) days before the date of such hearing; however, if it is impossible to provide such advance notice because of extenuating circumstances, the employee shall give notice as soon as she/he, is made aware of the necessity for his/her attendance at such hearing. Only employees whose testimony is required will be excused from work to attend arbitration hearings except that a maximum of two (2) Union officers/stewards may be excused under the terms and conditions set forth above.

Section 5. The decision of the arbitrator shall be final and binding upon both parties, and upon any grievant(s) and shall conclusively determine the dispute being arbitrated.

Section 6. An arbitrator may hear only one grievance at a time unless otherwise agreed to in writing by both parties.

Section 7. The limitations of the powers of the arbitrator are as follows:

- A. He shall have no power to add to, subtract from, or modify any of the terms of this Agreement. In this connection, any award against the Company must be based upon a finding that the Company has violated a specific provision of this Agreement; and the arbitrator's award must specifically identify the provisions violated and explain in his/her award how the Company violated that provision. The arbitrator may not base an award against the Company on any oral or written agreements not expressly included in this Agreement. Further, the arbitrator may not base an award on, or consider, any past practices or policies which occurred prior to the date of this Agreement in interpreting the provisions of this Agreement.

- B. He shall have no power to establish wage scales or change any wages either for existing jobs or newly created jobs.

C.

He shall have no power to award compensatory damages, punitive damages, or any other damages or monetary sums of any type except for back wages in cases of discharge or disciplinary suspensions. In such cases, the arbitrator may not require the Company to pay back wages prior to the date a grievance was filed with the Company. All awards of back wages shall be limited to the amount of wages the employee would otherwise have earned from his employment with the employer during the periods as defined, less any unemployment compensation received or other compensation for personal services that she/he may have received from any source during the period. Nothing contained herein prevents the Company from arguing, in appropriate cases, that the grievant has failed to properly mitigate his/her damages; and if the Company carries its burden of proof on this issue, the arbitrator may reduce any back pay award accordingly.

D.

In discipline and discharge cases, the arbitrator shall not substitute his/her judgment for that of the Company, but shall apply the standard set forth in Article 21 (Discipline and Discharge).

ARTICLE 20 RECORDS

Section 1. The Company retains the right to maintain letters of warning and other documents regarding discipline for an indefinite time in the employee's personnel file. However, the Company agrees that it will not consider any warnings or disciplinary actions that are more than five (5) years old for purposes of discipline or other employment decisions, except that discipline that resulted in discharge (not reversed by the grievance or arbitration procedures) may be considered by the Company indefinitely.

Section 2. An employee may inspect his/her personnel file by delivering a written request to do so to his/her immediate supervisor seven (7) working days prior to the date of such inspection. Such inspection will be in the presence of a management representative, and the employee shall normally have no right to copy any part of such records or to remove such records from the workplace. After such inspection, the employee shall initial and date the records as acknowledgement of having inspected the record on that date. An employee who has filed or is contemplating the filing of a grievance under this Agreement may also request, under the same procedure and terms and conditions set forth above, that a designated Union representative inspect his/her personnel file with or without the employee being present. In such a grievance situation, the employee and/or his/her Union representative may request (and the Company will supply) copies of parts of his/her file pertinent to his/her grievance or contemplated grievance.

Section 3. When entries are made to an employee's personnel record which adversely affect conditions of his/her employment, the employee shall be so advised. Such notice shall be given to the employee within a reasonable period of time after the occurrence of the incident to which the entry refers, but in no event later than thirty(30) days thereafter.

ARTICLE 21 DISCIPLINE AND DISCHARGE

Section 1. The Company may release, suspend, demote, discharge, or otherwise discipline employees for reasons which it deems appropriate and for which just cause exists. Such causes for discipline shall include, by way of example, but are not limited to, dishonesty, falsifying Company records, use of narcotics or other drugs (on or off Company premises), reporting to work under the influence of alcohol or drugs, violating the Company's Drug and Alcohol Policy, theft, participating in a fight or uttering provoking words to fellow employees, smoking in prohibited areas, gambling on Company premises, discourtesy to customers, unacceptable absenteeism or tardiness, failure to properly report a tardiness or absence to his/her supervisor, unsatisfactory job performance, and willful destruction of Company property or the property of another employee.

Section 2. The parties recognize that it is impossible to list all conduct which might justify discipline and the above list is not inclusive of all conduct/behavior for which discipline (including discharge) might be administered. The Company's decision to discipline, or not, and the degree of discipline (including discharge) will depend upon all of the circumstances surrounding each particular incident. The Company's decision regarding the degree of discipline to be imposed is subject to the grievance and arbitration procedure; and an arbitrator may, in his discretion and based upon the evidence presented, reduce the degree of discipline imposed by the Company to a lesser penalty. Further, it is agreed that the Company may, from time to time, promulgate rules and regulations concerning employee conduct/misconduct and the discipline (including discharge) to be imposed for violations of such rules and regulations.

ARTICLE 22

WAGES

Section 1. Wage Rates.

- A. Full-Time Employees. Pay rates and progression schedules for full-time employees shall be those shown in the Wage Schedules attached as Appendix A to this Agreement.
- B. Part-Time Employees.
 - 1. The rate of pay and amount of increase for part-time employees shall be prorated by relating such employee's hours of work to the normal work week.
 - 2. A part-time employee shall receive progressive increases at the same work experience intervals as a full-time employee.

