



CWA/IBEW/Avaya

FINAL BARGAINING REPORT 2006

As we entered into negotiations with Avaya, our goals were simple – protect jobs, our members' benefits, and our retirees.

With companies across the country eliminating pensions, healthcare, and good paying union jobs, the challenge before us was as great as it has ever been.

It was clear to the Union bargaining team, our members and retirees across the country that Avaya had one goal - to cut cost everywhere and anywhere – and they were willing to do that at any cost, including hiring replacement workers and giving our work to managers and subcontractors.

Our resolve was strong. Locals across the country responded with an unprecedented mobilization effort, from the Call Centers to the Field Techs, everyone took part in mobilization and it made a difference.

Through the efforts of the locals and the strong will of the bargaining team we met those challenges. We believe we have achieved a fair and equitable agreement, one that will help our members and their families, but also allow Avaya to grow as a business, and hopefully create more jobs for the future.

It is for these reasons the bargaining team unanimously supports ratification of this new contract.

In Unity,

Ralph Maly, Vice President C&T, Chair
Gerald Souder, CWA Staff, Co-Chair
Lois Grimes, CWA Staff
Martha Flagge, CWA Staff
Kevin Kimber, Local 3204
Richie Meringolo, Local 1101
Phil Pennington, Local 4320
Mary Ellen Voelker, Local 13000



Highlights of the Tentative Agreement Between CWA/IBEW/Avaya

HIGHLIGHTS OF THE TENTATIVE AGREEMENT BETWEEN CWA AND AVAYA COMMUNICATIONS

This is a three (3) year agreement with an effective date of May 28, 2006 and a termination date of May 23, 2009.

WAGES AND COMPENSATION

Wages –

The annual wage increases negotiated by the CWA/IBEW Unity Bargaining Committee results in an increase to base wages of 9.27%, compounded over the three (3) year agreement. The general wage increases will be 3% increase on the minimum and maximum rates effective May 28, 2006, a 3% increase on the minimum and maximum rates effective May 27, 2007 and a 3% increase on the minimum and maximum rates effective May 25, 2008.

Examples of wage increases:

| Account Service Rep Denver, Co Table 14 Level SS-2 Wage Area X1 | | | | |
|--|---------------|------------|------------|------------|
| | | 5/28/2006 | 5/27/2007 | 5/25/2008 |
| Steps | Months | | | |
| 1 | Min | \$7.53 | \$7.76 | \$7.99 |
| 9 | 48 Max | \$22.42 | \$23.09 | \$23.78 |
| Pension Band | | 109 | 109 | 109 |

| Customer Care Rep Norcross, GA Table 6 Level SR-C Wage Area X1 | | | | |
|---|---------------|------------|------------|------------|
| | | 5/28/2006 | 5/27/2007 | 5/25/2008 |
| Steps | Months | | | |
| 1 | Min | \$7.85 | \$8.09 | \$8.33 |
| 9 | 48 Max | \$24.27 | \$25.00 | \$25.75 |
| Pension Band | | 112 | 112 | 112 |

| Senior Technician New York, NY Table 18 Level SRTECH Wage Area C1 | | | | |
|--|---------------|------------|------------|------------|
| | | 5/28/2006 | 5/27/2007 | 5/25/2008 |
| Steps | Months | | | |
| 1 | Min | \$9.66 | \$9.95 | \$10.25 |
| 11 | 60 Max | \$33.31 | \$34.31 | \$35.34 |
| Pension Band | | 125 | 125 | 125 |

| Customer Software Administrator | | | | |
|--|---------------|------------------|------------------|------------------|
| St. Petersburg, FL | | | | |
| Table 4 Level TG-6 Wage Area P2 | | | | |
| | | 5/28/2006 | 5/27/2007 | 5/25/2008 |
| Steps | Months | | | |
| 1 | Min | \$7.42 | \$7.64 | \$7.87 |
| 9 | 48 Max | \$22.92 | \$23.61 | \$24.32 |
| Pension Band | | 110 | 110 | 110 |

Avaya Award -

The Avaya Award will be extended for the duration of the 2006 Memorandum of Understanding under the same terms and conditions as the 2003 award however the minimum payout for each performance year will be \$580 and the Target amount will be \$1288 in FY2007, \$1339 in FY2008 and \$1393 in FY2009.

PENSION AND OTHER DEFERRED COMPENSATION

Pension Band Increases –

- Increase in all pension bands by 4% on July 1, 2006 for retirement on or after that date.

Other Pension Plan Changes --

- Allow retiring employees the option to designate any living person as beneficiary for joint or survivor options under the plan.
- Add lump sum option for Service Pension Eligible Participants. Calculated based on present value of the participant’s normal retirement age benefit.

