

2004 LABOR AGREEMENT



**Communications Workers
of America**

and



**Southwestern Bell
Video Services, Inc.**

TO EMPLOYEES:

Here is your copy of the Labor Agreement between the Communications Workers of America and Southwestern Bell Video Services, Inc. The Communications Workers of America is the official bargaining representative for all employees in your collective bargaining unit. This official relationship carries with it serious obligations and responsibilities which the Company and the Union are determined to fulfill. As a sign of good faith between Southwestern Bell Video Services, Inc. and the Communications Workers of America, a responsible "Company-Union Relationship" clause is included in the Agreement which also governs your wages, hours, and working conditions.

This clause reads:

"ARTICLE XVIII
COMPANY-UNION RELATIONSHIP

The parties to this Agreement recognize that it is in their best interests, along with those of the employees and customers of the Company, to continue to ensure that all dealings between the parties and their representatives are conducted in a responsible and respectful manner. The Company will inform all new occupational employees of the Union's status as exclusive representative of those employees in the Bargaining Unit.

At any interview which could possibly lead to disciplinary action of the employee being questioned, a Union representative will be allowed to be present if requested by the employee. Time spent in such an interview shall be considered work time.

Union representatives shall be excused from their work assignments to perform Union functions subject to the following information. If the performance of such functions is at the Company's request, then the time involved shall be excused with pay.

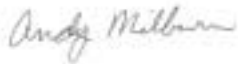
- The Union recognizes that service requirements, as determined by the Company, must be taken into consideration in determining the number of Union representatives to be excused from work assignments at any one time. Except where impractical due to the associated circumstances, any Union representative shall give at least one (1) week's notice prior to the time requested for Union business.
- No Union representative excused for Union business under any provision of this Agreement, except to engage in formal negotiations for subsequent collective bargaining agreements, shall be so absent in excess of two (2) consecutive calendar weeks or in excess of 320 hours in any calendar year.
- The period of Union business absence shall not be deducted from the Net Credited Service of the employee.

The Union agrees to furnish on an ongoing basis notice of all Company employees who may be designated by the Union to perform Union business, along with the location and officers of all locals which contain Bargaining Unit employees. The Company agrees to give the Union as much advance notice as possible of the promotion of any such employee/Union representative from an occupational to a management status."

Communications Workers of America

Southwestern Bell Video Services, Inc.

BY



Andy Milburn
Vice President
District 6

BY



Robert G. Zurovec
Executive Director-Labor Relations
SBC Services, Inc.

LABOR AGREEMENT
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AGREEMENT

THIS AGREEMENT is made and entered into as of the 29th day of August 2004, by and between COMMUNICATIONS WORKERS OF AMERICA (hereinafter called the "Union"), and SOUTHWESTERN BELL VIDEO SERVICES, INC., a Delaware corporation (hereinafter called the "Company" or "Management"). The Union and the Company agree as follows:

ARTICLE I RECOGNITION AND ESTABLISHMENT OF THE BARGAINING UNIT

Section 1. The Company hereby recognizes the Union as sole collective bargaining agent for those employees of the Company who have the job titles listed in Appendix 1, hereto attached, and such other titles as may be subsequently established as part of this Bargaining Unit as provided in Section 3. of this Article, excluding confidential and professional employees, guards, and supervisors as defined in Section 2.(11) of the National Labor Relations Act, as amended.

Section 2. Nothing herein shall be construed as authorizing the inclusion of any employee or employees not properly includible in the above-described Bargaining Unit or construed as a waiver or forbearance on the part of the Union of any right to represent any employee or employees properly includible in such Bargaining Unit as contemplated under the National Labor Relations Act as now or hereafter amended or superseded.

Section 3. Amendments to Bargaining Unit.

- a. The Company continues to reserve the right to:
 - (1) create new job titles or restructure existing job titles. The Company agrees to notify the Vice President of the Union in writing of all such amendments to Appendix 1. Such notification shall include the job title, the job classification, the job description of the duties for such job title, and the initial wage schedule, which is to be classified as temporary. Following such notification, the Company may proceed to staff such job titles.
- b. The Union shall have the right to initiate negotiations with the Company concerning the initial wage schedule established as temporary resulting from any amendments described in a.(1) above if such request is received by the Company within thirty (30) days of receipt of its notification to the Union. All such negotiations under this Section shall commence within thirty (30) days after the

Company's receipt of the Union's request. If negotiations are not so initiated within thirty (30) calendar days, the temporary wage rate will be made permanent.

- (1) If negotiations are so initiated, and agreement is reached within sixty (60) days of receipt of the Company's initial notification to the Union, the agreed-upon wage schedule will, effective with the date of agreement, replace the temporary wage schedule, retroactive to the date of the establishment of the new job title.
- (2) If negotiations are so initiated and agreement is not reached within sixty (60) days of receipt of the Company's initial notification to the Union, the temporary wage schedule shall be subject to negotiation in the next collective bargaining session.

ARTICLE II
CLASSIFICATION OF EMPLOYEES

Section 1. For the purpose of this Agreement, all employees are classified into one of the classifications as defined in Section 2.

Section 2.

- a. Regular Employees. A regular employee is one who is engaged for the usual activities of the business and whose employment is reasonably expected to continue for longer than eighteen (18) months, although it may be terminated earlier by action on the part of the Company or the employee.
- b. Temporary Employees. A temporary employee is one who is engaged for a specific project or a limited period, with the definite understanding that his/her employment is to terminate upon completion of the project or at the end of the period, and whose employment is not expected to exceed eighteen (18) months.

Section 3. Employees classified as regular or temporary as defined in Section 2. above, will be further classified as either full-time or part-time as defined below:

- a. Full-time Employees. A full-time employee is one who is assigned to work forty (40) hours in a calendar week.
- b. Part-time Employees. A part-time employee is one who is normally assigned to work less hours per average month than a full-time employee.

Note 1: The classification of a part-time employee is based on the employee's "part-time equivalent work week" which shall be initially determined by dividing the employee's anticipated scheduled hours per month by 4.35 and rounding the result to the next higher whole number. (Illustration: 68 hours per month divided by 4.35 equals 15.6, rounded to a "part-time equivalent work week" classification of 16.)

Note 2: The "part-time equivalent work week" classification of each part-time employee shall be recalculated by the Company no less often than every six (6) months on April 1 and October 1 of each year, based on the actual average number of hours worked per month during the preceding six (6) month period. The recalculated "part-time equivalent work week" classification shall be placed in effect if it differs by more than plus or minus three (3) hours from the employee's current "part-time equivalent work

week” classification, or if it would change the employee’s current premium payment percentage for Medical, Dental, and Vision Plans. Any hours worked which are paid at the overtime rate shall not be counted in computing the average number of hours worked.

ARTICLE III
NO STRIKES OR LOCKOUTS

Section 1. During the life of this Agreement, the Union shall not cause, call or sanction strike(s) in protest of alleged unfair labor practices, boycotts, work stoppages or slowdowns which interfere with the Company's production or business.

Section 2. In the event any violation of Section 1. occurs, which is unauthorized by the Union, the Company agrees that there shall be no financial liability on the part of the Union or any of its officers or agents, provided that in the event of such unauthorized action the Union promptly advises the members of the Bargaining Unit that such action is unauthorized and that the involved members should return to work or cease such action. The Company and the Union will work together to bring any such unauthorized action to an end.

Section 3. The Company retains the right to discipline employees engaged in, participating in, or encouraging any action as described in Section 1. of this Article.

Section 4. The Company agrees that there will be no lockouts during the duration of this Agreement.

ARTICLE IV SENIORITY

Section 1. Length of service (Net Credited Service as determined by the pension plan administrator) shall be taken into account in the treatment of employees insofar as the conditions of the business and the abilities of the employees permit.

Section 2. Common Seniority Dates.

- a. If more than one (1) employee has the same Seniority date, the last four (4) digits of the Social Security Number will be used to establish the ranking. The employee with the highest number will be considered the most senior.
- b. If more than one (1) employee with common seniority dates also share the same final four (4) digits of their respective Social Security Numbers, the middle two (2) digits will be used to establish the ranking. The employee with the highest number will be considered the most senior.
- c. Neither the interpretation nor the application of the provisions of Section 2. is subject to arbitration.