Section 2. Starting Rates. The Company shall have the right to determine the starting pay rate of each employee and shall assign such wage credit as it deems appropriate according to the background of the individual being employed. As the proficiency of an employee is evaluated by the Company, the rate of pay may be adjusted upward or downward accordingly.

Section 3. Effective Date for Wage Increases. The effective date for wage increases shall be the beginning of the payroll period nearest the first day of the calendar month for employees engaged between the first and fifteenth days of the month, and shall be the beginning of the payroll period nearest the first day of the next succeeding month for employees engaged between the sixteenth and the last day of the month.

ARTICLE 23
PAY FOR PERFORMANCE COMPENSATION PLAN
AND OTHER INCENTIVE PROGRAMS

Section 1. Effective with the first calendar day of the month following contract ratification, the Pay for Performance Compensation Plan (“PFP”) will be implemented for **Consumer Solutions** Representatives, who shall then have the opportunity to begin receiving earnings pay-outs according to the terms and conditions of the Plan. For purposes of Pension, Savings, and Flex Benefit Dollars, **Consumer Solution** Representatives covered by PFP will be treated under the Benefits Rate Schedule attached as Appendix B to this Agreement.

Employees will receive a daily schedule of incentive eligibility earnings that can be used to track monthly sales objectives and earnings. For tax purposes, incentive dollars are to be treated as regular income (and not grossed up). Incentive earnings will be taxed at the applicable tax rate. Employees will receive incentive earnings under PFP in the second paycheck of the month following their sales.

Unless otherwise specifically noted above, the parties agree that the Company may unilaterally modify, delete, or change any terms, conditions, criteria, or parameters of PFP (including objectives, product line categories, qualifiers, thresholds, or any other provisions). If the Company discontinues PFP at any time during the term of this Agreement, **Consumer Solution** Representatives will be paid under the Benefits Rate Schedule attached as Appendix B to this Agreement. Any modifications made to PFP will not affect money already earned under such Plan. The Company further agrees to notify the Union of any modifications to the Plan at least fourteen (14) calendar days in advance of the effective date of such modifications.

The Company further agrees during the term of this Agreement to meet, upon request by the Union, on a quarterly basis with designated Union representatives to a maximum number of three (3) to discuss sales objectives and other PFP-related matters.

Section 2. The Company, at its sole discretion, may unilaterally develop, implement, administer, modify, or delete other incentive programs. The Company will notify the Union at least fourteen (14) calendar days in advance of the implementation or deletion of such plans.

ARTICLE 24 PENSION PLAN AGREEMENT

The Company has adopted the **Embarq** Retirement Pension Plan (the "Retirement Pension Plan") and agrees to include employees covered by this Agreement as members of such Retirement Pension Plan in accordance with the Pension Agreement, which by reference thereto is incorporated herein and made a part of this Agreement. Said Pension Agreement shall be continued without modification for the life of this Agreement; provided; however, the Company (and for this purpose only, "Company" shall include **Embarq** Corporation) retains the right to make such changes in the Retirement Pension Plan, in its sole discretion, as may be required to obtain a ruling from the Commissioner of Internal Revenue that the Retirement Pension Plan qualifies under Section 401 (a) of the Internal Revenue Code of 1986, as amended from time to time, and that the Trust implementing the Retirement Pension Plan is exempt from taxation under Section 501 (a) of said Code, to satisfy any applicable state or federal statute, regulation, ruling, court decision, or other law applicable to said Retirement Pension Plan, or to administer said Retirement Pension Plan in an orderly and efficient manner. Any such action taken by the Company in its sole discretion with respect to the Retirement Pension Plan shall apply to all similarly situated employees of the Company in a uniform manner. The Company pays all contributions to the Retirement Pension Plan.

Section 1. Embarq Retirement Pension Plan.

The Company agrees to provide to Covered Members, through the **Embarq** Retirement Pension Plan (the "Retirement Pension Plan"), the benefits hereinafter specified in this Agreement effective **November 4, 2006**. All terms defined in the **Embarq** Retirement Pension Plan shall have the meaning specified therein unless the context of this Pension Agreement clearly indicates otherwise.

Covered Member shall mean an employee of Carolina Telephone and Telegraph Company represented by Local Union No. 3681A of the CWA who is a member of the Retirement Pension Plan pursuant to Article 2 of the Retirement Pension Plan.

The provisions of the Retirement Pension Plan, other than Section 3.2, Retirement Allowance on Termination of Employment or Retirement, including the rights of the Board of Directors of **Embarq** Corporation to make such amendments as it deems advisable with respect to all of the provisions of the Retirement Pension Plan other than those referred to specifically in this document, are incorporated herein by reference and shall be in full force and effect provided that continuous service and credited service shall be determined in accordance with definitions in Sections 1.13 (b), Continuous Service, and 1.15 (b), Credited Service, respectively of the Retirement Pension Plan, except as specifically provided to the contrary herein.

