

## 2009 Tentative Agreement: Questions and Answers – Revised 9/11/09

### Wages:

Q. *How long is the new contract?*

3 years. It will expire April 7, 2012

Q. *Why aren't the wages retroactive to April 5, 2009?*

Until the last day, the Company proposal was 1.5% paid out every 6 months for the first two years. Their position was that we should not get the 3% paid yearly because we were the only unit that got a 2.25% increase in Dec. 2008. (The other Contracts' last increase was April 2008.) When we didn't settle by August 8, their position changed to 1.5% in July since the Healthcare changes could not go into effect until April, 2010. We insisted on the full 3% and finally agreed to July since there would be no premiums until April 2010. Also, the last year, we will get an increase in April 2012, less than a year after our July 2011 increase.

Q. *Why no signing bonus?*

A signing bonus was never offered. The \$1500 on ratification for District 9 was specifically to replace money they would have gotten in their old TPA, Performance Award (like our APA).

### Pension:

Q. *Is the 2% increase annually just for traditional pension, or also for CBA?*

The 2% is for both traditional pension & the CBA.

Q. *Is the 2% increase annually just for future retirees, or is it also the pension increase for current retirees?*

The increase is for future retirees only. Current retiree increases are at the discretion of the Company. There is no increase for current retirees.

Q. *What is the definition of a new hire? Is that someone hired after contract ratification? Is it someone that is recalled or rehired? If so, after what date? Is the definition the same for purposes of JOG?*

New Hires – Employees hired or rehired after August 8, 2009 are considered “New Hires”. All employees who come back within 3 years via “recall” and those employees rehired within 6 months through ARS (the AT&T Rehire System) into the Legacy T unit are considered “Current Employees”.

Only those on the payroll on or before April 4, 2009 will be eligible for JOG.

Q. *What is CBA2 for new hires?*

It is based on a different formula based on age. Yearly pension credits are:

<u>Age</u>	<u>% of Pay</u>
Less than 30	1.75%
30 to 36	2.25%
37 to 43	2.75%
44 to 49	3.25%
50 or older	4.00%

plus interest credits

What that means is that, depending on the new hire's age, a contribution equal to that percentage of yearly salary is contributed to the CBA2 account plus the interest credit.

*Q. What is the Savings Plan for New hires?*

Basic allotment (Company matched): Employees can contribute up to 6% in 1% increments. The Company match is 80% in AT&T stock (which may be transferred out of AT&T). Employees may contribute up to 44% of their income in supplemental allotments (not matched). Employees are automatically enrolled at 3% pre-tax unless they opt out. There is also an “after tax” Roth IRA option available.

### **Employment Security:**

*Q. No layoffs until April 1 2010 – how was that date derived?*

The date is one year from expiration. The “watermark” and “limited layoff” extend through the agreement.

*Q. If there are currently 7000 employees, and the Company can only lay off 1575, why isn't the watermark 5425 instead of 4200? Where are those other 1225 employees going to come from?*

The Company could downsize through VTP to diminish the unit to the watermark. There are also those who retire or leave the Company through normal attrition.

*Q. Can you clarify the section on NEs in the Employment Security section?*

There are problems with Network Engineers doing bargaining unit work in our Maintenance Centers. This section clarifies language in the “Network Engineer Settlement” specifically as it applies to “first touch” categories. AT&T VP Rick Resnick has committed to meet with the Union within 60 days to discuss staffing since the other AT&T companies do not use a similar title and the ratio of NEs to Comm Techs is very high.

*Q. Why did we agree to remove Successorship language?*

This was on the table until very last day. In the end we felt that 1) based on the existing legal rules which govern this issue, 2) the protections we have in our new job security language, and 3) the recent history of the way sales of parts of the business have been handled in Verizon, our members will not be negatively impacted by agreeing to remove this language. There would have been no agreement if we had refused to remove it.

### **Health Care (No change until April 2010):**

*Q. Why April when wages are not changed until July?*

The first wage increase is July 2009. The change in benefits is April 2010. We agreed to the July date only after the Company committed it would not make any changes to our Medical Plan until April 2010.

*Q. Is the deductible counted toward your Out Of Pocket (OOP) max?*

The deductible does not count toward your OOP max. After you satisfy your deductible, you pay 10% co-insurance toward in network services, until you reach your OOP max.

*Q. Will the deductible & OOP Max for 2010 be prorated (75%) since the plan year will be 8 months instead of 12 months?*

No. If the 2010 deductible and OOP Max were prorated, then the Company insisted the HRA to be prorated also. We felt this gave more of our members more money in the first year.

*Q. What is covered under preventive?*

Annual physicals, mammograms, colonoscopies, flu shot, etc.

