

## 2009 Tentative Agreement: Questions and Answers

### 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 purpose 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.

### 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 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?*

We have never bargained over the providers. They are 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. Will there be 2 separate open enrollment sessions?*

Since there is no change until April we will have the regular open enrollment (October) for benefits starting January 1, 2010. We will need to have another open enrollment for the purpose of the healthcare that will begin approximately April 2010.

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

### **Prescription Coverage:**

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

There is no RX deductible. There are co-pays and an OOP max which is separate from the medical plan.

*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.

*Q. Is there an RX deductible? Or do we just pay co-pays up to \$900 single / \$1800 family?*

No deductible. We pay co-pays up to the OOP max.

### **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 of 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 from 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 two 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 two 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, it previously 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.

**CWA – AT&T (Legacy T)  
Final Bargaining Report  
2009**

Dear member,

What follows is the Final Bargaining Report containing the details of the Tentative Agreement negotiated by your Bargaining Team for the "Legacy T" unit.

While we didn't achieve everything we wanted we were able to make some real headway in protecting the jobs of our members. In these times of high unemployment and with the changes facing our industry, we believe the employment security language we negotiated represents a significant accomplishment. A no-layoff clause, a watermark of employment and language that protects 80% of our workforce from involuntary layoff – these are firsts in the history of our Contracts with AT&T. The new National Transfer Plan will also provide more opportunities for our members.

While we were forced to accept some cost shifting on Healthcare, the Healthcare Reimbursement Accounts will cover a large amount of the costs for the majority of our members. The rising cost of Healthcare, and who will pay for it, is a battle being fought in every collective bargaining in this country. It is an issue that will continue to haunt us until there is some major legislative change.

We stood firm against Company demands to eliminate our monitoring language and allow unlimited monitoring with discipline; eliminate double time after 8 hours of OT; eliminate Sunday differentials; take back personal illness days; force us to use our vacation for FMLA time; restrict our use of our flex EW days; change our off-tour differentials and a long list of other retrogressive proposals that would have negatively impacted every single member. Instead, we made progress in many Articles of the Contract.

We have worked hard for over 6 months to reach this agreement. We believe it is the best we could achieve at this time and makes significant improvements in the lives of our members. That is why we unanimously agreed to recommend it to you.

The AT&T "Legacy T" Bargaining Team

**2009 AT&T Legacy T Final Bargaining Report**

**Term of the Agreement:** April 5, 2009 to April 7, 2012.

**WAGES:** Retroactive to July 5, 2009 – 3%

July 4, 2010 – 3%

April 3, 2011 – 2.75% plus cost of living\*

\*Cost of living - .5 times the increase above 4% of the CPI-W for Dec. 2010 over Dec. 2009.

Below are some examples of the wage increases for various titles from around the country, showing the increase in weekly wages and the total new dollars yearly and over the term of the agreement. These do not include any possible Cost of living increase in the third year. (Exact new wage tables will be provided for all titles when we receive Appendix 5.)

		<b>Office Support Clerk</b>			<b>Lisle</b>		
		Current Weekly Wage					
		\$	687.00				
					New Dollars Per Year		
Jul-09	3%	\$	707.50			\$	1,066.00
Jul-10	3%	\$	728.50			1,618.50	
Apr-11	2.75%	\$	748.50			3,198.00	
			<b>Total New Dollars Over Term</b>		<b>5882.50</b>		
			<b>Cumulative Wage Increase</b>		<b>9.0%</b>		