ARTICLE V WORK SCHEDULES

Section 1. Full-time employees will be scheduled to work forty (40) hours during a calendar week. The forty (40) scheduled hours will normally include five (5) scheduled tours of eight (8) hours or four (4) scheduled tours of ten (10) hours. In those unusual cases where service requirements demand, the scheduled hours may be spread over any six (6) days of the calendar week. Tours may fall on any days of the week necessary to meet service requirements.

Section 2. Assignment of hours and days off will take into account the preferences of the employees based on their seniority, insofar as the conditions of the business and the abilities of the employees permit.

Section 3. Employees shall be permitted to take one (1) fifteen minute break for every four (4) hours of work, unless unusual conditions develop. Such breaks shall be scheduled at the discretion of the Company.

Section 4. Tours are the assignments for full days and sessions are the two (2) parts into which tours of five (5) hours or more are divided. Tours longer than five (5) hours will include two (2) sessions separated by a meal period. For such tours, the length of the meal period will be included on the work schedule.

Section 5. The scheduling of hours and days to be worked and any revisions thereof shall be determined by the Company. Work schedules for the next calendar week shall be officially posted or furnished by the Company to show the scheduled tours the employee is to work prior to 12 noon of each Friday. If no change is so posted or furnished prior to the time specified above, the schedule in effect for the employee for the last calendar week assigned to work shall be considered as that employee's work schedule for the next calendar week. Work schedules may be changed by mutual agreement between the employee and the Company.

Section 6. Except as otherwise provided in this Agreement, no employee will be paid for time not worked nor will any paid time not worked be considered as work time for any purpose.

ARTICLE VI HOLIDAYS

Section 1. Ten Authorized Holidays shall be observed as follows:

New Year's Day - January 1
Memorial Day - Last Monday in May
Independence Day - July 4
Labor Day - First Monday in September
Thanksgiving Day - Fourth Thursday in November
Day After Thanksgiving Day
Christmas Day - December 25
Three (3) Personal Holidays

(See Notes below)

Note 1: Each employee who could complete six (6) months of service within the calendar year shall be eligible for three (3) Personal Holidays. An eligible employee will designate three (3) days in the same calendar year, or prior to May 1 of the following year, other than another Authorized Holiday, for the days to be observed as the employee's Personal Holidays.

Note 2: When an Authorized Holiday falls on Sunday, it shall be observed on the following Monday. When it falls on Saturday, it shall be observed on the preceding Friday.

Note 3: Holiday Tours are those which begin on the Authorized Holiday.

Section 2. Selection. Employee choice of Personal Holidays will be in seniority order within each vacation group, and will be granted to the extent practicable consistent with force requirements and the needs of the business. Such selection shall be subsequent to the scheduling of full vacation weeks. Personal Holidays not scheduled at that time will be selected subsequently on the basis of the earliest request to the employee's supervisor. The period during which these Personal Holidays may be scheduled shall extend through April 30 of the following vacation year. In no case is pay in lieu of these Personal Holidays contemplated.

Section 3. Insofar as service requirements permit, full-time employees (except absentees) shall be excused from duty without loss of pay on an Authorized Holiday. A part-time employee (except absentees) shall receive a prorated holiday allowance based on the relationship of the employee's equivalent work week classification to the normal work week of a comparable full-time employee in the same job title and work group.

Note: If, due to tours of more or less than eight (8) hours as specified in Article V, Section 1., payment of an eight (8) hour holiday allowance results in less than forty (40) scheduled hours in the calendar week, a full-time employee will have the option to reschedule the time so lost contiguous to a scheduled tour in the same calendar week, or take excused non-paid time.

Section 4. Employees required to work on an Authorized Holiday shall be paid for their work (in addition to their holiday allowance) at the rate of one and one-half times the basic hourly rate.

Section 5. At the employee's option, and with advance notice to Management, employees scheduled to work on an Authorized Holiday may, in lieu of the pay treatment set forth in Section 4., select a day off later in the vacation year or a day prior to May 1 of the following vacation year, other than another Authorized Holiday. Employees selecting this option will be paid at the applicable rate for all hours worked.

Section 6. Absentee. An "absentee" for the purpose of this Article is an employee who (a) does not work on the Authorized Holiday and who is absent from assigned work on the scheduled work day next preceding and the scheduled work day next following the Holiday, without being excused by the supervisor prior to such absence, or (b) is absent on the Holiday without being excused by the supervisor prior to such absence.

ARTICLE VII VACATION

Section 1. Eligibility. Vacations with pay shall be granted during the vacation year (December 31 through December 30 of the following year), to employees who have performed work for the Company and who have completed the specified periods of Net Credited Service during the vacation year.

- a. One (1) week's vacation to any such employee who has completed six (6) months or more but less than twelve (12) months of service.
- b. Two (2) weeks' vacation to any such employee who has completed twelve (12) months of service but could not complete seven (7) years of service within the vacation year, provided that if such employee initially completes six (6) months' service and twelve (12) months' service within the same vacation year only two (2) weeks of vacation shall be granted in that vacation year, with the first week granted after completion of six (6) months of service and the second week granted after completion of twelve (12) months of service.
- c. Three (3) weeks' vacation to any such employee who could complete seven (7) years or more but less than fifteen (15) years of service within the vacation year.
- d. Four (4) weeks' vacation to any such employee who could complete fifteen (15) or more but less than twenty-five (25) years of service within the vacation year.
- e. Five (5) weeks' vacation to any such employee who could complete twenty-five (25) or more years of service within the vacation year.

Note 1: Where eligibility for a vacation week under Section 1.a. or b. first occurs on or after December 1 of a vacation year, such vacation week may be granted in the next following vacation year provided it is completed prior to May 1 and completed prior to the start of vacation for such following year.

Note 2: The service prescribed above shall be the Net Credited Service as determined by the pension plan administrator.

Section 2. Holiday Falling Within a Vacation Week. When an Authorized Holiday falls in a week during which an employee is absent on vacation, an additional day of vacation with pay shall be granted later, in either the same vacation year or prior to May 1 of the following vacation year. Such additional day of vacation will be selected in seniority order within each vacation group subsequent to the scheduling of full vacation weeks and should be granted to the

extent practicable consistent with force requirements and the needs of the business.

Section 3. Separations Prior to Vacation. Employees who are dismissed (except for reason of misconduct), laid off, resigned, or retired, will receive pay in lieu of any unused vacation.

If an employee dies before receiving his/her unused vacation for the vacation year, as provided for in Section 1., of this Article, payment in lieu of vacation shall be made for any unused vacation time to the employee's estate.

Section 4. Vacation Pay for Full-time Employees. Full-time employees shall be paid for each week of vacation at the basic rates of pay (including any night differentials, to the extent normally applicable to the employees' regularly scheduled tours) for the time constituting a full-time work week at the time of their vacations.

Section 5. Vacation Pay for Part-time Employees. Part-time employees who work regularly shall be paid for vacations on a pro-rata basis based on the relationship of the employees' equivalent work week classification to the normal work week of a comparable full-time employee in the same job title and work group at the basic rates of pay (including any night differentials to the extent normally applicable to the employees' regularly scheduled tours).

Section 6. Vacation Scheduling.

- a. Scheduling of vacations for the vacation year shall be in seniority order within the vacation group and should be granted to the extent practicable consistent with force requirements and the needs of the business.
- b. Insofar as service requirements permit, employees eligible to more than one (1) week's vacation may split their vacations into periods of not less than one (1) week except as provided in c. below. Vacations shall usually start on the first day of the calendar week.
- c. (1) Employees may elect to take one (1) week of vacation [five (5) paid vacations days] on a day-at-a-time basis at the time the vacation schedule is initially assigned. The actual days to be scheduled on a day-at-a-time basis will be assigned subsequently. During a subsequent interview, also in seniority order within the vacation group, after all employees have expressed their preferences for full weeks, those employees who had elected to take one (1) week of vacation on a day-at-a-time basis will be given the opportunity to express a preference for an available vacation week as a reserve week from the vacation schedule. The period during which this reserve week may be

scheduled shall extend through the last full calendar week of April of the following vacation year, and will be assigned in accordance with a. above.

Employees engaged or reengaged after the schedule has been posted, and who will become eligible for vacation within the vacation year, may elect to schedule one (1) week of vacation on a day-at-a-time basis at the time of their addition to the group.