*Q. Will Blue Cross / Blue Shield still be the POS?*

**Blue Cross/Blue Shield will continue to be the POS Provider in 2010.** Should the Company wish to change Providers, it could do so. However, any change would be discussed with the Union in the Healthcare Cost Containment Committee which was continued under this new Contract.

*Q. Will an HMO still be an option?*

There will still be an HMO option. The deductible is set by the plan, not by Union negotiation. Make sure you look at both options to decide which is going to be the best choice for you and your family. You should be aware that those who elect to use an HMO will not receive the Healthcare Reimbursement Account (HRA).

*Q. What is the maximum the plan will cover annually / lifetime for a member? Example: Is there a \$1M max payout?*

There is no annual or lifetime maximum payout in network. Out of network the maximum payout is \$1 Million.

*Q. Is mental health covered, and at what rate? Is there co-insurance, or is it exempt like preventive medicine?*

Mental Health/Substance Abuse is still covered. The deductible and OOP Maximum is combined with Medical. Once the In-Network Annual Deductible of \$350 – Single, \$700 – Family (Non-Network \$900 – Single, \$1,800 – Family), the Plan pays at 90%. Once the In-Network OOP Maximum of \$1,000 – Single, \$3,000 Family (Non-Network Single – \$3,000, \$6,000 – Family), the Plan pays at 100%. Limits on number of visits and dollar amount caps will no longer apply for in-patient and out-patient benefits under the Plan.

*Q. Will there be two separate open enrollment sessions?*

Since there is no change until April we will have the regular Annual enrollment that will begin on November 19<sup>th</sup> and will end on December 3<sup>rd</sup> for benefits starting January 1, 2010. We will need to have another Annual enrollment for the purpose of the healthcare changes that will be effective approximately April 2010.

*Q. If I pick HMO in October 2009 for benefits starting January 1, 2010, will I be able to pick POS in February 2010 to start in April or am I locked in to the HMO for 2010?*

You may change your election during the second Annual Enrollment in the 1<sup>st</sup> quarter of 2010.

**HRA (Answers to HRA questions will be posted later in the week.)**

**Prescription Coverage:**

*Q: 10/20/40 ... what is that & who determines what drugs are formulary / non-formulary? Can we get a known list?*

They are prescription drug co-payments for generic / formulary or preferred / non-formulary or non-preferred, prescription drugs respectively. Formulary & non-formulary drugs are determined by Caremark. A list is available on their website and is updated quarterly.

Formulary/Preferred Drug lists include name brand drugs that have no generic alternatives and/or generic equivalents. Non-Formulary/Non-Preferred Drug lists include primarily name brand drugs that have generic alternatives and/or generic equivalents that are less expensive than the name brand drug. Because participants have less expensive drug alternatives and choose to continue taking the name brand, they pay a higher co-pay.

Generic equivalents are drugs that have the same active ingredients as the same name brand drugs and treat a health condition (i.e., high blood pressure, high cholesterol, allergies, acid reflux) in the same way.

Generic alternatives are drugs that have different active ingredients and, therefore, treat a health condition (i.e. high blood pressure, high cholesterol, allergies, acid reflux) differently.

*Q. The RX deductible & OOP max is separate than medical deductible & OOP max?*

There is no RX deductible in the active employee medical plan. There is a \$50 annual deductible in Choice 1 of the retiree medical plan and deductibles of \$400 – Single and \$800 – Family in Choice 2. The OOP Maximum of \$1,000 – Single and \$3,000 – Family in the Medical Plan and the OOP Maximum of \$900 – Single and \$1,800 – Family in the Prescription Drug Program are separate

*Q. Does medical supplies / medical equipment / orthotics fall under medical or RX? Example: CPAP machine requires new tubes & masks every 3-6 months.*

The items above would fall under durable medical equipment under the medical plan. Other items may fall under prescriptions.

### **New Hearing Aid Benefit:**

*Q: Is this for active and retirees?*

Yes.

### **Retiree Medical – Current and Future Retirees:**

The Company refused to bargain the current retiree plan and is not legally required to do so. We were only able to bargain the HRA.

*Q. Does the \$12,500 cap mean that any medical expenses above \$12,500 in the plan year are my responsibility?*

No, the CAP is an average medical expense used per person. Monthly premiums could increase or decrease for the following year based on this years average per person usage. Based on the \$12,500 cap, 2010 monthly premiums will be \$14 Single / \$25 Single + 1 / \$35 Family

*Q. Pre-Medicare eligible Legacy T plan with blended cap: is this a retiree up to age 64 and 11 months?*

Yes.