Anything contained in the Retirement Pension Plan to the contrary notwithstanding, the tables of monthly benefit per year of service hereinafter described shall apply to a Covered Member until revised by a subsequent Pension Agreement. This Pension Agreement shall terminate when the contract between the Company and the Bargaining Unit terminates. Upon the termination of this Pension Agreement, if as of such a date a subsequent Pension Agreement between Carolina Telephone and Telegraph Company and the CWA is not in force, the retirement allowance of any Covered Member shall be determined as of such date and shall not increase for any reason until the effective date of a subsequent Pension Agreement. No credited service shall be earned following such date. Continuous service shall continue to be earned in accordance with Section 1.13 (b), Continuous Service, of the Retirement Pension Plan. A Covered Member may retire as provided in the Retirement Pension Plan following such termination date and receive the retirement allowance determined as of the termination date, provided, that such allowance shall be adjusted as provided in Retirement the Pension Plan if it is paid in a form other than a life annuity or commences on a day other than the Covered Member's normal retirement date, as defined in the Retirement Pension Plan.

Section 2. Eligibility for Benefits

The number of years of continuous service required to be eligible for an early or disability retirement allowance is 10 years, and for a vested

retirement allowance is 5 years. The other requirements for eligibility for early and disability retirement allowances will not be changed.

Section 3. Amount of Allowance

- (a) The amount of the retirement allowance payable in the form of a life annuity to a Covered Member who retires under normal or early retirement under Article 3, Retirement Allowance, of the Retirement Pension Plan shall be based on the Covered Member's age in years and completed whole months, job classification and credited service at termination of employment; and date of termination of employment, or normal retirement date if earlier, determined from the attached tables, by multiplying the appropriate monthly benefit per year of service by the number of years of credited service, subject to the provisions contained in Article 4, Provisions Relating to Pension Agreements, of the Retirement Pension Plan.
- (b) The amount of the retirement allowance payable in the form of a life annuity to a Covered Member who is retired under a Special Early Retirement Allowance as defined in Section 1.56 of the Retirement Pension Plan shall be equal to the benefit determined in paragraph (a) above using the appropriate monthly benefit per year of service for a Covered Member age 65 at the time of the Covered Member's termination of employment, reduced by $\frac{5}{24}$ of 1% for each month by which the Covered Member's actual retirement date precedes his normal retirement date.
- (c) The amount of the retirement allowance payable in the form of a life annuity to a Covered Member who is entitled to a deferred vested early retirement allowance as defined in Section 1.16 of the Retirement Pension Plan shall be equal to the benefit determined in paragraph (a) above using the appropriate monthly benefit per year of service for a Covered Member age 65 at the time of the Covered Member's termination of employment.
- (d) The amount of the retirement allowance payable in the form of a life annuity to a Covered Member who is retired under Disability

Retirement under Section 3.3 of the Retirement Pension Plan shall be equal to the benefit determined in paragraph (a) above using the appropriate monthly benefit per year of service for a Covered Member age 65 at the time of the Covered Member's termination of employment.

- (e) Upon the death of a Covered Member described in Article 8, Spousal Allowance, of the Retirement Pension Plan prior to his normal retirement date or his retirement, whichever occurs first, an allowance shall be payable to and for the life of his surviving spouse, provided that he and said spouse have been married throughout the one-year period ending on the date of his death. The amount of the spouse's allowance payable to an eligible spouse shall be the benefit described in paragraph (a) above which would have been payable to such spouse had the Covered Member retired early in accordance with Section 1.20, Early Retirement Allowance, of the Retirement Pension Plan and benefits had commenced on the first day of the month preceding his date of death. If the Covered Member had not attained age 55, the benefit described in paragraph (a) above shall be that which applies at age 55.

ARTICLE 25
SAVINGS PLAN AGREEMENT BETWEEN CAROLINA
TELEPHONE AND TELEGRAPH AND COMMUNICATIONS
WORKERS OF AMERICA 3681A

The Company has adopted the **Embarq** Retirement Savings Plan for Bargaining Unit Employees (the "Retirement Savings Plan") and agrees to include employees covered by this Agreement as members of such Retirement Savings Plan as soon as administratively feasible following ratification of this Agreement, in accordance with the Savings Plan Agreement, as included below. In addition, the Company agrees to withhold employee contributions as provided in said Savings Plan Agreement and to make Company contributions thereto. Said Savings Plan Agreement shall be continued without modification for the life of this Agreement; provided, however, the Company (and for this purpose only "Company" shall include **Embarq** Corporation) retains the right to make such changes in the Retirement Savings Plan, in its sole discretion, as may be required to obtain a ruling from the Commissioner of Internal Revenue

that the Retirement Savings Plan qualifies under Section 401 (a) and 401 (k) of the Internal Revenue Code of 1986, as amended from time to time, and that the Trust implementing the Retirement Savings Plan is exempt from taxation under Section 501(a) of said Code, to satisfy any applicable state or federal statute, regulation, ruling, court decision or other law applicable to said Retirement Savings Plan, or to administer said Retirement Savings Plan in an orderly and efficient manner. Any such action taken by the Company in its sole discretion with respect to the Retirement Savings Plan shall apply to all similarly situated employees of the Company in a uniform manner.