- (2) Individual vacation days (exclusive of Sundays and Authorized Holidays) to be deducted from the employee's reserve week may be granted to employees on the basis of the earliest request without regard to seniority. If the employee has not received all five (5) days of vacation on a day-at-a-time basis prior to the scheduled reserve week, those vacation days remaining will be scheduled and taken during such week.
- (3) During the subsequent interview, described in c.(1) above, employees may also select Personal Holidays as provided in Article VI of this Agreement; day-at-a-time vacation days, as provided in c.(1) above; additional days of vacation, as provided in Section 2. of this Article; and full Excused Work Days as provided in Article VIII of this Agreement.

Employees who do not select specific days in this subsequent interview will be granted such days, force requirements and the needs of the business permitting, on the basis of the earliest request ("first come, first served") to the employees' immediate supervisor.

- d. Vacation schedules (subject to change) shall be posted or furnished once a year prior to December 31 of the vacation year.

Section 7. Illness Associated with Vacation. An employee who becomes ill and notifies his/her supervisor before the beginning of his/her vacation period (normally Saturday midnight) may have that vacation period canceled and rescheduled.

ARTICLE VIII
EXCUSED WORK DAYS

Section 1. Eligibility.

- a. Each regular employee will be eligible for one (1) Excused Day With Pay after each successive three (3) months of completed service with the Company, but not more than four (4) Excused Days With Pay in a vacation year, all of which may be taken in two-hour increments.
- b. Part-time employees who fulfill the service requirements of Section 1.a. above, shall be eligible for Excused Work Days on a pro-rata basis, based upon the ratio of any such part-time employee's equivalent work week to the normal work week of a comparable full-time employee.

Section 2. Selection. Employee choice of Excused Work Days will be in seniority order within each vacation group, and will be granted to the extent practicable consistent with force requirements and the needs of the business. Such selection will be subsequent to the scheduling of full vacation weeks. Excused Work Days not scheduled at that time, and Excused Work Days to be taken in two-hour increments, will be selected subsequently on the basis of the earliest request to the employee's supervisor. The period during which these Excused Work Days may be scheduled shall extend through April 30 of the following vacation year. In no case is pay in lieu of these Excused Work Days contemplated except as provided in Section 4.

Section 3. Excused Work Day Designated by the Company. One (1) of the paid Excused Work Days in each vacation year may be designated by the Company.

Section 4. Pay Treatment for Paid Excused Work Days. An employee who does not work on his/her paid Excused Work Day or two-hour increments thereof shall be paid an allowance equal to one (1) day's or two hour's pay at the basic wage rate. If an employee agrees to work on his/her paid Excused Work Day or two-hour increments thereof, and the Company determines that the day or two-hours cannot be rescheduled, the employee shall be paid at the applicable rate for the time worked and shall also be paid an allowance equal to one (1) day's or two-hour's pay at the basic wage rate.

ARTICLE IX ABSENCES

Section 1. Uniformed Service Leave. Employees shall be allowed a Uniformed Service Leave as allowed and required by the Uniformed Services Employment and Reemployment Rights Act of 1994.

Section 2. Military Training Duty and Emergency Duty.

- a. The provisions of this Section apply only to regular and temporary employees who are members of the National Guard, Air National Guard, Army Reserve, Air Force Reserve, Naval Reserve, Marine Corps Reserve, Coast Guard Reserve, or any other category designated by the President of the United States in time of war or emergency.
- b. An employee called 1) for training duty in any organization listed in paragraph a., or 2) for emergency duty in the National Guard, Air National Guard, or any other category designated by the President of the United States in time of war or emergency, if such duty requires absence during hours in which he/she otherwise would be on scheduled Company duty, shall be excused or granted a leave of absence for such cause for a period or periods not exceeding in the aggregate fifteen (15) calendar days in the same calendar year.
- c. Except for that group under paragraph a. defined as "any other category designated by the President of the United States in time of war or emergency," if absence on such leave is continuous, difference in pay shall be allowed for not exceeding the first eleven (11) scheduled work days falling within the period of the excused absence. If the absence is not continuous, difference in pay shall be allowed for the number of scheduled work days falling within the periods of excused absence, but not to exceed the first eleven (11) such days within the calendar year. Time absent for training duty under paragraph b.(1) and time absent for emergency duty under paragraph b.(2) shall be treated separately with no effect of one upon the other as to eligibility for pay treatment.
- d. The term "difference in pay," as used in paragraph c. for hours absent on a scheduled work day means the excess, if any, of Company pay at the employee's basic hourly rate for such absent time (plus any night differentials, to the extent normally applicable) over the hourly equivalent of the employee's government pay obtained by dividing the monthly government pay rate by two hundred and forty (240). For this purpose, government pay shall be the monthly rate of compensation including basic pay and, where quarters allowances are received because of dependents, the

excess, if any, of such allowances established for members of the armed forces with dependents over those established for members of the armed forces of equal rank without dependents.

Section 3. Jury, Witness, Voting, and Election Duty. Employees shall be allowed pay for necessary scheduled time absent due to jury, witness, or election duty. Payment for such absent time shall consist of basic pay and any extra payments for night work which would otherwise have been received had the regular scheduled tour been worked. Subject to the provisions of any applicable State or Federal law, any employee entitled to vote shall be excused from Company duty on election day for the necessary time required to vote without deduction in pay for such absence.

Section 4. Funerals. An employee shall be paid for up to three (3) days at the basic wage rate for necessary scheduled time absent due to the death of a member of the immediate family. The leave may not begin until the day of death and may not extend beyond the day of the funeral. For purposes of this Section, "immediate family" shall mean wife, husband, daughter, son, sister, brother, mother, father, mother-in-law, father-in-law, grandmother, grandfather, granddaughter grandson, daughter-in-law, son-in-law, sister-in-law, brother-in-law, stepmother, stepfather, stepdaughter, stepson, parent of employee's dependent child, great-grandmother, great-grandfather, great-grandson, great-granddaughter, registered domestic partner, and any relative living in the same household as the employee. In the event of death of an employee's wife, husband, daughter, son, mother, father, or registered domestic partner, an employee shall, upon the employee's request, be excused, without pay, from scheduled time up to an additional five (5) days. Paid individual days may be substituted for these excused days at the employee's option.

Section 5. Illness and Injury.

- a. Employees having one (1) or more years of Net Credited Service shall be paid at the basic wage rate for absence due to illness of at least one (1) session from scheduled time for a period of time not to exceed seven (7) consecutive calendar days, in accordance with the following table:

<u>Employees with Net Credited Service of</u>	<u>To be Paid After Waiting Periods of Consecutive Scheduled Working Days</u>
1 year but less than 5	Of 2 days
5 years but less than 8	Of 1 day
8 years and over	No waiting period

- b. A day in the waiting period shall be considered as an absence of at least one (1) session from scheduled time.

ARTICLE X
COMPENSATION

Section 1. Rates of Pay.

- a. The Wage Schedules for all titles are included in Appendix 2.
- b. Minimum Rates. Each employee who enters the service of the Company shall begin employment at the minimum wage rate for the appropriate Wage Band, as set forth in the applicable Wage Schedule in Appendix 2, except that appropriate allowance over such minimum rate may be made by the Company for an employee who has had previous experience or training considered to be of value.
- c. Maximum Rates. The applicable maximum rates are set forth in the Wage Schedules in Appendix 2.

Section 2. Employees shall receive lump-sum payments in accordance with the Team Performance Award (TPA) Plan as set forth in Appendix 3.

Section 3. Progression Plan. Progression increases will be in accordance with the following:

- a. Increase to the next higher rate as provided in the Wage Schedules in Appendix 2 will occur at six (6)-month intervals.
- b. Increase dates will be the first day of the payroll period which begins nearest to the first of each month, except that where the first of any month falls on the second Sunday of a biweekly payroll period, the increase date will be the first day of that payroll period. The increases to be effective on each increase date shall be those for which the increase intervals are completed between the sixteenth (16th) of the month preceding and the fifteenth (15th) of the month following the first of the month which is covered by the increase date.
- c. No wage increase shall become effective during a period of total disability which is continuous for eight (8) days or more.
- d. For those employees who are promoted and stepped down in accordance with the provisions of Section 4.a.(2) of Article XIII, Transfers, a new progression date will be established, six (6) months from the date of upgrade.