*Q. Medicare eligible Legacy T plan Medicare: Is this for retirees 65 and older?*

Yes.

*Q. On the pre-Medicare retiree, does No-change mean that he pays the same as a working employee or that he stays with the same coverage as before this contract?*

Where “No Change” is listed, the amounts stay the same as Letter A from the 2005 agreement.

*Q. Under the Legacy plans, both pre & post Medicare states, “No change to deductibles, co-insurance, OOP, co-pays”. No change from what?*

Where “No Change” is listed, the amounts stay the same as Letter A from the 2005 agreement.

## **APA:**

*Q. Does this mean that our bonus money is going into the HRA account? Please explain in English.*

The APA guaranteed our members \$425 per person per year, the new plan only guarantees 150 X the dividends, which currently would pay out \$246. Since the Company was insisting that all the Contracts were under the same Success Sharing Plan we demanded that (even though there is a potential the new plan would pay out more), that the difference in the guaranteed money be part of our package. The bargaining team decided that the APA difference as well as the Success Share Dividends for the first two years would go to the retiree HRAs.

The full Success Share monies in year three and the money from any increase in stock in years one and two will go into active employee Healthcare Reimbursement Accounts.

## **The Success Share:**

*Q. Why is the money going to retirees?*

Because we are a Union and we have a responsibility to take care of the people who fought for our benefits in the past. With the increases in retiree benefit cost we felt it was crucial to make sure that we used some our total package to make sure our retirees can handle the cost of their benefits.

*Q. The APA is not related to medical; why would the funds go here instead of to the employees that contribute to the Company's success?*

Since the HRAs are only for the first two years, the bargaining team felt it was important to fund as much money into the HRAs as possible since that is carried over for year to year. This will make sure there is money in the HRAs to help people handle these added expenses. If it goes directly into the HRAs it is not subject to the big tax hit we always had with the APA.

*Q. Is the money the Company contributes to the HRA going to be taxable income?*  
No.

*Q. What is the Success Sharing Plan? How does it work, what does that entire math mean?*

Each employee will be given 150 "success units."

For example:

Years 2010 and 2011

If the closing price of AT&T stock on Oct. 1, 2009 is \$25.00 and the closing price of AT&T stock on Sept. 30, 2010 is \$27 the payout is:

$\$27 - \$25 = \$2 \times 150 \text{ Success Units} = \$300$

In year 3:

If the closing price of AT&T stock on Oct. 3, 2011 is \$25.00 and the closing price of AT&T stock on Sept. 28, 2012 is \$27 the payout is:

$\$27 - \$25 = \$2 \times 150 \text{ Success Units} = \$300$

Plus

If the dividend value is \$.41 each quarter (which is what the current dividend is), then the total dividend for the year is \$1.64.

The payout is  $\$1.64 \times 150 \text{ Success Units} = \$246.00$

Total payout would be  $\$300 + \$246 = \$546$ .

## **Article 16 Transfers, Travel Allowances and Moving Expenses:**

*Q. If the language changed to IRS allowable, why is there a cap of \$64?*

The \$64 is not a cap. \$64 is currently the highest rate under current IRS guidelines. The per diem amount could change if the IRS reassesses its rates. They represent the maximum amount of per diem that may be paid and not taxed as income. It is based on what city you travel to.

## **Article 25 Termination Payments:**

*Q. There are no changes noted for Article 25. Does that mean the termination pay stays the same?*

Yes. There is no change in the termination pay.

## **Article 31 Military Service:**

*Q. Employees called up to service in Operation Enduring Freedom/Operation Iraqi Freedom increasing military allowance up to 30 months. What is this a change from?*

It is a change from 26 months. This pertains to people being called overseas for these two operations only. Anyone called to active duty for any other reason will be covered by the previous language.

## **Article 43 Network:**

*Q. Are we still entitled to Article 43 certification payments?*

Yes. There has been no change to Article 43.

*Q. Will the certification program be continued?*

Yes. There has been no change to Article 43.

*Q. Why wasn't double time added back into Article 43? When we were forced to move into Article 43 originally, we were told double time would be added back in during subsequent bargaining.*

We tried to change many things in this Article to make it more similar to Article 41 and were unsuccessful. If anything, the Company demands were to bring all the other Articles more in line with Article 43.

## **Article 44 CNSC:**

*Q. Why did the people in this article get an extra wage increase & L titles didn't?*

There was a 5% wage associated with the Performance in the CNSC. It was virtually eliminated, so the 5% associated with it was added into base wages.

## **AT&T Transfer Plan (ATS):**

*Q. So now placement is just based on Seniority & skills?*

Other agreements (2005 contract) page 258-259 10.b non-surplus candidates for vacancies the selection criteria of better/basic tests, skills, seniority in that order will govern.

