

January 26, 2006

Ed Whitacre, CEO
AT&T, Inc.
175 East Houston, Suite 1300
San Antonio, TX 78205

Dear CEO Whitacre:

As a retired AT&T member I am writing to you in hopes that you will find merit within my letter.

On November 18, 2005, the merger with SBC and AT&T took effect, making this the new AT&T. As you are aware, bargaining with the unions and AT&T have come to a close. The contract has been ratified for both active and retired members. I am delighted and grateful to see that our medical benefits have not changed for 2006 and for 2007 there will be new language concerning prescription drugs, which I believe every retiree can appreciate since the cost of medical has risen for all individuals regardless whether one belongs to a union or not. Our union bargained a great retiree healthcare plan.

The reason for my letter is to tell you how very disappointed I was to learn that the company would not bargain for a pension increase for retirees. I understand that this was the last item on the table and AT&T would not address this issue, so I am addressing it with you in hopes that you will understand our needs, for I am sure one day in the future you yourself will be a retiree.

I received via US mail AT&T's annual summary report. In this report it talks about the occupational pension plan and its current assets. The value of the Plan assets, after subtracting liabilities of the Plan, was \$9,128,880,000 as of December 31, 2004, compared to \$8,494,279,000 as of January 1, 2004. During the Plan Year, the Plan experienced an increase in its net assets of \$634,601,000. This increase includes unrealized appreciation or depreciation in the value of the Plan assets; that is, the difference between the value of the Plan's assets at the beginning of the year or the cost of assets acquired during the year. Plan income consisted of \$1,129,392,000 in earnings from investments. \$5,268,000 was transferred from the Plan.

With this in mind I am very disappointed that the company refused to bargain a pension increase for its retirees. Retirees have not had a pension increase since 1998. That's disgraceful. There is absolutely no reason why negotiations did not take place to secure a pension increase. I am sure in the very near future if he hasn't already, V.P. Ralph Maly will be requesting a meeting to discuss this dilemma. I hope you will honor his request and listen to his suggestions on how to accommodate a pension increase for all of AT&T's retirees.

CEO Whitacre I thank you for taking the time from your busy schedule to read my letter.

In Unity,

Karen Gatto
Retired Member
CWA Local 13550

Cc: R. Maly
B. Maniscalco
J. Short
L. Cohen
M.L. Schaffer
File