Section 4. Overtime.

- a. Compensation at the rate of one and one-half times the basic hourly rate will be paid to employees for any and all time worked at the Company's request in excess of forty (40) hours in any calendar week (except as may be otherwise required by law).

Note: Time worked less than ten (10) minutes in excess of scheduled tours shall be treated as normal trade time and the time shall not be accounted for on work reports. This is in recognition of the fact that because of practical considerations or uncontrollable circumstances, employees occasionally will quit work a few minutes before or after the end of their scheduled tour. Such differences in work time shall be "traded out" on days following, in the same week. Trade time must be made up within the calendar week or will be paid as work time.

- b. Either time worked or time not worked but excused without loss of pay on an Authorized Holiday or an Excused Work Day, up to the length of a normal tour, shall be included as work time for the purpose of determining hours in excess of forty (40) hours for payment of overtime.
- c. The Company may assign overtime work, as required, to meet service requirements.

Section 5. Night Differential. A night differential shall be paid to employees for each scheduled hour, or fraction thereof, worked between 9 p.m. and 6 a.m., in the amount of ten (10) percent of the employee's basic hourly rate.

Section 6. Sunday Differential. A Sunday differential shall be paid to employees for each scheduled hour, or fraction thereof, worked from 12:01 AM to 12:00 midnight on Sunday, in the amount of fifteen (15) percent of the employee's basic hourly rate.

Section 7. Standby Duty. Employees who are assigned standby duty will be paid \$110 for each week of such assignment. This payment shall be in addition to any applicable compensation from such duty. In making such assignments, Management will first ask for volunteers. In the absence of volunteers, Management will spread assignments uniformly among the available employees of a particular group, in inverse seniority order, insofar as service requirements and the qualifications of employees will permit.

Section 8. Callouts. Employees who report for special duty at the Company's request on a scheduled day off or return to work after the end of their scheduled tour shall be compensated at their applicable rate of pay from the time of notification until their return to their residence for a minimum of two (2) hours, except that this minimum will not apply if the time worked immediately precedes regular scheduled tours.

Section 9. A qualified employee who is temporarily assigned and performs the duties of a job title with a higher maximum wage rate for two (2) or more full tours in a week, will be paid a temporary upgrade differential for each full tour worked. The upgrade differential will be equal to the difference between the employee's basic daily rate of pay and the basic daily rate of pay the employee would earn if actually upgraded to the job with the higher maximum wage rate.

Section 10. A relief differential consisting of ten (10) percent of the employee's basic hourly wage rate will be paid to any employee who is assigned to relieve or assist a manager in the Call Center, for each hour the employee performs this work or receives associated training. These assignments may involve planning, distributing, directing, coordinating, and training responsibilities. In no event shall such assigned employee have any involvement in discipline or performance evaluation of other employees. An employee involved in such training and/or assignment shall continue to be subject to all applicable provisions of this Agreement.

ARTICLE XI FORCE ADJUSTMENT

Section 1. In the event that the Company determines that a surplus exists and a decrease in the work force becomes necessary, the Company will first advise the Union in writing with respect to the job title(s) and approximate numbers of employees affected, the location(s), and the anticipated force disposition date. The affected employee(s) will be notified not less than thirty (30) calendar days prior to the date the employee(s) is to be laid off.

Section 2. Under the circumstances set forth in Section 1., regular employees will be given preference, in accordance with their seniority, subject to their skills and experience, to perform the remaining work in the event of a reduction in force. First, agency/contract workers, then temporary employees, in the surplus work group, will be terminated under these circumstances before applying this seniority policy to regular employees.

Section 3. If a surplus remains after application of Section 2., preceding, any remaining surplus regular employees will be given priority consideration, by order of seniority, to fill any available lateral or downgrade job openings for which they are qualified.

Section 4. If a surplus remains after application of Sections 2. and 3. preceding, a surplus employee will be given the opportunity to replace any agency/contract worker provided he/she is qualified to perform the job duties of that worker. A qualified surplus employee in the work location (city) will be considered in seniority order for replacement of agency/contract workers. Should any agency/contract positions remain available after all surplus employees in the work location (city) have been considered, any other surplus employee in the Company may fill any available position for which he/she qualifies. Such employee will also be considered on a seniority basis.

Section 5. Severance Payments. If the Company determines that a surplus exists as described in Section 1. above, resulting in the layoff of a regular employee, that employee shall be eligible for a \$550 Severance Payment for each completed six (6) months of Net Credited Service during the first year of employment and an additional \$550 for each subsequent completed year of Net Credited Service up to a maximum of \$11,000.

Section 6. Continuing Education. A surplus employee who is enrolled in courses offered through the SBC Tuition Aid Plan and through NCTI, Inc., prior to the date of layoff, may continue participation in such courses at Company expense, provided the courses are successfully completed.

Section 7. Recall and Rehire.

- a. During the six (6) months following the date of termination, a former surplus employee who files an employment application, and who has been involuntarily laid off, will be recalled to available openings in his/her former job title within the former work location (city) if qualified, in the inverse order in which such employee was laid off, provided there are no currently qualified surplus candidates for that job title who have priority consideration.
- b. A former surplus employee who has been involuntarily laid off and who files an employment application will be given priority consideration over other job applicants for regular job vacancies within his/her former work location (city), provided:
 - (1) The employee's layoff has not exceeded three (3) years.
 - (2) The employee is physically able and equipped by training and experience to perform the duties of the work available.
- c. Failure on the part of any former employee to notify the Company that its offer of employment is accepted within seven (7) calendar days and to report for duty within fifteen (15) calendar days from the date of such offer will constitute a rejection of the offer.
- d. It will be the responsibility of the former employee who desires to be considered for reemployment to notify the Company's Human Resources Department of his/her desire for reemployment and to keep the Company informed of his/her current address.
- e. If an employee, laid off as a result of a force reduction, is reemployed within two (2) years of the layoff date, the period of the layoff will be considered as temporary in any case where such employee is reengaged 1) as a regular employee, or 2) as a temporary employee if subsequently reclassified as a regular employee without interruption of service.
- f. The employee's wage length of service, whether reengaged as a regular or temporary employee, will be the same as at the time of the temporary layoff.

ARTICLE XII

TRAVEL

(Effective January 1, 2005, except as otherwise noted)

Note: For Travel provisions applicable prior to January 1, 2005, refer to Article XII, Travel, of the 2001 Labor Agreement.

Section 1. Time spent in local travel at the direction of the Company after reporting for duty and before release from duty shall be treated as work time.

Section 2. Employees, subject to their agreement, may be assigned to utilize and garage Company vehicles as determined by Management.

Section 3. Employees authorized by the Company to use their personal car for travel between work locations during the workday or for other authorized Company business shall be paid thirty-five and one-half cents (35.5¢) per mile; effective January 1, 2006 it will be increased to thirty-six and one-half cents (36.5¢) per odometer mile; and effective January 1, 2007 it will be increased to thirty-seven and one-half cents (37.5¢) per odometer mile.*

Section 4. Employees who are assigned a regular work location may also be assigned to work at a temporary location.

- a. Any travel time on a scheduled day necessitated by the temporary assignment which occurs prior to reporting for duty and/or after release from duty and which exceeds the employee's normal one-way commute will be paid as work time.
- b. Any travel time on a nonscheduled day that occurs during an employee's normal scheduled hours shall be paid as work time.
- c. The Company will reimburse employees for use of their personal car thirty-five and one-half cents (35.5¢) per odometer mile; effective January 1, 2006 it will be increased to thirty-six and one-half cents (36.5¢) per odometer mile; and effective January 1, 2007 it will be increased to thirty-seven and one-half cents (37.5¢) per odometer mile, for that portion of any trip that occurs while the employee is being paid for work time.*

Section 5.

