



September 13, 2007

**Sent Via US Mail and Electronic Mail**

Ms. Kristy Darling  
CWA International Representative  
30400 Telegraph Road, #322  
Bingham Farms, MI 48025

Dear Kristy:

This letter is to notify you of an upcoming change in the way “split family” retiree populations will make medical plan elections during 2008 Annual Enrollment.

The term “split family” refers to a family where at least one person is Medicare-eligible and other covered family members are not. Historically, a retiree would make one medical plan election for himself/herself and it would determine the enrollment for his/her dependents. Beginning with Annual Enrollment for 2008, “split family” retirees will make two separate medical plan enrollment elections:

- First, the retiree will choose a medical option for Medicare-eligible family members
- Second, the retiree will choose a medical option for non-Medicare-eligible family members

In most cases, the available medical plan options will be exactly the same for both the Medicare-eligible and non-Medicare-eligible family members. However, in some cases, the retiree will have the flexibility to choose from additional options that are not available to all family members. For example:

- There may be a Medicare-HMO option that is available only to Medicare-eligible family members
- There may be an HMO option that is available only to non-Medicare-eligible family members

If such additional options are available, the retiree will have the opportunity to:

- Choose the same medical plan option that is available for all family members OR
- Choose a different medical plan option for his/her Medicare-eligible family members than the option elected for his/her non-Medicare-eligible family members.

To reflect this expansion of enrollment options, the tier structure for retiree pricing has changed from the current structure of 10 tiers, to an expanded structure of 12-tiers (see attached examples). This tier structure change does not impact the contributions retirees will pay under the non-HMO type medical plan option (“company plan”). However, it may have some impact (either positive or negative) on contributions for HMO options, depending on how each HMO chooses to set its rates under the new tier structure. As is currently the case, if the HMO premium exceeds the cost of the



company plan for the same rate tier, the additional amount will be included in the retiree contributions for the coverage.

These changes do not require any amendments to the Ameritech Comprehensive Health Care Plan, but I wanted you to be aware of them.

Let me know if you have any questions.

Sincerely,

Patti Peterson  
Director  
Labor Relations – Midwest

Attachment