## **ARS/ARC & Health Care Coordinators**

*Q. How will the merger of those positions be handled?*

Through a VTP offer.

*Q. What locations will remain open?*

That will be determined after the consolidation is complete.

### **National Transfer Plan:**

*Q. Does this eliminate ATS? Does this eliminate the IMF? Inter-subsidary Movement Process? Who is going to create the plan & how will it be overseen?*

ATS remains intact for Legacy T transfers. IMF remains part of the National Transfer plan. CWA wanted mobility as a voluntary option for the transfer plan; the Company said no.

### **AT&T Option Plan (ATTOP):**

*Q. What is OTP and when would the Company use it?*

The Company is required to offer Optional Termination Pay (OTP) during every surplus. They are not required to offer VTP; it is up to the Company to offer it. In some titles, like operator services and some clerical titles, the Company has never offered a VTP. This will ensure they will at least get \$61,000 (instead of \$30,500).

*Q. Does this mean that the next buyout will be ATTOP instead of VTP?*

The Company gave no indication during bargaining that they intended to stop offering VTP; in fact, they insisted the language stay exactly like it is in the current Contract. However, it is always at their discretion whether they offer it or not.

### **Alliance for Employee Growth and Development:**

*Q. Is the Pre-paid tuition amount going to change from its current amount since the Alliance funding decreased?*

No.

*Q. What about AT&T tuition plan? Is the plan or the amount we are eligible for annually going to change?*

There is no change in this plan.

### **Leveraged Titles:**

*Q. Is that only for new hires in the 2 titles listed in Consumer? Did that impact business titles at all?*

The Company originally wanted leveraged titles across ALL titles we represent. After they moved off that proposal, they changed it to all titles in Article 35 & Article 36. Ultimately, the 2 consumer titles were the only ones leveraged.

### **Reward and Recognition:**

*Q. Who is doing rewards? What business units?*

Many Legacy S units are doing rewards. The previous language in our contract limited the amount of recognition and rewards to \$50 per employee per year. If a unit wanted to go above that amount, previously it needed to be negotiated with the Union. That amount has now been increased to \$3000 per employee per year, which could potentially open up recognition programs in areas that previously did not have them.

## **Commuter Benefit:**

*Q. What is it?*

Effective 1/1/10, this is Pre-tax deduction that employees may deduct from their pay to use for mass transit and parking based on IRS limits. 2009 limits: \$230 parking; \$230 mass transit.

*Q. Does that allow the Company to negotiate bulk discounts for transit passes or parking?*

The Company would not bargain a national bulk discount transit program. The Commuter Benefit language in the contract does not preclude Locals from individually negotiating a bulk transit or parking discount within specific cities or business units.

*Q. Does this eliminate our per day city allowance for those that currently receive it?*

No. The Commuter Benefit does not eliminate City Allowance.

## **Marsh Plans :**

*Q. Do Marsh Plans need to be purchased as a package, or are they cafeteria style benefits?*

The benefits are purchased individually. For instance, if you only need pet insurance, you would have the option to purchase that.

## **Scholarship Plan:**

*Q. How many scholarships did we have under the old plan?*

28 for AT&T occupational employees in Legacy T.

*Q. How many are available through the SBC program?*

630. That covers all employees throughout the Company, including managers and non-represented. A particular number is not designated for any single unit so, depending on how many apply and are qualified, we could end up with more or we could end up with less.

## **Legal Plan:**

*Q. Since I no longer have this benefit, why would it go into the HRA instead of into my wages?*

The amount per person was small. It was best added into your HRA for you to access as real cash to pay medical in the future.

The last day to use the current legal plan is December 31, 2009. Make sure you get your wills, etc done while we still have this benefit paid for.

## **Family Care Development Funds :**

*Q. Why was this money moved into the HRA instead of into my wages?*

For the same reason as above, the money for all the programs that were changed or eliminated was combined into a single package and moved into the HRAs to help pay for benefits.

## **Other:**

*Q. Did vision & dental stay the same?*

Yes for actives. There are changes for retirees.

*Q. Is there a retirement opportunity based on years-of-service + age? Previously other agreements LL, is it just for retiree related benefits? What is that number? Can it only be done at an increment of 5 years (i.e. 20 yrs, 25 yrs, etc)?*

It is for retirement related benefits only. The number is 30 years of service at any age; 65 years old with 10 years of service; 55 years old with 20 years of service; 50 years old with 25 years of service.

*Q. Will terms be made permanent with the ratification of this contract?*

No. The Company would not discuss making terms permanent.