- a. When an employee is assigned to work at a location which the Company determines requires overnight lodging, the Company will provide such lodging.
- b. A per diem allowance of thirty-two (32) dollars shall be paid to an employee away from home on a Company assignment, except on

travel days. On travel days, a partial per diem shall be paid as follows:

<u>Day of Departure</u> <u>(Leaves Home Location)</u>		<u>Day of Return</u> <u>(Arrives Home Location)</u>	
12 a.m. - 6:59 a.m.	\$32.00	12 a.m. - 10:59 a.m.	\$ 7.00
7 a.m. - 10:59 a.m.	\$26.00	11 a.m. - 4:59 p.m.	\$15.00
11 a.m. - 11:59 p.m.	\$18.00	5 p.m. - 11:59 p.m.	\$32.00

If both the departure and arrival take place on the same day, the employee will receive the higher of the two (2) applicable payments.

- c. Transportation to and from the overnight location will be by means authorized by the Company. If an employee receives permission to drive his/her personal car in lieu of Company-provided transportation, actual mileage will be reimbursed at the reimbursement rates listed in Section 3. but not to exceed the lowest available cost for public transportation.

- * In no case will the rate of reimbursement exceed the IRS allowable reimbursement rate. In the event the IRS decreases or increases the allowable reimbursement rate, the Company will readjust its reimbursement rate, not to exceed thirty-five and one-half cents (35.5¢) per odometer mile; effective January 1, 2006, thirty-six and one-half cents (36.5¢) per odometer mile; and effective January 1, 2007, thirty-seven and one-half cents (37.5¢) per odometer mile, as soon as practicable, not to exceed sixty (60) days from the effective date of the IRS change.

ARTICLE XIII TRANSFERS

Section 1. The Company shall determine whether to staff a position or fill a vacancy and the method or combination of methods it shall use for such purposes. In making this determination, the Company shall first give consideration to qualified internal candidates prior to off-street applicants. All vacancies within the Bargaining Unit shall be posted in locations where Bargaining Unit employees regularly work. The posting shall include the title, wage band and sufficient information regarding requirements and duties to adequately describe the vacancy. The vacancy shall remain posted for seven (7) calendar days.

Section 2. In connection with Section 1. above, technical employees who have met the eighteen (18) month time-in-title and location requirement, and employees in non-technical titles who have met the twelve (12) month time-in-title and location requirement, shall be afforded the opportunity to apply for posted vacancies in the Bargaining Unit by submitting a Company-provided transfer request form.

Section 3. Selection. A vacancy shall be deemed to exist when 1) Management determines that a permanent addition to the work force is required; or 2) a position is vacated on a permanent basis and, in either case, Management determines that such vacancy will be filled from valid transfer requests. When filling such a vacancy, the employee with the most seniority will be selected, when demonstrated abilities are substantially equal and the service requirements permit.

Section 4. Pay Treatment. Wage Adjustments resulting from transfers will be made in accordance with the following:

- a. Transfer to a job with a higher maximum wage rate is considered an upgrade.
 - (1) Upgrades within a job category will be at full wage experience credit.
 - (2) Upgrades to a different job category will be at full wage experience credit but not to exceed the wage rate associated with the number of months step down from maximum on the new schedule, in accordance with the following:

<u>Upgraded to Job Title and Category</u>	<u>Number of Months Step Down From Top Rate</u>
I. Headend Technician	12
II. Customer Service Technician Data Support Tech	12
III. Computer Operator Dispatch Center Analyst	6
IV. Customer Service Representative Dispatcher Installer Warehouse Supplies Attendant	6
V. Administrative Associate	6

Note A: If such step down results in a wage rate lower than the employee's current wage rate, the employee will be placed on the next higher wage step that produces an increase.

Note B: An employee who had been on the new wage schedule during the three (3)-year period immediately preceding the upgrade, and who had been subsequently assigned to a position with a lower wage rate as a result of a surplus situation, shall not be subject to any step down.

- b. Transfer to a job with the same maximum wage rate is considered a lateral. Transfer to a job with a lower maximum wage rate is considered a downgrade. All lateral and downgrade movement will be at full wage experience credit.
- c. In no case will resultant rates following transfers exceed the maximum rate for the new job.

ARTICLE XIV

GRIEVANCES AND ARBITRATION

Section 1. It is agreed by both parties that grievances shall be confined to differences arising out of the interpretation or application of Articles I - XIV of this Agreement and disciplinary action for just cause, i.e. suspensions, Decision Making Leaves, and dismissals, during the effective term of this Agreement, and not after any expiration thereof, and in the event of such differences the following procedure shall be exclusive and shall be followed.

Section 2. The aggrieved employee alone or with a Union representative shall first take the matter up with his/her supervisor within thirty (30) calendar days of the incident complained of.

Section 3. If a satisfactory disposition is not effected with the supervisor after the presentation of the grievance, the unsettled grievance shall be reduced to writing, setting forth specifically the substance of the grievance and the provision or provisions of the Agreement allegedly violated, if appropriate. Such written grievance shall be presented by the Union to the Second or Director-level manager within thirty (30) calendar days after the supervisor's initial disposition. The Second or Director-level manager or his/her designee shall meet with the Union representative as soon as possible and offer a decision within seven (7) calendar days after completion of the meeting(s) on the grievance. In the absence of a Second or Director-level manager, the Company will inform the Union of the appropriate Company representative who is designated to hear grievances.

Section 4. If the answer or decision of the Company is unsatisfactory to the Union, the grievance shall be submitted in writing by the Union to the President/CEO within fourteen (14) calendar days after a decision has been rendered at the preceding level.

Section 5. The decision of the Company as to grievances submitted as outlined in Sections 3. and 4. above shall be confirmed in writing to the Union.

Section 6. If the answer or decision of the President/CEO or his/her designee is unsatisfactory to the Union it shall, in writing, within forty-five (45) calendar days thereafter request arbitration if such is desired and otherwise applicable under other terms of this Agreement. The following shall not be subject to arbitration:

- a. Dismissals of employees with less than one (1) year of Net Credited Service.
- b. Suspensions of employees with less than one (1) year of Net Credited Service.

Section 7. Failure to submit a grievance within the time above stated or failure to pursue subsequent steps within the time and manner above stated shall be construed to be a waiver by the employee and the Union of the Formal Grievance. Any subsequent meeting on such a matter shall be considered an informal grievance. Informal grievances are not subject to arbitration.

Nothing in this Article shall preclude the employee, the Union, and the Company from using any mutually satisfactory and proper method of presentation, discussion, and disposition of informal grievances.

Section 8. In the event that either party hereto, within forty-five (45) calendar days after completion of the Formal Grievance procedure aforesaid, elects to submit a matter described in the preceding section to arbitration the parties agree that the matter shall be so submitted, and agree that such submission shall be to one arbitrator. The parties shall endeavor in each instance, within a three (3)-week period, to agree upon the arbitrator, but if unable to so agree, the arbitrator shall be designated by the American Arbitration Association upon the written request of either party. In either such event, the arbitration shall be conducted under the then-existing rules of the Voluntary Labor Arbitration Tribunal of the American Arbitration Association. Each party shall pay for the time consumed by and the expenses of its representatives, and shall be equally responsible for the fees of the American Arbitration Association, the compensation, if any, of the arbitrator, and any such other general administrative expenses that may occur.

After an election to arbitrate, if within ninety (90) days following completion of the Formal Grievance procedure no arbitrator has been agreed upon and no written request has been made upon the American Arbitration Association to designate an arbitrator, then no such matter shall continue to be arbitrable.

Section 9. The arbitrator shall be confined to the subjects submitted for decision, and may in no event, as a part of any such decision, impose upon either party any obligation to arbitrate on any subjects which have not herein been agreed upon as subjects for arbitration; nor may the arbitrator, as a part of any such decision, effect reformation of the contract, or of any of the provisions thereof.

Section 10. The decision of any arbitrator, selected in accordance with Section 8. hereof, shall be final, and the parties agree to be bound and to abide by such decision.

Section 11. Those employees of the Company including the aggrieved employee(s) and the employee representative(s) designated by the Union, who shall suffer no loss in pay for time consumed in, and necessarily consumed in traveling to and from, grievance meetings, shall not be more than two (2) at any level of the grievance procedure outlined in Section 2., 3., and 4. above.

ARTICLE XV
COLLECTIVE BARGAINING

Section 1. All negotiation of proposals for changing, adding, removing, renewing, or superseding any provision or provisions in this Agreement between the Company and the Union effective as of August 29, 2004, shall be between representatives designated by the parties.

