

SETTLEMENT AGREEMENT

In complete and final settlement of the allegation that the Agency failed to bargain over changes to the Internal Revenue Manual (IRM) travel provisions, as set forth in the grievance filed and arbitration invoked on November 2, 2006, by the National Treasury Employees Union (Union), the Internal Revenue Service (Agency) and the Union agree as follows:

1. The Agency agrees:
 - a) to bargain those changes to the Travel IRM published on September 1, 2006, that were implemented without providing the Union notice and the opportunity to bargain, to the extent that they are more than *de minimis* and are otherwise negotiable;
 - b) that it will not require IRS employees to use the self-booking tool known as RESX identified in IRM Section 1.32.1.7.3 until such time as the parties negotiate and its mandatory use is either agreed upon or imposed by a third party; and
 - c) that if employee travel vouchers were disapproved solely because they failed to follow the September 1, 2006, changes in the IRM travel sections, the Agency will process those vouchers provided: (i) that the employee resubmits the travel voucher between April 2 and close of business on April 30, 2007, and (ii) the voucher is otherwise approvable and payable under both the applicable travel regulations and the relevant sections of the Travel Handbook which was in effect immediately prior to September 1, 2006.

2. The Union agrees:
 - a) that the allegation that the Agency failed to bargain over changes to the Internal Revenue Manual (IRM) travel provisions, as set forth in the grievance filed and arbitration invoked on November 2, 2006, by the Union, is withdrawn with prejudice; and
 - b) that this Agreement resolves and shall function as the Union's waiver of any and all rights to file or pursue any and all disputes, claims, or causes of action, whether legal, equitable or administrative, which arose out of or are related to the allegation settled hereby, on or before the date of this Agreement, against the Agency, its current and former employees, its agents

or representatives, including but not limited to grievances, complaints, lawsuits, claims, or causes of action, whether or not yet filed and regardless of the stage of processing. Should the Union attempt to do so, a copy of this Agreement will serve as an indication of a withdrawal with prejudice of any disputes or claims as described in this paragraph and/or as grounds for dismissal thereof.

3. No part of this Agreement affects the Union's second allegation in the grievance filed and arbitration invoked on November 2, 2006, relating to changes in policies affecting Revenue Officers. .

4. Because the Union has not withdrawn the second allegation from the grievance/arbitration, currently scheduled for hearing on March 29, 2007, no arbitrator fees or costs have resulted from the Parties' resolution of the travel manual changes grievance/arbitration. Furthermore, the Parties will bear their own costs and attorney fees related to the pursuit of the travel manual changes grievance/arbitration settled hereby.

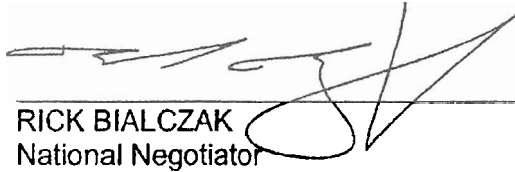
5. The Parties agree that this Agreement is for the mutual benefit of the Parties and is not precedential, and shall not be construed as an admission or concession on the part of any Party. Furthermore, neither Party waives any rights or defenses it may have in pursuit of the negotiation of the travel manual changes as provided for in this Agreement.

6. Except as expressly provided for in this Agreement, the Union waives any and all rights to seek back pay, personnel records adjustments, costs, attorney fees, or any other remedies from the Agency, its current and former employees, its agents or representatives, for any matters related to or arising out of the travel manual changes on or before the date of this Agreement, and as otherwise precluded by the terms of this Agreement.

7. The Union agrees that this Agreement will not be used as a basis to seek or justify similar or other terms in any pending or subsequent cases, except to prosecute or defend a claim of breach of or non-compliance with this Agreement.

8. This Agreement is the full and complete agreement of the Parties and may not be modified except by a written modification, signed and dated by all Parties.

For the Union:

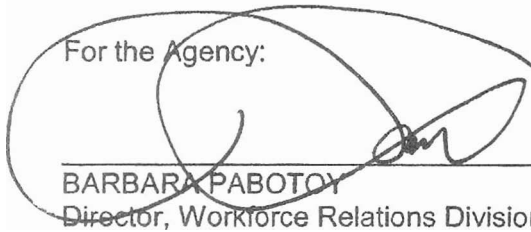


RICK BIALCZAK
National Negotiator

3/27/07

DATE


For the Agency:



BARBARA PABOTOY
Director, Workforce Relations Division

on 3/29/07

DATE



EILEEN R. JIMENEZ
Senior Attorney
General Legal Services

3/27/07

DATE