Example of lump sum based on current estimates. Actual amount determined at time of retirement. If you select the lump sum option prior to age 65 there is a penalty for each year under age 65.

| | |
|--|-------------------------|
| Account Service Rep | |
| Denver, Co | Pension Band 109 |
| 35 years service, age 65 | |
| Lump sum = \$232,910.59 | |
| 35 years service, age 60 = \$179,897.96 | |
| Customer Software Administrator | |
| St. Petersburg, FL | Pension band 110 |
| 35 years service, age 65 | |
| Lump sum = \$240,249.76 | |
| 35 years service, age 60 = \$185,566.66 | |
| Customer Care Rep | |
| Norcross, GA | Pension band 112 |
| 35 years service, age 65 | |
| Lump sum = \$254,874.13 | |
| 35 years service, age 60 = \$196,862.39 | |

| Senior Technician | |
|--|-------------------------|
| New York, NY | Pension band 125 |
| 35 years service, age 65 | |
| Lump sum = \$350,391.21 | |
| 35 years service, age 60 = \$270,638.89 | |

- Add same lump sum benefit for Deferred Vested Participants.
- Eliminate Minimum Required Distribution for anyone who works beyond age 70 ½.
- If lump sum value is less than \$1000, an automatic payout will be made (currently you must wait three years).
- Continue Death benefit only for employees who retire on or before July 1, 2006 – Pension Death benefit eliminated for all other individuals.

Long Term Savings and Security Plan –

There are several improvements to the Long Term Savings and Security Plan.

1. Loans - Increase residential loan repayment from 175 months to 180 months. Allow employees on a leave of absence to repay loans (directly to vendor).
2. In-Service Withdrawals – Provide unlimited number of withdrawals. (currently a maximum of three) Unchanged \$300 minimum.
3. Allow after tax roll-ins for all participants (active and retired).

HEALTH BENEFITS

There have been a number of necessary changes made to both active and retired employees. These changes were critical to maintain future retiree health benefits and as a means of maintaining current benefits.

Medical benefits for occupational employees under the Avaya Medical Expense Plan for Occupational Employees (the “Medical Plan”) will continue with such changes described below effective as of January 1, 2007.

POS Plan -

1. In Network office visit co-payments will change from \$15 to \$20.
2. In Network Office Specialist visits will change from \$15 to \$30.
3. Mental Health/Chemical Dependency will change from \$15 to \$25 per visit.
4. Emergency Room co-pay (if not admitted) will be changed from \$50 to \$65.
5. Annual Out of Pocket Maximum (up to 3) change from \$1000/\$2000 to \$1250/\$2500.
6. Out of Network Co-Pays and deductibles increased approximately 20-25% but no one should be out of network.

Indemnity Plan -

No Changes

Prescription Drug Program for Active and Retirees -

1. Effective January 1, 2007 In Network Prescription drug co-payments will be:

| | Retail (Up to 30 day supply) | Mail (Up to 90 day supply) |
|------------|-------------------------------------|-----------------------------------|
| Generic | \$10 | \$20 |
| Brand Name | \$25 | \$50 |

2. Annual Out of Pocket Maximum – (up to 3) changed from \$750 to \$1,000.
3. Mandatory Generic unless prescription is marked *Dispense as written*.
4. Institute Utilization Management Program.
5. Out of Network Retail - No changes.

Note: Effective January 1, 2009 a New Prescription plan option will be investigated by the Joint Healthcare Cost Containment committee for Mail Order using three Tiers; 90 day supply – Generic, Formulary, and Non-Formulary. A recommendation will be made to the company.

Dental Expense Plan for Active and Retirees –

No Changes.

POST RETIREMENT HEALTH

Same as Active medical Plan.

Retiree Medical Caps -

Caps increased to Projected 2009 healthcare cost levels. In addition, VEBA Account funded by the company \$47 million per year for 2007, 2008, and 2009. This means No retired employee should have to contribute towards the cost of post retirement medical and dental coverage prior to at least 2011. And we bargain again in 2009.

OTHER BENEFITS

Life Insurance -

Increase coverage from 5 to 6 times annual pay with out evidence of insurability during 2007 Annual Enrollment. Any other increases subject to evidence of insurability as per the Plan.

Domestic Partners –

Provide Domestic Partner benefits to opposite-sex domestic partners and their eligible children.

This includes the Medical Plan, Dental Plan, Vision Plan, Legal Plan, Long-Term Care, Life Insurance, Pension Plan, Savings Plan, and Family Related Programs.