Section 2. Neither the Union nor the Company shall be required to meet or discuss any proposal covered by Section 1. of this Article if such proposal is to be made effective prior to August 25, 2007.

Section 3. Meetings under this Article shall be held at a mutually agreed-upon location.

Section 4. The Company shall compensate up to two (2) employee Union representatives for attending collective bargaining meetings under this Article. Such compensation shall be at the employee's basic wage rate for a normal scheduled work day. The total days for payment by the Company for each employee for negotiation of proposals, as covered in Section 1., shall not exceed fifteen (15) days. No time spent in attending collective bargaining meetings under this Article shall be work time. The expenses of all Union representatives shall be borne by the Union and the compensation and expenses of all Company representatives shall be borne by the Company.

ARTICLE XVI
AGENCY SHOP

Effective thirty (30) days following the effective date of this Agreement, each employee shall, as a condition of employment, either become a member of the Union, or pay to the Union amounts which are the equivalent of periodic Union dues; except, however, that payment of the equivalent of Union dues by non-members may only be required when the employee resides in a state in which the law allows the Union to enforce such a Union security provision.

ARTICLE XVII
DEDUCTION OF UNION DUES

Section 1. The Company agrees to make collections of Union dues twice monthly through payroll deduction from the employee's pay, upon receipt of a written authorization form signed by the employee and delivered by the Union to the Company. This authorization shall continue in effect until canceled by written notice from either the Secretary-Treasurer of the Union or the employee as set forth in the Payroll Deduction Authorization for Union Dues card. The Company also agrees to electronically remit the amount so deducted to the designated representative of the Union on a monthly basis [by the fifth (5th) working day] and to furnish the Union a list of employees for whom such deductions have been made and the amount of each deduction.

Section 2. Any authorization of dues deduction shall not be subject to revocation except that an employee may revoke the authorization during the period beginning fourteen (14) days prior to each anniversary date of the current collective bargaining agreement. Revocation of dues must be accomplished as follows:

- a. Each employee who desires to revoke his/her dues deduction authorization must advise his/her Payroll Office by an individually signed letter. There shall be only one (1) letter per envelope.
- b. The letter to the Payroll office must be sent by Registered or Certified Mail.
- c. Each such letter not postmarked within the specified time limits and in accordance with the above procedure will be considered void and the employee will be so advised by the Company.
- d. The Company will send copies of the letters and associated envelopes to the District Headquarters of the Union on a daily basis.

Section 3. The Company shall bear the full cost of its undertaking hereinabove set forth except that the Union agrees to print at the Union's expense the dues deduction authorization cards in a form and according to the specifications approved by the Company and the Union.

Section 4. The application and provisions of this Article shall continue so long as permitted by law.

ARTICLE XVIII
COMPANY-UNION RELATIONSHIP

Section 1. The parties to this Agreement recognize that it is in their best interests, along with those of the employees and customers of the Company, to continue to ensure that all dealings between the parties and their representatives are conducted in a responsible and respectful manner. The Company will inform all new occupational employees of the Union's status as exclusive representative of those employees in the Bargaining Unit.

Section 2. At any interview which could possibly lead to disciplinary action of the employee being questioned, a Union representative will be allowed to be present if requested by the employee. Time spent in such an interview shall be considered work time.

Section 3. Union representatives shall be excused from their work assignments to perform Union functions subject to Section 4., below. If the performance of such functions is at the Company's request then the time involved shall be excused with pay.

Section 4.

- a. The Union recognizes that service requirements, as determined by the Company, must be taken into consideration in determining the number of Union representatives to be excused from work assignments at any one time. Except where impractical due to the associated circumstances, any Union representative shall give at least one (1) week's notice prior to the time requested for Union business.
- b. No Union representative excused for Union business under any provision of this Agreement, except to engage in formal negotiations for subsequent collective bargaining agreements, shall be so absent in excess of two (2) consecutive calendar weeks or in excess of 320 hours in any calendar year.
- c. The period of Union business absence shall not be deducted from the Net Credited Service of the employee.

Section 5. The Union agrees to furnish on an ongoing basis notice of all Company employees who may be designated by the Union to perform Union business, along with the location and officers of all locals which contain Bargaining Unit employees. The Company agrees to give the Union as much advance notice as possible of the promotion of any such employee/Union representative from an occupational to a management status.

ARTICLE XIX
SAFETY AND HEALTH

Safety and health is a mutual concern of the Company and the Union. It benefits all parties to have employees work in safe and healthful environments and for employees to perform their work safely and in the interests of their own health. It is also necessary to promote a better understanding and acceptance of the principles of safety and health on the part of all employees, in order to provide for their own safety and health and that of their fellow employees, customers and the general public.

ARTICLE XX
NONDISCRIMINATION

Section 1. Neither the Company nor the Union shall unlawfully discriminate against any employee because of such employee's race, color, religion, sex, age, or national origin or because he/she is a qualified individual with a disability, a disabled veteran, or a veteran of the Vietnam era.

Section 2. The Company and the Union further reaffirm their commitment that none of the terms of this collective bargaining agreement shall expressly or in effect unlawfully discriminate against qualified individuals with disabilities as defined by the Americans With Disabilities Act (ADA). For this reason, nothing in this Agreement shall be applied or interpreted to restrict either party from taking whatever action it deems reasonably necessary to fully comply with the ADA.

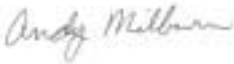
ARTICLE XXI
DURATION OF AGREEMENT

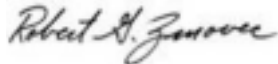
This Agreement shall be effective as of August 29, 2004, and shall continue until 11:59 p.m. on August 25, 2007, at which time it will terminate unless extended by mutual agreement in writing prior to said termination date.

IN WITNESS WHEREOF, Communications Workers of America and Southwestern Bell Video Services, Inc. have caused this Agreement to be executed by their respective officers and representatives, duly authorized, as of the day and year first above written.

FOR THE UNION:

FOR THE COMPANY:

By: 
Andy Milburn
Vice President, District 6

By: 
Robert G. Zurovec
Executive Director – Labor Relations
SBC Services, Inc.

JOB TITLES, CLASSIFICATIONS AND WAGE BANDS		
TITLE	CLASSIFICATION	WAGE BAND
Headend Technician	Technical	A
Customer Service Technician Data Support Tech	Technical Technical	B
Computer Operator Dispatch Center Analyst	Technical Technical	C
Warehouse Supplies Attendant	Non-Technical	D
Customer Service Representative Dispatcher Installer	Non-Technical Technical Technical	E
Administrative Associate	Non-Technical	F

Wage Progression Schedules

Basic Wage Rates for Normal Work Week

WAGE BAND A

Wage Length of Service	Effective Dates			
	2/29/04	2/27/05	2/26/06	2/25/07
Minimum	\$580.00	\$580.00	\$580.00	\$580.00
After 6 Months	\$611.50	\$613.50	\$615.00	\$616.00
" 12 "	\$644.50	\$648.50	\$652.50	\$654.50
" 18 "	\$680.00	\$686.00	\$692.00	\$695.00
" 24 "	\$716.50	\$725.00	\$734.00	\$738.00
" 30 "	\$755.50	\$767.00	\$778.50	\$784.00
" 36 "	\$796.50	\$811.00	\$825.50	\$833.00
" 42 "	\$840.00	\$857.50	\$875.50	\$884.50
" 48 "	\$885.50	\$907.00	\$928.50	\$939.50
" 54 "	\$934.00	\$959.00	\$985.00	\$998.00
" 60 "	\$984.50	\$1,014.00	\$1,044.50	\$1,060.00
Pension Band	220	220	220	220

WAGE BAND B

Wage Length of Service	Effective Dates			
	2/29/04	2/27/05	2/26/06	2/25/07
Minimum	\$480.00	\$480.00	\$480.00	\$480.00
After 6 Months	\$510.50	\$512.00	\$514.00	\$514.50
" 12 "	\$543.50	\$546.50	\$550.00	\$551.50
" 18 "	\$578.00	\$583.50	\$588.50	\$591.00
" 24 "	\$615.00	\$622.50	\$630.00	\$633.50
" 30 "	\$654.50	\$664.50	\$674.00	\$679.00
" 36 "	\$696.50	\$709.00	\$721.50	\$728.00
" 42 "	\$741.00	\$756.50	\$772.50	\$780.50
" 48 "	\$788.50	\$807.50	\$826.50	\$836.50
" 54 "	\$839.00	\$861.50	\$885.00	\$896.50
" 60 "	\$892.50	\$919.50	\$947.00	\$961.00
Pension Band	216	216	216	216