		<b>Reports Clerk</b>	Bedminster, NJ
		Current Weekly Wage	
		\$ 969.00	
			New Dollars Per Year
Jul-09	3.00%	\$ 998.00	\$ 1,508.00
Jul-10	3.00%	1,028.00	2,301.00
Apr-11	2.75%	1,056.50	4,550.00
		Total New Dollars Over Term	<b>8,359.00</b>
		Cumulative Wage Increase	<b>9.0%</b>
		<b>Communications Technician</b>	Dallas
		Current Weekly Wage	
		\$ 1,233.00	
			New Dollars Per Year
Jul-09	3.00%	\$ 1,270.00	\$ 1,924.00
Jul-10	3.00%	1,308.00	2,925.00
Apr-11	2.75%	1,344.00	5,772.00
		Total New Dollars Over Term	<b>10,621.00</b>
		Cumulative Wage Increase	<b>9.0%</b>
		<b>Network Technical Specialist</b>	Atlanta
		Current Weekly Wage	
		\$ 1,233.00	
			New Dollars Per Year
Jul-09	3.00%	\$ 1,270.00	\$ 1,924.00
Jul-10	3.00%	1,308.00	2,925.00
Apr-11	2.75%	1,344.00	5,772.00
		Total New Dollars Over Term	<b>10,621.00</b>
		Cumulative Wage Increase	<b>9.0%</b>
		<b>Teleconference Specialist</b>	Birmingham
		Current Weekly Wage	
		\$ 895.00	
			New Dollars Per Year
Jul-09	3.00%	\$ 922.00	\$ 1,404.00
Jul-10	3.00%	949.50	2,125.50
Apr-11	2.75%	975.50	4,186.00
		Total New Dollars Over Term	<b>7,715.50</b>
		Cumulative Wage Increase	<b>9.0%</b>
		<b>Account Representative</b>	Kansas City
		Current Weekly Wage	
		\$ 921.00	
			New Dollars Per Year
Jul-09	3.00%	\$ 948.50	\$ 1,430.00
Jul-10	3.00%	977.00	2,184.00
Apr-11	2.75%	1,004.00	4,316.00
		Total New Dollars Over Term	<b>7,930.00</b>
		Cumulative Wage Increase	<b>9.0%</b>
		<b>CSSS</b>	Pittsburgh
		Current Weekly Wage	
			New Dollars Per Year
Jul-09	3.00%	\$ 1,103.00	\$ 1,664.00
Jul-10	3.00%	1,136.00	2,535.00
Apr-11	2.75%	1,167.00	4,992.00

		Total New Dollars Over Term		9,191.00
		Cumulative Wage Increase		9.0%
		<b>LS Associate</b>	<b>Pleasanton</b>	
		Current Weekly Wage		
		New Dollars Per Year		
Jan-09	5.00%	\$ 716.00	\$	884.00
Jul-09	3.00%	737.50	\$	2,886.00
Jul-10	3.00%	759.50		3,022.50
Apr-11	2.75%	780.50		5,122.00
		Total New Dollars Over Term		11,030.50
		Cumulative Wage Increase		14.4%

**PENSIONS:** 2% effective Jan. 1, 2010  
2% effective Jan. 1, 2011  
2% plus COLA effective Jan. 1, 2012 for both Traditional Pension bands and Cash Balance benefits  
Cash Balance interest credit: 30 Year Treasury rate (varies, current rate 4.4%). This is an improvement over the current 4%.

New Hires\* will be eligible to participate in the "Bargained Cash Balance Program 2".

New Hires – Employees hired/or rehired after August 8, 2009 are considered "New Hires." All Recalled employees and those employees rehired back into the Legacy T unit within 6 months are considered "Current Employees"

**EMPLOYMENT SECURITY:**

- NO layoffs until after April 1, 2010.
- Watermark: 4200, below which the headcount may NOT be reduced.
- Limited Layoff: After April 1, 2010, 1575 is the maximum number of involuntary layoffs permitted in Legacy T titles. That protects approximately 80% of the Legacy T workforce from involuntary layoff. Considered in the 1575 are all those involuntarily laid off even if they refused a JOG offer, were at-risk and laid off at the end of ECO, SLA or were at risk and took TLA
- Added language restricting the work of Network Engineers; a meeting within 60 days with a VP from Worldwide Customer Service to discuss maintenance center staffing levels in relation to the ratio of the number of Communications Technicians to Network Engineers.
- Ongoing meetings to take place between VP Maly and a Senior Officer to discuss the "ongoing utilization of the workforce covered under this Agreement."
- Successorship Contract language eliminated.
- New letter protecting employee recall rights in the event of the change or elimination of a Business Unit.
- **Labor Advisory Forum** – In addition to current language added mandatory discussion of new technologies and associated training and jobs impact.
- **JOG (Job Offer Guarantee)** – Continues except that the job the Company offers may be in any CWA represented subsidiary except AT&T Mobility. Employees accepting a job with lower base pay under another CWA Contract will be eligible for Reassignment Pay Protection as a lump sum equal to the sum of eligible periodic RPPP payments. (New Hires are exempted from participation in JOG.)

