

MEMORANDUM OF UNDERSTANDING

Addison Wesley Longman, Inc. ("Employer") and Local 2110, U.A.W. ("Union") agree that all terms and conditions of the collective bargaining agreement between the parties (the "Agreement") shall be extended through December 31, 2002, with the following modification:

1. Paragraph 6.1: Delete and replace with the following:

"Employees shall receive the same holidays with pay as those employees of the Employer who are not in the bargaining unit, provided that the Employees receive at least 10 paid holidays in each calendar year."

2. Paragraph 7.1: Delete and replace with the following:

7.1. "The minimum hiring rates for new employees in Groups 4 and below shall be as follows:

7.1.1. \$20,867 for the first year of this Agreement, January 1, 2001 through December 31, 2001;

7.1.2. \$21,493 for the second year of this Agreement, January 1, 2002 through December 31, 2002."

3. Paragraph 7.2: Delete and replace with the following:

7.2. "The minimum hiring rates for new employees in Groups 5 and above shall be as follows:

7.2.1. \$25,000 for the first year of this Agreement, January 1, 2001 through December 31, 2001;

7.3.2. \$25,750 for the second year of this Agreement, January 1, 2002 through December 31, 2002."

4. Paragraph 7.4.3: Delete and replace with the following:

"Any individual employee rated 'Achieved' as of his or her most recent performance appraisal shall receive a minimum increase in annual salary of 4% or \$1,100, whichever is greater."

5. Paragraph 7.4.6. Delete and replace with the following:

"The effective dates of the increases set forth in this Section 7.4 shall be the beginning of the nearest pay period to January 1, 2001 and January 1, 2002."

6. **Add new Paragraph 7.8, as follows:**

"An employee in the bargaining unit who the Employer lists in its records as "exempt" from overtime pay requirements will be eligible to participate in the applicable bonus plan of the Employer that he or she would otherwise be eligible to participate in if he or she were not a member of the bargaining unit. The Employer retains sole discretion over all aspects of its bonus plans, including but not limited to the choice of employees who will participate in bonus plans or the positions to be included in the plans, except that the Employer agrees that it will not intentionally target employees who would otherwise be eligible to participate in a bonus plan under this Paragraph 7.8 for exclusion from bonus plans because of their bargaining unit status."

7. **Paragraph 8.1.3 Delete and replace with the following:**

"Upon expiration of such trial period, each promoted employee shall receive a salary increase as follows:

An employee whose annual salary is \$40,000 or below shall receive a minimum increase of 10% of the salary that he or she had been receiving before the increase, retroactive to the date of promotion.

An employee whose annual salary is above \$40,000 shall receive a salary increase in the range of 6%--8% of the salary that he or she had been receiving before the increase, retroactive to the date of promotion." *minimum*

8. **Paragraph 9.1 Delete the first seven lines of Paragraph 9.1 and replace with the following:**

"Employees shall accrue vacations at the following rate:

Less than three years of service, 10 days per year, accrued at the rate of .83 days per month;

As of January 1 of the calendar year in which the employee's third anniversary with the Employer falls, three weeks, accrued at the rate of 1.25 days per month;

As of January 1 of the calendar year in which the employee's seventh anniversary with the Employer falls, 17 days, accrued at the rate of 1.42 days per month;

As of January 1 of the calendar year in which the employee's tenth anniversary with the Employer falls, four weeks, accrued at the rate of 1.66 days per month."

9. Paragraph 14.6. Delete and replace with the following:

Bargaining unit Employees shall be eligible for participation in the "Pearson Profit Sharing Plan", and the "Save for Shares Plan" or the replacement for the Save for Shares Plan, the "Employee Stock Purchase Plan."

10. Add new Paragraph 14.7 as follows:

"If the Employer decides to offer Transitchek to its employees in its New York office, the Employer will also offer Transitchek to employees who are in the bargaining unit."

11. Paragraph 20.0. Delete and replace with the following:

20.1 "This Agreement shall be effective until December 31, 2002."

20.1.1. " For purposes of this Agreement, the first year of the Agreement shall mean January 1, 2001 to December 31, 2001; and the second year of the Agreement shall mean from January 1, 2002 to December 31, 2002."

ADDISON WESLEY LONGMAN, INC.

By: _____

Date: _____

Subject to ratification.

LOCAL 2110, U.A.W.

By: *[Signature]*

Date: 3/19/01

[Handwritten mark]