SAVINGS PLAN AGREEMENT

Section 1. Embarq Retirement Savings Plan for Bargaining Unit Employees. The Company agrees to provide a means for employees to save for their retirement on a tax-preferred basis through the **Embarq Retirement Savings Plan for Bargaining Unit Employees** (the "Retirement Savings Plan"). Employee and Company contributions to said Retirement Savings Plan are specified in this Agreement. All terms defined in the Retirement Savings Plan shall have the meaning specified therein unless the context of this Retirement Savings Plan Agreement clearly indicates otherwise.

Participation shall be in accordance with Article 2, Participation, of the Retirement Savings Plan.

Section 2. Employee Contributions

A. Basic Contributions

1. Each Participant shall be allowed to have his wage reduced bi-weekly up to the appropriate maximum bi-weekly amount specified in Appendix D. Such bi-weekly wage reduction shall be in multiples of \$2 and shall be contributed to the Participant's account. Such bi-weekly wage reduction shall be known as "Basic Contributions."

2. The minimum Basic Contribution shall be \$10 for each bi-weekly pay period.

B. Supplemental Contributions.

Each Participant who has had his wages reduced by the appropriate maximum amount in Section 2. shall be allowed to have his wage reduced in multiples of \$2, which amount shall not exceed the amount of specified in Appendix D. Such amount shall be known as “Supplemental Contributions.”

(c) Catch-Up Contributions

Effective [original effective date], each eligible Participant shall be permitted to make Catch-Up Contributions as defined in the plan document. Upon attainment of age 50, a participant may contribute an additional amount per year to the extent provided by Section 414(v) of the Internal Revenue Code and under procedures established by the Benefits Plan Committee.

Section 3. Company Contributions.

A. The Company may contribute the Company matching contributions equal to the same percentage of the Participant’s Basic Contribution **as specified in the plan document for the Retirement Savings Plan.**

B. The Company may provide an increased Company contribution based on the same performance measurement standard that applies in the Retirement Savings Plan for non-represented employees.

Section 4. Investment Options.

- A. As provided for in the Retirement Savings Plan, a certain number of investment options (funds) will be available for Participant's to invest their own Contributions. The percentage of contributions allocated to any investment option shall be in whole percent increments with a minimum of five percent (5%) to an investment option.
- B. The Company matching contribution for each Participant shall be invested **as specified in the plan document for the Retirement Savings Plan.**
- C. The Company shall designate the investment vehicle for each investment fund and can change any investment vehicle at any time.

Section 5. Services.

Represented employees are included in the same processing services for transactions under the Retirement Savings Plan for the same fees as non-represented Embarq employees.

Changes to these services and fees, if any, will be made at the sole discretion of the Company. Such changes, however, will continue to be equal to the services and fees offered to non-represented employees.

Section 6. Administration of the Retirement Savings Plan.

At its sole discretion, the Company shall designate the agent for maintaining participant records and processing transactions for the Retirement Savings Plan. The Company may change the designated agent at any time.

Section 7. Diversification

Effective August 18, 2006 the Retirement Savings Plan will provide diversification options for the Company contribution on the same basis that applies to non-represented employees.

ARTICLE 26 BARGAINING UNIT HEALTH CARE

Effective **January 1, 2007**, and continuing for the life of this Agreement, the Company agrees, subject to the limitations described below, to include employees in the **Flexible Benefits Plan** as it is applicable to non-represented employees of the Company. The components of the **Flexible Benefits Plan** available to employees, subject to this agreement, include the following benefit options: Medical, Prescription Drug, Dental, Vision Care, Supplemental Long-Term Disability, Health Care Reimbursement Account, Dependent Day Care Reimbursement Account, Employee Life Insurance, Dependent Life Insurance, and Accidental Death and Dismemberment Insurance. The Company agrees to provide eligible employees with Basic Long-Term Disability coverage.

The annual price tags for the medical, prescription drug and dental coverage options under the **Flexible Benefits Plan** will be the same as those applicable to non-represented employees of the Company. On an annual basis, employees will be credited with benefit dollars the same as those applicable to non-represented employees of the Company.

The Company, at its sole discretion, shall designate the insurance carrier(s) and the agent(s) for processing claims and other transactions for the **Flexible Benefits Plan** and the individual components thereof. The Company may change the insurance carrier(s) and/or the claims administrator(s) at any time provided that the Company first provides notice to the Bargaining Unit thereof.

As provided in the various Summary Plan Descriptions, the Company reserves the right to amend or terminate any one of the various components of the Flexible Benefits Plan at any time, including changing the deductible, co-payment, and maximum out-of-pocket amounts for certain health care options so long as the changes are uniformly applied to all eligible employees, both non-represented and bargaining unit employees.

VOLUNTARY BENEFITS PROGRAM

Effective as soon as administratively feasible, and continuing for the

life of this Agreement, the Company agrees, subject to the limitations described below, to include employees in the Voluntary Benefits program as it is applicable to non-represented employees of the Company. The components of the Voluntary Benefits program available to employees may include, but not be limited to, Automobile Insurance, Homeowners Insurance, Long Term Care Insurance, Pet Insurance, Universal Life Insurance coverages, Legal Services and Critical Illness Insurance.

It is understood that employees will be responsible for the entire cost for each component of the Voluntary Benefits program. At its sole discretion, the Company may permit employees to have the required costs withheld through payroll deduction.