**BENEFITS**

**Healthcare: (No change until April 2010) Current Employees and New Hires** (including current temps and terms converted to regular after August 8, 2009):

Monthly Premium - \$35 single/\$75 family

Preventive Care (ie. Mammograms, annual physicals, etc)

No deductible, No coinsurance

Annual Deductibles - \$350 single/\$700 family (In-Network)

\$900 single/\$1800 family (Non-network)

Deductibles – Plan does not pay until deductible is met. Monthly premiums do not count toward the deductible.

Co-pays - eliminated; replaced by co-insurance

Co-insurance - 10% (in-network) /40% (Out of Network) of negotiated rate for office visits, urgent care, emergency room, hospital stays, tests.

Out of Pocket Maximum - \$1,000 single/\$3,000 family (In-Network)

\$3,000/\$6,000 (Non- Network)

OOP Max – After the Out of Pocket Max is reached the plan pays 100%. Deductibles do not count toward the out of pocket max. All co-insurance does.

**Healthcare Reimbursement Accounts:**

Current employees will receive New Tax-Free, Company-funded Healthcare Reimbursement Accounts (HRA). Dollars not used in a plan year are rolled over year to year. )There are no HRAs for employees opting for HMOs.)

Active Employees:	2010	2011	2012
Individual	\$750	\$600	\$0
Family	\$1200	\$900	\$0

**Mental Health**

Same co-insurance as above but no limit on the number of visits and no dollar amount caps for in-patient and out-patient mental health/substance abuse benefits.

**Lifetime Maximum Benefit**

Network /indemnity – NONE

Non-Network - \$1,000,000 per individual.

**Prescription Coverage**

Deductible -- None

Retail Co-pays – \$10 Generic/\$20 Formulary/\$40 Non-Formulary

Mail order co-pay for 3 month supply -- \$20 Generic/\$40 Formulary/\$80 Non-Formulary

Co-pays/co-insurance -Non-network – The greater of the Network co-pay or 75% of the retail cost.

Separate OOP max \$900 single/\$1,800 family

Once the OOP max is reached the Plan pays 100%

90 day prescriptions available at CVS Pharmacies at mail order prices

**New Hearing Aid Benefit**

Same co-insurance as regular medical visit for hearing exam. Reimbursement for medically necessary hearing aid up to \$1000.00 in any rolling 36 month period. Reimbursement for repair not counted towards the \$1000.00 cap.

**Healthcare Benefits for Current and Future Retirees –**

The plan itself (see Exhibit 2 attached) was not part of the bargaining process. Bargaining for current retirees is a “permissive subject of bargaining” and the company refused to discuss it at our table. We were only able to bargain the HRAs.

**Healthcare Reimbursement Accounts:** Established tax-free, Company funded Healthcare Reimbursement Accounts (HRA). Dollars not used will roll over year to year.

\$850 single/\$1700 family 2010

\$150 single/\$300 family 2011

**Health Benefits:**

The attached choices in the chart reflect the plan for current and future retirees. Under 65 retirees have a choice of the first two plans and post-65 Retirees have a choice of the 2<sup>nd</sup> two plans.

Available Plans	Pre-Medicare Eligible only	Pre-Medicare Eligible & Medicare Eligible	Medicare Eligible only
	Legacy T Plan w/Blended Cap	Regional Medical Plan (as Amended)	Legacy T Medicare
<b>Medical Components</b>			
Monthly premiums	YES (see note)*	None	None
Deductibles (network)	No change	\$400/\$800	No change
Coinsurance (network/non-network)	No change	10%/50%	No change
OOP Max (network)	No change	\$1000/\$3000	No change
OOP Max Type	No change	Individual basis	No change
Co-pays			
Office visit	No change	None	No change
Hospital ER	No change	None	No change
Hospital admission	No change	None	No change
RX Components			
Premiums	None	None	None
Deductibles	\$50 (retail) per ind	2010 - \$75 2011 - \$125 2012 - \$175	2010 - \$75 2011 - \$125 2012 - \$175