(Continued on next page)

Wage Progression Schedules

Basic Wage Rates for Normal Work Week

WAGE BAND C

Wage Length of Service	Effective Dates			
	2/29/04	2/27/05	2/26/06	2/25/07
Minimum	\$480.00	\$480.00	\$480.00	\$480.00
After 6 Months	\$498.00	\$499.50	\$501.00	\$502.00
" 12 "	\$517.00	\$520.00	\$523.00	\$524.50
" 18 "	\$536.50	\$541.00	\$546.00	\$548.50
" 24 "	\$556.50	\$563.00	\$570.00	\$573.00
" 30 "	\$577.50	\$586.00	\$595.00	\$599.00
" 36 "	\$599.00	\$610.00	\$621.00	\$626.50
" 42 "	\$621.50	\$634.50	\$648.00	\$655.00
" 48 "	\$645.00	\$660.50	\$676.50	\$684.50
" 54 "	\$669.50	\$687.50	\$706.00	\$715.50
" 60 "	\$694.50	\$715.50	\$737.00	\$748.00
Pension Band	208	208	208	208

WAGE BAND D

Wage Length of Service	Effective Dates			
	2/29/04	2/27/05	2/26/06	2/25/07
Minimum	\$400.00	\$400.00	\$400.00	\$400.00
After 6 Months	\$420.00	\$421.00	\$422.50	\$423.00
" 12 "	\$440.50	\$443.50	\$446.00	\$447.00
" 18 "	\$462.50	\$466.50	\$471.00	\$473.00
" 24 "	\$485.50	\$491.00	\$497.00	\$500.00
" 30 "	\$509.50	\$517.00	\$525.00	\$529.00
" 36 "	\$535.00	\$544.50	\$554.00	\$559.00
" 42 "	\$561.50	\$573.00	\$585.00	\$591.00
" 48 "	\$589.00	\$603.00	\$617.50	\$625.00
" 54 "	\$618.50	\$635.00	\$652.00	\$661.00
" 60 "	\$649.00	\$668.50	\$688.50	\$699.00
Pension Band	206	206	206	206

(Continued on next page)

Wage Progression Schedules

Basic Wage Rates for Normal Work Week

WAGE BAND E

Wage Length of Service	Effective Dates			
	2/29/04	2/27/05	2/26/06	2/25/07
Minimum	\$325.50	\$325.50	\$325.50	\$325.50
After 6 Months	\$342.00	\$343.00	\$344.00	\$344.50
" 12 "	\$359.00	\$361.50	\$363.50	\$364.50
" 18 "	\$377.50	\$381.00	\$384.00	\$386.00
" 24 "	\$396.50	\$401.00	\$406.00	\$408.50
" 30 "	\$416.50	\$422.50	\$429.00	\$432.00
" 36 "	\$437.50	\$445.50	\$453.50	\$457.50
" 42 "	\$459.50	\$469.50	\$479.00	\$484.00
" 48 "	\$483.00	\$494.50	\$506.50	\$512.50
" 54 "	\$507.50	\$521.00	\$535.00	\$542.50
" 60 "	\$533.00	\$549.00	\$565.50	\$574.00
Pension Band	201	201	201	201

WAGE BAND F

Wage Length of Service	Effective Dates			
	2/29/04	2/27/05	2/26/06	2/25/07
Minimum	\$300.00	\$300.00	\$300.00	\$300.00
After 6 Months	\$316.50	\$317.50	\$318.50	\$319.00
" 12 "	\$334.00	\$336.00	\$338.00	\$339.00
" 18 "	\$353.00	\$356.00	\$359.00	\$360.50
" 24 "	\$372.50	\$377.00	\$381.50	\$383.50
" 30 "	\$393.00	\$399.00	\$405.00	\$408.00
" 36 "	\$415.00	\$422.50	\$430.00	\$433.50
" 42 "	\$438.00	\$447.00	\$456.50	\$461.00
" 48 "	\$462.00	\$473.50	\$484.50	\$490.50
" 54 "	\$488.00	\$501.00	\$514.50	\$521.50
" 60 "	\$515.00	\$530.50	\$546.50	\$554.50
Pension Band	201	201	201	201

TEAM PERFORMANCE AWARD (TPA) PLAN

- A. In order to reward employees for their contributions toward the achievement of Southwestern Bell Video Services, Inc. (SBVS) financial goals and to link their compensation to the financial returns of SBC shareowners, eligible employees will receive payments in March of 2005, March of 2006, and March of 2007, for performance years 2004, 2005, and 2006, respectively. Payments will be related to the TPA Target Award, which is the sum of financial and stock appreciation targets as shown below:

Financial	Stock	TPA
<u>Target</u>	<u>Appreciation</u>	<u>Target</u>
\$500	<u>Target</u>	<u>Award</u>
	\$250	\$750

- B. The payment associated with the achievement of the financial target will be calculated as follows:

2004 Payout * % x \$500 = March 2005 Payment
 2005 Payout * % x \$500 = March 2006 Payment
 2006 Payout * % x \$500 = March 2007 Payment

* This is the performance percent used for Management in conjunction with the SBVS Team Award Plan. If the measurement standard for the SBVS Team Award Plan should change, then the new measurement standard shall apply.

- 1) Eligible regular and temporary part-time employees will receive prorated payments, based on their part-time classification on the eligibility dates identified in D. below.

- C. SBVS will make lump-sum payments in accordance with the Stock Appreciation Table below, subject to the following conditions:

<u>STOCK APPRECIATION TABLE</u>	
<u>PERCENT APPRECIATION</u>	<u>PAYMENT</u>
Less than 2%	\$ 0
2% but less than 4%	\$ 50
4% but less than 6%	\$ 100
6% but less than 8%	\$ 150
8% but less than 10%	\$ 200
10% but less than 15%	\$ 250
15% or more	Add \$25 for each incremental increase of five (5) full percentage points.

- 1) Eligible employees will receive payments in March of 2005, March of 2006, and March of 2007, based on SBC stock appreciation in performance years of 2004, 2005, and 2006, respectively, except as noted below:
 - a) The March 2005 payment will be based on each full percentage point increase of the 2004 stock price over the 2003 stock price. The March 2006 payment will be based on each full percentage point increase of the 2005 stock price over the 2004 stock price. The March 2007 payment will be based on each full percentage point increase of the 2006 stock price over the 2005 stock price. The stock price for each calendar year shall be the average of the closing prices of the shares on the New York Stock Exchange for the last five (5) trading days of that year.
 - b) The stock price will be adjusted proportionally to reflect any stock split that occurs during the annual period for which an increase is calculated.
 - c) Eligible regular and temporary part-time employees will receive prorated payments, based on their part-time classification on December 31 of the performance year.
- D. Employees eligible for payments described in B. and C. above are those regular and temporary employees who are meeting standard job requirements and who have at least one year of Net Credited Service on December 31 of the performance year preceding the March payment date, and who are on the payroll on March 1 of the payment year (unless separated from the payroll between December 31 and March 1 as a result of a surplus situation). Eligible employees who are on approved leaves of absence on March 1 of the payment year shall receive a payment providing they return to duty on or before December 31 of the payment year.
- E. Payments described in B. and C. above, if applicable, will be combined into a single TPA payment for each eligible employee in March of 2005, March of 2006, and March of 2007. In no case will the payment be less than \$330 (or its equivalent for part-time employees).