In addition, at its sole discretion, the Company shall designate the insurance carrier(s) and/or the agents(s) for the various components of the Voluntary Benefits program. The Company may change the insurance carrier(s) and/or the agents(s) at any time provided sufficient notice is given. The Company will provide the insurance carrier(s) and/or the agent(s) with all applicable employee information needed to offer the program. The Company also reserves the right to modify or terminate any one of the various components of the Voluntary Benefits program at any time so long as the changes are uniformly applied to all eligible employees, both non-represented and bargaining unit employees.

ARTICLE 27 CONCESSION

Section 1. Subject to Company policy, regular employees (full and part-time) with six (6) or more months of service are eligible for **the Embarq telephone concession plan.**

It is recognized that the Company has the exclusive right to amend, modify wholly or in part this plan. **The Company agrees, however, that any changes to the concession plan for bargaining unit employees will be**

equivalent to the Embarq services that is provided to non-bargaining employees.

**ARTICLE 28
TOOLS AND WORKING EQUIPMENT**

- A. The Company will furnish at no expense to the employee all materials, instruments, and equipment as determined by the Company to be necessary for the employee to perform his/her assigned duties.
- B. The items referred to above shall be used only to accomplish the work for which they were issued and shall be given reasonable care and attention by employees. Such items shall not be removed from the workplace except upon express written approval of the employee's supervisor.
- C. The items referred to above that are broken or damaged beyond repair through no fault of the employee will be replaced by the Company at no expense to the employee.
- D. Items referred to above that are damaged by the employee's negligence or intentional acts will be repaired, if possible, at the employee's expense. Items referred to above that are lost by the employee or damaged beyond repair by the employee's negligence or intentional acts will be replaced at the employee's expense.

**ARTICLE 29
SUPERVISORS PERFORMING BARGAINING UNIT WORK**

Section 1. The Company agrees that it will not as a general practice assign supervisory employees work ordinarily performed by bargaining unit employees except that such assignments may be made for purposes of instruction or to meet emergency conditions. The parties further recognize,

however, that there may be other proper exceptions to this general practice, made in the interest of service requirements and/or efficiencies of operation, and in such cases nothing herein is intended to prohibit the Company from assigning such bargaining unit work to supervisory employees.

ARTICLE 30 CONTRACTING OUT/TRANSFER OF WORK

Section 1. The Company's right to contract out work covered by this Agreement, as set forth in Article 3, is subject only to the limitation that the Company will not, contract out to third parties work which is being performed by regular full-time bargaining unit employees at the time and which would directly result in the layoff of such regular full-time bargaining unit employees.

Section 2. Nothing contained herein limits the Company's right to consolidate or transfer work to another Company facility/work group or another **Embarq** facility/work group.

Section 3. Further, nothing contained herein limits in any way the right of the Company to use alternative marketing channels to sell its products so long as such use does not directly result in the layoff of regular full-time bargaining unit employees.

ARTICLE 31 OUTSIDE EMPLOYMENT

Other employment outside working hours will not be permitted if it interferes with the employee's job performance. Further, employees may not work for a competitor of the Company or engage in employment which would create a conflict of interest. Upon learning of any such outside employment as described above, the Company will meet with the employee involved and his/her designated Union representative to discuss the issue. An employee will not be disciplined or discharged under this article without first having had the above-described meeting. Employees who disagree with the Company's decision regarding such outside

employment and/or any discipline imposed as a result thereof may file a grievance under the grievance procedure set forth in this Agreement and may proceed to arbitration under the terms set forth in this Agreement.

ARTICLE 32 PAYCHECKS

It is agreed that employees hired after the effective date of this Agreement shall authorize the Company to utilize the Company's direct deposit procedure to deposit such employee's paycheck. Employees employed prior to the effective date of this Agreement shall utilize either the Company's direct deposit procedure or shall authorize the Company to mail such employee's paycheck to his/her residence or work location.

ARTICLE 33 FEDERAL AND STATE LAWS

Section 1. In the event any of the provisions of this Agreement shall be or become invalid or unenforceable by reason of any Federal or State law now existing or hereinafter enacted, such invalidity or unenforceability shall not affect the remainder of the provisions hereof.

ARTICLE 34 UNION RIGHTS AND RESPONSIBILITIES

Section 1. The Union agrees that there should be no solicitation for membership in the Union, signing up of members, or collection of initiation fees, dues, or assessments, or conduct of any Union business on Company work time or on Company property during the assigned working schedule of any of the employees involved except as specifically otherwise permitted in this Agreement. This limitation shall not be construed to prohibit casual or personal conversation about the Union and its activities, provided such conversations do not result in employees quitting or delaying their work. The Union shall not distribute on Company premises literature which is controversial, political, advertising, or similar in nature.

ARTICLE 35
UNION'S INTERNATIONAL REPRESENTATIVE

Any accredited International Representative of the Union who wishes to enter the Company premises for investigation of grievances or discussions with management should call the Company's Director of Human Resources, or his/her designee, and ask for an appointment a reasonable time in advance of his visit to the office. When this procedure is followed, the Company shall not unreasonably restrict the International Representative's access to its facilities for legitimate Union purposes. The International Representative shall not enter the Company premises for any reason without having first obtained the permission above described.