Coinsurance	None	None	None
OOP max (network)	\$1500/\$3000 (applies to generic & formulary)	\$1500/\$3000 (applies to generic & formulary)	\$1500/\$3000 (applies to generic & formulary)
OOP max type	Individual basis	Individual basis	Individual basis
Co-pays	2010 Actual (max)	2010 2011 2012	2010 2011 2012
Retail generic	\$8 (\$14)	\$10 \$10 \$11	\$10 \$10 \$11
Retail Formulary	\$26 (\$28)	\$30 \$30 \$33	\$30 \$30 \$33
Retail non-formulary	\$50 (\$56)	\$50 \$50 \$50	\$50 \$50 \$50
Mail generic	\$17 (\$28)	\$20 \$20 \$28	\$20 \$20 \$28
Mail Formulary	\$54 (\$56)	\$75 \$75 \$83	\$75 \$75 \$83
Mail non-formulary	\$108 (\$112)	\$125 \$125 \$138	\$125 \$125 \$138

Note: The Premium for the Legacy T Blended cap will be calculated annually based on non-Medicare eligible claims data above the \$12,500 cap. The amount will be announced each year before open enrollment.

New Hires and Current Temps and Terms converted to regular after Aug. 8, 2009 will be entitled to Company paid Post-retirement pre-65 Medical Benefits but will pay 50% of the total cost.

#### Life Insurance for Future Retirees –

Current employees – 1 X the annual pay on 12/31/2009

New Hires -- \$15,000 Retiree Basic Life

#### Dental

Current employees – no change

New hires – Non-medicare eligible pay 50% of the cost of coverage; Medicare-eligible are ineligible for coverage.

#### Retiree Vision

Projected monthly contribution for plan \$4.12 individual/ \$7.51 Individual plus 1/ \$10.87 family, adjusted year to year based on claims data. Access to Vision Care was not formerly offered to retirees.

#### APA (AT&T Performance Award): Replaced with SSP (Success Sharing Plan)

Appreciation in stock price, year over year x 150 each year plus, in year 3, yearly dividend x 150. All Success Share Money is deposited directly into the HRAs (where it is not taxed).

In years 1 and 2 the dividend x 150 pays for current retiree HRAs.

Plan years: 2010 – Oct. 1, 2009 to Sept. 30 2010; 2011 – Oct. 1, 2010 to Sept. 30, 2011; 2012 – Oct. 2, 2011 to Sept. 28, 2012.

Eligibility: Employee must be on active payroll (or short term disability) at the start date of the plan year. Employees must be on active payroll, or short term disability or approved LOA at the end date of the plan year and be back on the active payroll by Dec. 31 of the year the contribution is made.

**Article 5 – Union Representation.** No change in the Article but added a letter allowing Union representation during Performance Improvement Plan (PIP) warnings if requested by the employee.

**Article 10 – Arbitration.** Changed the language to allow the Arbitrator the ability to determine the remedy in both discipline and contract interpretation cases.

**Article 14 – Safety.** Added language allowing for cross business unit/bargaining unit safety meetings.

**Article 16 - Transfer, Travel Allowances and Moving Expenses -** Changed per diem from \$35 a day to city-based IRS-allowable (up to \$64 depending on the city.)

**Article 20 – Absence -** Added “memorial service” to Funeral close friend/distant relative language. No change in payment for personal illness.

**Article 24 – Pooled Account Representative and Customer Representative for purposes of surplus.**

**Article 30 –** Added language for the remedy requiring the work to be returned to an AT&T bargaining unit.

**Article 31 –** No change in the Article. Letter for employees called up to serve in Operation Enduring Freedom/Operation Iraqi Freedom increasing military allowance to up to 30 months.

#### FUNCTIONAL ARTICLES:

**Articles 32, 33, 34, 35, 36, 37 and 38 –** No change. (No change in the double-time overtime build for all Articles.)

**Article 39 –** Additional .5% increase at ratification and another .5% increase in addition to the General Wage Increase in July 2010.

**Article 41 –** No change

**Article 43 –** Extended 800 watermark for an additional 3 years. Retained Subcontracting language: 6 month review; will replace full-time Contractors with Regular employees in AT&T Inc.

**Article 44 –** Performance Incentive Plan continued with a potential of \$1000 annually; one time 5% increase in base retroactive to January 1, 2009 in addition to the general wage increases, replacing the previous Performance Incentive Plan.