**SOUTHWESTERN BELL VIDEO SERVICES, INC.
MONTHLY BENEFIT TABLE
FOR PENSION EFFECTIVE DATES
ON OR AFTER JUNE 1, 2005
AND BEFORE JUNE 1, 2006**

Pension	
<u>Band</u>	<u>ANY AGE</u>
289	\$10.58
290	\$11.48
291	\$12.47
292	\$13.36
293	\$14.33
294	\$15.27
295	\$16.21
296	\$17.14
297	\$18.05
298	\$18.97
299	\$20.01
200	\$20.92
201	\$21.90
202	\$22.84
203	\$23.78
204	\$24.73
205	\$25.72
206	\$26.73
207	\$27.67
208	\$28.61
209	\$29.65
210	\$30.57
211	\$31.46
212	\$32.44
213	\$33.44
214	\$34.41
215	\$35.43
216	\$36.35
217	\$37.31
218	\$38.20
219	\$39.26
220	\$40.25
221	\$41.18
222	\$42.17
223	\$43.18
224	\$44.07
225	\$45.08
226	\$46.08
227	\$47.02
228	\$47.91
229	\$48.91

**SOUTHWESTERN BELL VIDEO SERVICES, INC.
MONTHLY BENEFIT TABLE
FOR PENSION EFFECTIVE DATES
ON OR AFTER JUNE 1, 2006
AND BEFORE JUNE 1, 2007**

Pension	
<u>Band</u>	<u>ANY AGE</u>
289	\$10.90
290	\$11.82
291	\$12.84
292	\$13.76
293	\$14.76
294	\$15.73
295	\$16.70
296	\$17.65
297	\$18.59
298	\$19.54
299	\$20.61
200	\$21.55
201	\$22.56
202	\$23.53
203	\$24.49
204	\$25.47
205	\$26.49
206	\$27.53
207	\$28.50
208	\$29.47
209	\$30.54
210	\$31.49
211	\$32.40
212	\$33.41
213	\$34.44
214	\$35.44
215	\$36.49
216	\$37.44
217	\$38.43
218	\$39.35
219	\$40.44
220	\$41.46
221	\$42.42
222	\$43.44
223	\$44.48
224	\$45.39
225	\$46.43
226	\$47.46
227	\$48.43
228	\$49.35
229	\$50.38

SOUTHWESTERN BELL VIDEO SERVICES, INC.
MONTHLY BENEFIT TABLE
FOR PENSION EFFECTIVE DATES
ON OR AFTER JUNE 1, 2007

<u>Pension</u>	
<u>Band</u>	<u>ANY AGE</u>
289	\$11.06
290	\$12.00
291	\$13.03
292	\$13.97
293	\$14.98
294	\$15.97
295	\$16.95
296	\$17.91
297	\$18.87
298	\$19.83
299	\$20.92
200	\$21.87
201	\$22.90
202	\$23.88
203	\$24.86
204	\$25.85
205	\$26.89
206	\$27.94
207	\$28.93
208	\$29.91
209	\$31.00
210	\$31.96
211	\$32.89
212	\$33.91
213	\$34.96
214	\$35.97
215	\$37.04
216	\$38.00
217	\$39.01
218	\$39.94
219	\$41.05
220	\$42.08
221	\$43.06
222	\$44.09
223	\$45.15
224	\$46.07
225	\$47.13
226	\$48.17
227	\$49.16
228	\$50.09
229	\$51.14

MOTOR VEHICLE USAGE PROGRAM

GENERAL

The Motor Vehicle Usage Program (MVUP) is a program established to provide, in those administrative work units where implemented, that employees who participate will be assigned motor vehicles for use in their work and for traveling between their work locations and places of residence or other designated places for vehicle storage.

The provisions of the 2004 Labor Agreement and any other applicable existing Union-Management agreements will continue to apply to those bargaining unit employees who participate in the MVUP except as noted in the "Parameters and Implementation Procedures" listed below.

Parameters and Implementation Procedures

1. The MVUP will be implemented within administrative work units where some or all of the employees normally use a Company-provided motor vehicle in order to perform their work.
2. The decision to implement and to continue the MVUP within an administrative work unit will be within Management's discretion. Local Management will advise the local Union representative of the decision to implement this Program at least thirty (30) days before such implementation.
3. When MVUP is introduced within an administrative work unit, all employees who normally use a Company-provided motor vehicle in the performance of their work assignments will be eligible to participate to the extent that such vehicles are available within the administrative work unit. The assignment of the vehicles shall be at the discretion of the supervisor. An employee in the administrative work unit whose current work assignment does not qualify him/her to be a participant may volunteer as motorized assignments become available. When such a motorized assignment does become available, all non-participants in the administrative work unit will be canvassed as to their interest in the program.
4. Participation by those eligible employees in the administrative work unit is voluntary.

5. If an employee elects not to participate in the MVUP, Management will determine where the motor vehicle assigned to that employee is to be stored and that location will become the employee's regular work location. (See Section 4 of Article XII, Travel, of the 2004 Labor Agreement.)
6. An employee who participates in the MVUP will be expected to provide normally secure and legal storage for the vehicle at the employee's residence. If the vehicle cannot be properly stored at an employee's residence or, generally, if the employee's residence is located in a direct route more than thirty (30) miles from the center of his/her Work Reporting Area (see Item 10 below), the Company may arrange for appropriate storage at its expense. The decision regarding the appropriateness of the storage site rests with the Company. An employee must secure prior approval before changing storage locations.
7. Operating and maintenance costs will be at the Company's expense. The Company will arrange for maintenance of the vehicle.
8. In addition to responsibilities listed in Item 6, an employee who participates in the MVUP has responsibilities which include but are not limited to:
 - a. Properly operating and maintaining the vehicle.
 - b. Using the vehicle solely for Company business, which includes travel between the employee's residence, or place where the vehicle is stored, and his/her work location. (Normally such travel will occur at the beginning and at the end of a tour.) Use of the vehicle for personal activities is strictly prohibited.
 - c. Permitting only properly authorized persons to ride in and/or operate the employee's assigned vehicle.
 - d. Properly using a Company-issued credit card or other methods of payment for any fuel, oil, or other designated Company items.
 - e. Adhering to preventative maintenance and vehicle inspection schedules and arranging for any necessary work to be done in accordance with Company procedures.
 - f. Arranging for delivery and return of the assigned vehicle for repairs and maintenance with minimal interference with normal work assignments.

- g. Submitting any necessary reports and properly accounting for out-of-pocket expenses connected with such vehicular operation.

All activities listed in Item 8 above will be coordinated with Management, normally the employee's supervisor, or other persons designated by Management as required.

- 9. Before implementation of the MVUP in an administrative work unit, a Work Reporting Area (WRA) will be established for each employee participating in the program. Such WRA will be designed so as to serve the interests of the customer, reasonably accommodate the employee, and be satisfactory to Management and the Union.
- 10. The WRA is a circular geographic area with a radius of fifteen miles. Where natural barriers render the WRA configuration impractical, other suitable parameters will be established, as agreed upon by Management and the Union.
- 11. Each participating employee will be expected to begin and end the work tour at any assigned location within the established WRA. The time required to travel between where the vehicle is stored (the employee's residence or other storage location) and the work location is nonpaid time and is not considered to be a part of the employee's regularly scheduled tour.
- 12. When a participating employee's work tour starts or ends at an assigned location outside of the boundaries of the WRA established for that employee, he/she shall be entitled to the following commuting allowance (that is, a separate allowance for each such reporting or release) as follows:
 - a. Seven (7) dollars for reporting within a circular geographic area that extends fifteen (15) miles beyond the perimeter of the WRA.
 - b. An additional seven (7) dollars for reporting within a circular geographic area that extends an additional ten (10) miles beyond the perimeter of the first payment zone, immediately above [that is, a circular geographic area beyond the above fifteen (15) mile perimeter of the first payment zone but within twenty-five (25) miles of the perimeter of the WRA].

NOTE: If a participating employee's work tour starts or ends at an assigned location twenty-five (25) miles or more beyond the perimeter of the WRA, then that employee shall be treated under the applicable provisions of Article XII, Travel, of the 2004 Labor Agreement.

13. Management will determine the start date for any local application of the MVUP considering such things as completion of any necessary training and approving proposed vehicle storage locations.
14. In the event the MVUP is discontinued in an administrative work unit, Management will give the local Union representative and the participating employees a minimum notice of thirty (30) days prior to such discontinuance. Likewise an employee who wishes to discontinue his/her participation in the MVUP must give Management a minimum of thirty (30) days' advance notice.
15. A participating employee is protected from personal liability in connection with the usage of the Company vehicle while driving the vehicle home, parking it there overnight, and driving it to work for the next tour to the same extent the employee is protected from personal liability while using the Company vehicle in the performance of his/her duties during the work day.