ARTICLE 36
UNION DUES CHECK OFF

Section 1. During the term of this Agreement, the Company agrees to deduct Union dues on a monthly basis for each employee covered by this Agreement who signs and submits to the Company's Payroll Department an individual authorization for payroll deduction.

Section 2. Such deduction will be paid to the Union against the receipt thereof in the name of the Union, by the properly designated Union official. The Union agrees to furnish to the Company notice of the amount to be uniformly deducted for Union dues pursuant hereto and the Union official authorized to receive such deduction. Such deductions shall be paid and forwarded to the Financial Secretary of the Union with a list showing the employees for whom the deductions have been made and the amount.

Section 3. Any employee may cancel and terminate his/her deduction authorization effective on December 31 of any year by delivering written notice to the Company not later than December 1 of that year. The employee will also furnish the Union with a copy of any notice to the Company terminating such authorization.

Section 4. The Union may, by written notice to the Company from its Secretary, terminate, with respect to any employee, the obligation and right of the Company to make such deductions. The Company shall give notice of such termination to the employee.

Section 5. Cancellation of Union dues deductions will be made by the Company on the transfer or promotion of any employee to an ineligible (non-bargaining unit) position effective the first payroll period following the transfer or promotion. The Company will notify the Union and the affected employee of such cancellation.

Section 6. When an employee is granted a leave of absence in excess of thirty (30) days, any authorization for deduction of dues shall be automatically suspended. Such suspended authorization shall be automatically resumed upon return from leave.

Section 7. The Union agrees that it will indemnify the Company and hold it harmless against all loss or damage that it may suffer from or by any reason of the deduction of dues from the pay of any employee pursuant to the provision of this Section.

Section 8. Under the same terms and conditions as set forth above for payroll deduction of Union dues, the Company agrees to provide payroll deductions for COPE (Committee On Political Education) for any employee covered by this Agreement.

ARTICLE 37 BULLETIN BOARDS

Section 1. The Company will install and maintain bulletin boards in mutually agreed upon locations for use by the Union.

Section 2. Use of such bulletin boards by the Union shall be confined to such local Union matters as notices of meetings, recreational activities, social affairs, nomination and election of Union officers and such other matters as may properly be considered as non-controversial and non political and advertising and similar material will not be posted. Where any material posted by the Union is deemed by the Company to be

controversial in nature, it shall be promptly removed at the request of the Company.

Section 3. The cost of providing, installing, maintaining, and relocating such bulletin boards will be paid for by the Union.

ARTICLE 38 PICKET LINES

Section 1. Employees whose work requires that they gain access to a customer's premises agree to cross picket lines if necessary to accomplish their assigned work unless the employee can demonstrate that s/he has a reasonable fear of imminent bodily harm if she/he attempts to cross the picket line.

Section 2. Any employee whose normal place of work is being picketed will report to work via an entrance designated by the Company as an "employee only" entrance,

ARTICLE 39 STRIKES AND LOCKOUTS

Section 1. No officer or representative of the Union and no employee shall authorize, instigate, aid, condone, initiate, cause, permit, participate in, or join in any strikes (including sympathy strikes), slow-downs, sit-downs, walk-outs, illegal picketing, or work stoppages or interruption of work of any nature whatsoever against the Company at any of its locations or facilities (or the premises of customers whom the Company serves) during the term of this Agreement.

Section 2. It is agreed that if a strike (including sympathy strike), low-down, sit-down, walk out, work stoppage, illegal picketing or other work stoppage or interruption of work in any fashion shall occur, either on the basis of individual or collective employee conduct, the Union and its officers shall take prompt, sincere, and vigorous steps to secure an immediate and orderly cessation of such activity and a prompt return to work by employees. This obligation and the obligations set forth in Section 1 shall not be affected or limited by the subject matter involved in the dispute giving rise to the above-described activities or by whether such

subject matter is or is not subject to the grievance provisions of this Agreement.

Section 3. The Company agrees that no employee covered by this Agreement shall be required to work at a Company location or facility which is on strike during the term of this Agreement.

Section 4. The Company may impose disciplinary measures, including discharge, on any or all of the employees who have engaged in or encouraged any of the prohibited acts set forth in this Article. Such disciplinary action shall be subject to the grievance and arbitration procedure of this Agreement.

Section 5. In exchange for the Union's agreements as set forth in this Article 4, there shall be no lock-outs during the term of this Agreement provided that the closing of any or all portions of any of the facilities covered by the Agreement for legitimate business reasons shall not be construed as a lock-out.

ARTICLE 40 WAIVER

The parties acknowledge that during the negotiations which resulted in this Agreement, each had the unlimited right and opportunity to make demands and proposals with respect to any subject or matter not removed by law from the area of collective bargaining, and that the understandings and agreements arrived at by the parties after the exercise of that right and opportunity are set forth in this Agreement, and that this Agreement therefore constitutes the entire Agreement between the parties hereto. Therefore, the Company and the Union, for the life of this Agreement, each voluntarily and unqualifiedly waive the right, and each agrees that the other shall not be obligated, to bargaining collectively with respect to any subject or matter not specifically referred to or covered in this Agreement even though such subjects or matters may not have been within the knowledge or contemplation of either or both of the parties at the time that they negotiated or signed this Agreement.