**Article 45/46 –** Combined Articles 45 and 46 into a single article. It includes multiple improvements: new wage progression schedule for titles previously in Article 45. The first year half of those not at the High will be moved into wage

progression with automatic raises every 6 months until they reach top. The second year the next half will move into wage progression with automatic raises every 6 months until they reach the top. For those not being moved into progression, full wage increase will be paid as a lump sum in years one and two. Improved layoff language for Article 46 titles: "Group One" changed to "three or more consecutive "less than satisfactory" appraisals." Incorporated scheduling and "overtime not continuous with a scheduled tour" language to cover all titles.

**AT&T Option Program (ATTOP):** Increased OTP from \$30,500 to \$61,000.

**AT&T Transfer System (ATS):** Removal of appraisals in order of priority; allow ARS participants to update their profile; time-in-title/time-in-grade immediately satisfied in recall placements; rehire within 6 months treated like recall candidates for everything but wage treatment.

**Level Equalization Groups (LEGS):** Decreased 36 month time-in-title to 30 months.

**Coordinators -- ARS/ARC and Healthcare:** Number of coordinators reduced from five (5) ARC coordinators and one (1) ATS coordinator to a total of three (3) combined AT&T Career Support Coordinator positions. The Healthcare coordinator remains as is. There are some wage and pension band improvements for these coordinators.

**National Transfer Plan:** Simplified internal and external on-line access to jobs in other AT&T units, including Bell South; transfers allow current employees to maintain current employee benefits, as well as vacation, EWD portability; movement into receiving company pension plan but time counts for pension/post retirement eligibility; priority placement above external candidates. The grievance and arbitration procedure is applicable to this agreement.

#### **TRAINING AND EDUCATION:**

**Alliance for Employee Growth and Development:** \$8,500,000 a year.

**Scholarship Plan:** Legacy T scholarship plan has been eliminated and replaced with the Legacy S Scholarship: Total of 630 awards: \$2500 a year for four-year colleges; \$1500 a year for two-year colleges. Money from Legacy T plan moved into Healthcare Reimbursement Accounts. (Current Legacy T Scholarship winners continue to receive their scholarships as long as they keep their eligibility.)

**Tuition Assistance Plan (TAP):** Remains unchanged

#### **OTHER**

**Electronic Monitoring Language:** No change.

**Neutrality and Recognition Language:** Remains.

**401K (AT&T Long Term Savings and Security Plan):** No change for Current employees. New Hires will be in the AT&T Retirement Savings Plan.

**Leveraged Titles:** New commission title in Consumer Organization in the Account Representative and Customer Representative titles. Pay is 60% of base wages; once 50% of sales target reached, employees are eligible for the sales incentive on a sliding basis (capped at 300% of target). The Company determines the targets but must give notice of changes to the Union. Leveraged and non-leveraged titles are pooled for force adjustment. Employees in non-leveraged titles who are surplus and bump into a Leverage Title retain their current title and pay treatment. Current employees who voluntarily move into the leveraged title can return to their former title within 6 months.

A Leveraged Title Sales Committee will meet at least twice a year to discuss the status of and suggestions regarding the compensation plans, commissions, bonuses and incentive programs.

**Reward and Recognition:** Company can develop reward and recognition programs up to \$3000 per employee per year. Any additional amount must be bargained with the Union.

**Commuter Benefit:** (effective 1/1/10) Pre-tax deduction for mass transit and parking based on IRS limits. 2009 limits: \$230 parking; \$230 mass transit.

**Marsh Plans:** (effective 1/1/10) A variety of optional employee paid insurance coverage at discounted rate: For example, Auto, Homeowner, Cancer, Identity Theft, Legal, Pet insurance.

**Legal Plan:** Eliminated. Money from Legacy T plan moved into Healthcare Reimbursement Accounts. Voluntary Legal Plan available in the Marsh Plans.

**Family Care Development Fund:** Eliminated. Money from Legacy T plan moved into Healthcare Reimbursement Accounts. We will be covered by the Legacy S Adoption Reimbursement Program – Up to \$5000 in eligible expenses. Other Work and Family programs continue.

**Service Anniversary Reward Program** – Incorporated into the Contract.