The Avaya CWA/IBEW Academic Award Program -

The Avaya CWA/IBEW Academic Award program will continue as described in the National Memorandum of Understanding, dated May 30, 1998, with the following modifications:

1. The program will be extended for the duration of the contract.
2. Effective for the academic year 2006/2007, the number of scholarships shall be 50% of the qualified applicants, up to a maximum of 15 and a minimum of 5.

Employee Resource Centers (ERCs) and Avaya Transfer Plan (ATP) Coordinator –

The Company and Unions agree that the number of coordinators will be reduced from five to four. Two for CWA (one ATP/ERC, and one Healthcare) and two for IBEW.

Alliance –

Funding of the Alliance will continue at current levels (\$2.2 million each year) with additional funding up to \$2.65 million for Certification training during the life of the contract.

OTHER PROVISIONS

LETTERS OF AGREEMENT

Constructive Relationship Council –

The Constructive Relationship language remains with the following changes: The Council will consist of 6 members, 2 Company – CEO and Labor Relations, 2 CWA and 2 IBEW. The committee will meet at least once per year.

Labor Advisory Forum –

Create a new Labor Advisory Forum consisting of an equal number of Key Union and Management members. The Forum will meet at mutually agreeable places and times, but no less often than quarterly unless mutually agreed. Members of the Forum shall determine its composition, structure, agenda and operation.

The intent of the Forum is:

1. To establish a business alliance by providing a framework for early communications and discussions between the parties on business developments of mutual interests.
2. To Discuss and review innovative approaches to equip the company to maintain historic levels of excellence and success in the face of rapidly increasing competition thereby improving employees' competitive responsiveness, while protecting and enhancing employment security.
3. To improve understanding of and relationships between the parties and thereby avoid unnecessary disputes by cooperatively addressing issues.
4. To provide an opportunity for the Unions to discuss various work operations being contracted out and to offer suggestions as to how our members may be better able to perform this same work. The company must consider such suggestions.

Certification Program –

By October 1, 2006, create a voluntary certification program that will enable all Sr. Technicians, Sr. Software Associates and Staging Technicians to achieve certification in emerging technologies and products. This program will consist of 4 levels of certification. A semi-annual bonus will be paid to employees that attain and retain a defined level. The program will have an Oversight committee consisting of 3 Union members and 3 Company representatives. They will address certification issues, examine new technology and market changes, and provide dispute resolution that cannot be handled at the local level. There will also be 2 Union coordinators for support of the program.

Sales Referral Program –

The Union and Company agreed to a voluntary Sales Referral Program for Represented employees that will provide incentives for sales referrals that result in revenue for Avaya. In addition, any work as a result of the sales referral must be performed by represented employees.

Job Security –

Three new job security letters were agreed to:

1. **Field Technical Services:** No Layoff through May 31, 2007 for the Titles of Senior Technician, Senior Software Associate and Staging Technician except due to refusal to accept a transfer under Article 16.
2. **Global Technical Services:** No Layoff through May 31, 2007 for all titles in Global Technical Services (GTS) except due to a refusal to accept a transfer under Article 16.

The company also agrees that the Doctor's note requirement process will be discontinued and the company will sustain all grievances related to non-payment of illness absence due to the doctors note process.

3. **Global Customer Care Centers (GCCC):** A Watermark of two hundred and eighty (280) established for one year from date of ratification for titles in the GCCC (Norcross, GA; Oklahoma City, OK; Maitland, FL; and the SOSC (Norcross, GA; Oklahoma City, OK and Highlands Ranch, CO) combined.

The company also agrees to re-classify all current Term employees in GCCC to permanent status.

Unless engaged for a specific project, all new hires will be for permanent regular positions.

Optional four-day/ten-hour work-week schedule will be made available for GCCC employees.

The Doctor's note requirement process will be discontinued and the company will sustain all grievances related to non-payment of illness absence due to the doctors note process.

Town Upgrade –

Upgrade Ames, IA from Wage Area W3 to W2.

Access to Union Websites –

The company agrees that employees will be permitted to view the CWA National Website and the applicable Local Union website on the same basis as an employee would view the Union bulletin board, without discipline, provided the employee access would be during non-work time (lunch, breaks etc). The access may occur from either the employees workstation or at a designated location, if one is specified at that location.

CHANGES IN CONTRACT ARTICLES

- All mileage rates are changed to IRS allowable. (currently \$0.445)

ARTICLE 9 – GRIEVANCE PROCEDURE

Article 9.1 Step 3: add the following language at the end of the second paragraph: In the event the Company fails to provide the Union with a written response concerning the grievance, the grievance will be deemed to be denied and the Union may pursue the matter to arbitration pursuant to Article 10 (Arbitration).