ARTICLE 41 DISTRIBUTION OF AGREEMENT

The Company shall have this Agreement printed and distributed to all regular employees covered by this Agreement.

The Company and the Union will each bear responsibility for printing their own required copies of this Agreement.

The Company shall deliver to each officer of the local union a proofed copy of the Agreement within sixty (60) days of ratification.

The Company shall provide the responsible CWA Staff Representative a complete “DRAFT” copy of new contracts within thirty (30) days after ratification by Local(s) membership.

Upon receipt, the Union will have thirty (30) days to review the “DRAFT” copy and return the new contract back to the Company.

ARTICLE 42 DURATION OF AGREEMENT

Section 1. This Agreement shall remain in full force and effect from the date of ratification up to and including 12:01 a.m. **November 8, 2009** and shall thereafter continue in full force and effect, unless either party gives the other party the notice set forth herein.

Section 2. Either party desiring to change or terminate this Agreement shall notify the other in writing at least sixty (60) days prior to the expiration date. Whenever notice is given for changes, the nature of the changes desired should, to the extent feasible, be specified in the notice.

Section 3. At any time after the expiration date, during which period the parties are negotiating on a renewal agreement and no such agreement has been reached, then either party may give written notice of its intent to terminate the Agreement in ten (10) days.

IN WITNESS WHEREOF, the Union and the Company have caused this Agreement to be executed in their names and by their duly authorized representatives on **this 4th day of November, 2006.**

CAROLINA TELEPHONE
WORKERS
&
TELEGRAPH COMPANY

COMMUNICATIONS
OF
AMERICA

By: Joseph A. Basile

By: Willie Leggett

By: Josephine Stith

By: Ronald Knight

By: Pennie Neveu

By: Crystal Henson

WAGE SCHEDULES

Move all employees in progression to Common Monetary Review (CMR). Employees in wage progression and whose service anniversary date falls between the period of 11/04/06 and March 1, 2007, shall receive a 2% wage increase. On March 1, 2007, employees in wage progression shall receive their annual wage increase prorated from the employees last service anniversary date to March 1, 2007. After March 1, 2007, employees in wage progression shall receive a 2% increase on March 1 of each calendar year until the employee reaches the top of the wage range.

Schedule NB1B	11/4/06	11/4/07	11/4/08
Commercial Clerk			
Minimum	8.50	8.50	8.50
Maximum	12.75	12.75	12.75
Employees start date prior to 10/03/04 in progressions steps.			

Schedule NB02	11/4/06	11/4/07	11/4/08
Consumer Solutions Representative (OC104A)			
Minimum	11.00	11.00	11.00
Maximum	15.38	15.38	15.38
Employees start date prior to 10/03/04 in progressions steps.			

Schedule NB2A	11/4/06	11/4/07	11/4/08
Consumer Solutions Representative			
Minimum	11.00	11.00	11.00
Maximum	15.38	15.38	15.38
Employees start date prior to 10/03/04 in progressions steps.			

Schedule NB2B	11/4/06	11/4/07	11/4/08
Consumer Solutions Representative			
Minimum	8.50	8.50	8.50
Maximum	12.75	12.75	12.75
Employees hired on or after 10/03/04.			

Schedule NB03	11/4/06	11/4/07	11/4/08
Teller (OC106)			
Minimum	7.13	7.13	7.13
Maximum	15.51	15.51	15.51
Employees start date prior to 10/03/04 at top of wage schedule.			

Schedule NB3A	11/4/06	11/4/07	11/4/08
Teller			
Minimum	7.13	7.13	7.13
Maximum	15.51	15.51	15.51
Employees start date prior to 10/03/04 in progressions steps.			

Schedule NB3B	11/4/06	11/4/07	11/4/08
Teller			
Minimum	8.50	8.50	8.50
Maximum	12.75	12.75	12.75
Employees hired on or after 10/03/04.			

Schedule TE01			
Eliminate Head Teller effective 12/12/04. Current employees	11/4/06	11/4/07	11/4/08
Head Teller			
Start	7.53	7.53	7.53
6 th mo	7.86	7.86	7.86
12 th mo	8.35	8.35	8.35
18 th mo	9.00	9.00	9.00
24 th mo	9.83	9.83	9.83
30 th mo	10.82	10.82	10.82
36 th mo	11.96	11.96	11.96
42 nd mo	13.28	13.28	13.28
48 th mo	14.75	14.75	14.75
54 th mo	16.38	16.38	16.38

As a result of the Company actions, the Consumer & Small Business Specialist job classification is no longer necessary in this collective bargaining agreement.

In the event the Consumer & Small Business Specialist job classification is reinstated, this agreement will be opened to negotiate the wage rates for this job classification formerly listed in the 2002-2003 Labor Agreement for the Carolina Telephone & Telegraph Company.

