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Mr. R. V. Maly, Jr., Vice President, CWA  
Ms. M. J. Pultar, Director of Telecommunications, IBEW  
Mr. P.A. Pusateri, Chairman, System Council T-3, IBEW

**Re: 2008 AT&T Performance Award (APA) for Represented Occupational Employees**

The 2008 APA for Represented Occupational Employees will reflect a payout of 45% based on year-end financial performance. Based on these results, the full-year equivalent award for eligible employees will be \$425 which reflects the below threshold performance level.

The APA payment for eligible employees, shall be payable on February 27, 2008. Such payment will be subject to federal, state and local tax and FICA withholding. Where appropriate, award payments shall be used in calculating an employee's wage rate for determining the amount of union dues deduction. In addition, Savings Plan (LTSSP) contributions shall be deducted from the award payment.

Additional information will be provided in the "2008 AT&T Performance Award (APA) Bulletin" which I have attached and is available to employees via company intranet.

Please call me if you have any questions.

Regards,

*Diane Bradley*

cc: L. J. Smith

## 2008 AT&T PERFORMANCE AWARD (APA) BULLETIN

This bulletin pertains to Legacy AT&T represented occupational employees covered by the CWA or IBEW Operations Agreements in connection with the AT&T Performance Award (APA) for the 2008 performance year. This bulletin does not apply to employees in AT&T Technical Services, AT&T Alascom, GSI, AT&T Puerto Rico, and employees under the Company Non-Represented Personnel (CNRP) Plan.

### APA PAYMENT

This bulletin describes how the APA payment is funded and paid for the 2008 performance year. Funding is consistent with the collective bargaining agreement and will consider full-year 2008 results. Full-year funding for the 2008 APA is 45%. The award for represented occupational employees is \$425 dollars based on payout below threshold pro-rated for eligible employees as specified in the 2005 Collective Bargaining Agreements.

The APA payment is included in your paycheck, payable February 27, 2009. Effective February 26, 2009, your paycheck will be available for viewing on the [eLink payroll website](#) under the eLink Self-Service section.

### ELIGIBILITY

To be eligible to participate in the APA, a represented occupational employee must meet both of the following criteria:

1. Have a minimum of eighty-eight (88) calendar days of active employment (either management or occupational) with the Company as a U.S. based employee during APA Plan Year (January 1, 2008 through December 31, 2008);
2. Be a regular full-time or regular part-time AT&T employee on December 31 of the applicable APA Plan year.

***Exceptions: An employee's time on an unpaid leave of absence - (personal leave, the non-disability portion of an anticipated disability leave, care of newborn/newly adopted child, unpaid military leave) - of more than thirty days shall not be counted toward the eighty-eight day requirement nor shall such time be counted in determining the amount of the award.***

**Note:** Employees with questions on APA eligibility requirements and exceptions should refer to the appropriate collective bargaining agreement on the [Labor Relations website](#) or contact their supervisor. Supervisors with questions should contact the appropriate Employee Relations Manager ([ERM](#)).

## PAYCHECK DISTRIBUTION

Paycheck distribution for...	Will be. . .
active employees	delivered using the normal distribution process
employees with EFT	direct deposit via EFT
former employees	sent directly to the last known home address (not EFT)

Paychecks will be distributed based on information in payroll on January 30, 2009. Employees who change work locations near this date may not receive their paycheck at the new location. Once it has been verified that a paycheck was generated, employees should contact their previous location to make arrangements to have the paycheck forwarded to them.

Non-management employees eligible to receive multiple company awards (e.g., APA, CNRP or Management Team Award) will receive separate pro-rated payments in their 2/27/09 paycheck. Management employees eligible to receive multiple company awards (e.g., APA, CNRP or Management Team Award) will receive separate pro-rated payments in their paycheck, payable 3/6/09 following the management payroll schedule.

## TAX WITHHOLDING

Payments are subject to 2009 tax withholding:

- Federal tax is withheld at a flat rate of 25%
- Social Security (FICA)/Medicare tax is withheld as follows:
  - ✓ 7.65% for wages up to \$106,800
  - ✓ 1.45% for wages from \$106,800.01 and over
- State tax withholding may be calculated at a different rate than the one applied to your normal paycheck, depending upon the state taxing requirements for supplemental lump sum payments.

## ALLOTMENT DEDUCTIONS

The AT&T Long Term Savings and Security Plan (LTSSP) contributions and any cashier deductions will be deducted from the Award Payment. Where appropriate, award payments will be used in calculating an employee's wage rate for determining the amount of union dues deductions.