ARTICLE 16 - TRANSFERS, TRAVEL ALLOWANCES, AND MOVING EXPENSES

Added language from page 457 of the 2003 agreement to new article 16.1(d) related to involuntary downgrades under article 16.

- 16.2 All one way Travel allowances are increased by \$1.50.

16.3 (b) Daily per diem increased from \$45.00 to \$50.00, and after day 5 from \$55.00 to \$60.00.

16.3 (c) Daily per diem increased from \$7.00 to \$9.00 and \$10.00 to \$11.00.

16.3 (d) Daily allowance from \$55.00 to \$65.00 per day.

16.7(a) Change \$6500.00 minimum to \$7500.00.

ARTICLE 20 - ABSENCE

Article 20.2

Payment for Personal Illness Absence

Global Technical Services (GTS) and Global Customer Care Centers (GCCC) Telesales and Services Operations Support Center (SOSC)

- Employees will be paid for absences due to personal illness up to the maximum number of allowable days as outlined below. Personal illness absences beyond the maximum allowable days will be unpaid or will require employees to utilize an alternative paid non-work day allotment per FMLA guidelines.
- Paid personal illness absence days will not be counted as absences in any Attendance Plans.
- These days may be taken in hourly increments.
- The employee will be able to indicate if the illness is FMLA related or under this Personal Illness Provision.
- Once per the contract duration if an employee reaches a point of certified disability any personal illness days used toward the build will be returned to the employee.
- Payments in lieu of unused personal illness absence days will be made no later than 45 days after the end of the applicable administration period.
- The administrative year will be a calendar year. Payments for partial administrative year will be on a prorated basis, with partial hours rounded up.
- Nothing in this Agreement shall alter, amend or otherwise modify the terms of any disability plans.

- The Union agrees that the terms of this Agreement are subject to the grievance and arbitration provisions of the contract.
- An employee who leaves the covered groups during the course of the year for any reason (except to transfer to another covered group) will not receive a prorated payment for unused days.

Payment for Personal Illness:

For each full administration year (January 1 – December 31), payment for full or partial days scheduled in a normal week but not worked due to personal illness during the first (7) consecutive days will be paid on the following basis considering an employee’s Net Credited Service on the date of the absence:

- 1) Less than three (3) years of service: payment for forty (40) hours personal illness absence in an administrative year.
- 2) Three (3) years of service to five (5) years of service: payment for fifty-six (56) hours personal illness absence in an administrative year.
- 3) Five (5) years of service to ten (10) years of service: payment for sixty-four (64) hours personal illness absence in an administrative year.
- 4) Ten (10) years to twenty-five (25) years of service: payment for seventy-two (72) hours personal illness absence in an administrative year.
- 5) Twenty-five (25) years of service and over: payment for eighty (80) hours personal illness absence in an administrative year.

Payments to employees pursuant to this Paragraph shall be limited to scheduled days of work in a normal work week and may be suspended or discontinued for just cause.

Employees will be paid in lieu of any unused personal illness absence days at the end of the Administrative period at the rate of seventy-five (75) percent of their standard daily rate of pay.

An absence committee will be established at a National Level. The committee will be comprised of representatives from each location and a Staff Representative and management as deemed necessary. The function of this committee will be to:

- Oversee communications about the workings of this provision.
- Examine overall attendance problems and trends at the locations.
- Logistical implementation of four day work week scheduling in the centers.

- Explore the need and appropriateness of on site attendance committees in each location.

All other sections of Article 20 (except 2(b)) apply to this section.

Verbally agreed was that the history, intent and meaning carry forward.

ARTICLE 24 - FORCE ADJUSTMENT-LAYOFF, PART TIMING AND RECALL

24.5 Increased relocation expense minimum from \$2500.00 to \$5000.00.

ARTICLE 29 - EMPLOYEES IN MILITARY SERVICE OR ACTIVE DUTY FOR TRAINING

Added 20 days from letter to language in article for emergency service.

NEW ARTICLE 30 - MATERIAL LOGISTICS (Old Article 31)

30.2(d)(3) Add scheduling language clarifying use of 48 hour notice.

ARTICLE 31 – SUPPORT

Archive unpopulated titles.

31.2(d)(3) Add scheduling language clarifying use of 48 hour notice.

ARTICLE 32 - COMMUNICATIONS EQUIPMENT

Added Staging Technician and Technical Systems Assembler Titles.

32.2(d)(3) Add scheduling language clarifying use of 48 hour notice.

ARTICLE 33 - COMMUNICATIONS SERVICES)

Archived Article with titles, language, history, intent, and meaning.

ARTICLE 34 – TELESALLES

(Will be Article 33 due to archiving current Article 33)

Add Article, Titles and language for the Brandon, FL. Telesales location.

Removed the exceptions from the benefits language.