**APPENDIX B
BENEFIT RATE SCHEDULE**

Benefit Rate Tables

Wage Schedules	Current	11-04-06	11-04-07	11-04-08
Benefit Rate Schedule NB01 Commercial Clerk	\$15.41	\$15.41	\$15.41	\$15.41
Benefit Rate Schedule NB1A Commercial Clerk	\$15.41	\$15.41	\$15.41	\$15.41
Benefit Rate Schedule NB1B Commercial Clerk	\$12.75	\$12.75	\$12.75	\$12.75
Benefit Rate Schedule NB02 Consumer Solutions Representative	\$18.74	\$19.21	\$19.69	\$20.18
Benefit Rate Schedule NB2A Consumer Solutions Representative	\$18.74	\$19.21	\$19.69	\$20.18

	Current	11-04-06	11-04-07	11-04-08
Benefit Rate Schedule NB2B Consumer Solutions Representative	\$12.75	\$13.07	\$13.40	\$13.73
Benefit Rate Schedule TE01 Head Teller	\$16.38	\$16.38	\$16.38	\$16.38
Benefit Rate Schedule NB03 Teller	\$16.30	\$16.71	\$17.13	\$17.56
Benefit Rate Schedule NB3A Teller	\$16.30	\$16.30	\$16.30	\$16.30
Benefit Rate Schedule NB3B Teller	\$12.75	\$12.75	\$12.75	\$12.75

In the event that the remaining titles are populated during the term of this agreement, the Company agrees to meet and confer with the Union regarding the Benefit Rate Tables for these job titles.

EXHIBIT IV
 CT&T - CWA 3681A-New Bern NC
 PENSION PLAN

FLAT DOLLAR BENEFIT UNITS
 MONTHLY BENEFIT PER YEAR OF SERVICE

WAGE SCHED	AGES										
	65-70	64	63	62	61	60	59	58	57	56	55
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	<u>Novemeber 4, 2006</u>				TO	<u>November 3, 2007</u>					
NB02	41.50	39.40	37.40	35.30	33.20	31.10	29.10	27.00	24.90	22.80	20.80
NB2A	41.50	39.40	37.40	35.30	33.20	31.10	29.10	27.00	24.90	22.80	20.80
NB2B	29.10	27.60	26.20	24.70	23.30	21.80	20.40	18.90	17.50	16.00	14.60
NB03	36.10	34.30	32.50	30.70	28.90	27.10	25.30	23.50	21.70	19.00	18.10

EXHIBIT IV
 CT&T - CWA 3681A - New Bern NC
 PENSION PLAN
 FLAT DOLLAR BENEFIT UNITS
 MONTHLY BENEFIT PER YEAR OF SERVICE

JOB CLASSIFICATION	WAGE SCHED	AGES										
		65-70	64	63	62	61	60	59	58	57	56	55
(1)		(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
				November 4, 2007		TO	November 3, 2008					
1. Schedule NB02	NB02	42.40	40.30	38.20	36.00	33.90	31.80	29.70	27.60	25.40	23.30	21.20
2. Schedule NB2A	NB2A	42.40	40.30	38.20	36.00	33.90	31.80	29.70	27.60	25.40	23.30	21.20
3. Schedule NB2B	NB2B	29.40	27.90	26.50	25.00	23.50	22.10	20.60	19.10	17.60	16.20	14.70
4. Schedule NB03	NB03	36.90	35.10	33.20	31.40	29.50	27.70	25.80	24.00	22.10	20.30	18.50

EXHIBIT IV
 CT&T - CWA 3681A - New Bern NC
 PENSION PLAN
 FLAT DOLLAR BENEFIT UNITS
 MONTHLY BENEFIT PER YEAR OF SERVICE

JOB CLASSIFICATION	WAGE SCHED	AGES										
		65-70	64	63	62	61	60	59	58	57	56	55
(1)		(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
		November 4, 2008					TO	November 3, 2009				
1. Schedule NB02	NB02	43.40	41.20	39.10	36.90	34.70	32.60	30.40	28.20	26.00	23.90	21.70
2. Schedule NB2A	NB2A	43.40	41.20	39.10	36.90	34.70	32.60	30.40	28.20	26.00	23.90	21.70
3. Schedule NB2B	NB2B	29.70	28.20	26.70	25.20	23.80	22.30	20.80	19.30	17.80	16.30	14.90
4. Schedule NB03	NB03	37.80	35.90	34.00	32.10	30.20	28.40	26.50	24.60	22.70	20.80	18.90

JOB CLASSIFICATION	WAGE			
	SCHEDULE	YEAR 1	YEAR 2	YEAR 2
(1)		(2)	(3)	
1. Schedule NB02	NB02	31.90	32.60	33.40
2. Schedule NB2A	NB2A	31.90	32.60	33.40
3. Schedule NB2B	NB2B	22.40	22.60	22.90
4. Schedule NB03	NB03	27.80	28.40	29.10

		CWA3681A			
Basic 6 %		NewBern			
Supplemental 74 %		Effective 1/01/07 - 11/08/09			
Wage Schedule					
		Basic Saving			Supplemental Savings
Schedule Number	1/01/07 Top Rate	1/1/2007	1/1/2008	1/1/2009	
NB1B	12.75	62	62	62	754
NB02	15.38	74	74	74	910
NB2A	15.38	74	74	74	910
NB2B	12.75	62	62	62	754
NB03	15.51	74	74	74	918
NB3A	15.51	74	74	74	918
NB3B	12.75	62	62	62	754
TE01	16.38	78	78	78	970

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