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COMMUNICATIONS WORKERS OF AMERICA and AT&T ANNOUNCE TENTATIVE AGREEMENT IN MIDWEST CONTRACT NEGOTIATIONS

WASHINGTON, D.C., and DALLAS, July 15, 2009 – The Communications Workers of America and AT&T Inc. today announced that a tentative agreement has been reached in the Core Wireline contract negotiations covering approximately 18,500 employees in CWA District 4 (AT&T's Midwest region).

The agreement, which will be submitted to the district's membership for a ratification vote in coming days, was reached after nearly five months of negotiations. The contract expired on April 4 and employees have worked under the terms of the expired contract while negotiations continued.

CWA President Larry Cohen said the negotiations reflected the current tough economic times and that the current health care structure in the United States is unsustainable. "This tentative agreement maintains our members' standard of living and safeguards quality health care benefits, which is critical to the well-being of all families. It's important now to move forward in the remaining negotiations and resolve our outstanding issues. I'm pleased that AT&T will continue to work with us and others on comprehensive health care reform so that companies like AT&T that provide quality health care are no longer penalized in this country."

AT&T Chairman and Chief Executive Officer Randall Stephenson applauded the patience and professionalism of negotiating teams representing both sides. "We're pleased to have reached a fair and balanced tentative agreement that keeps our core wireline wages and benefits among the best in the nation, while helping to control costs and preserving our ability to compete," Stephenson said.

“These were tough negotiations in difficult economic times and amidst major changes in our wireline business. I am grateful to the representatives of the CWA and AT&T who have worked so hard to achieve this goal.”

The three-year proposed agreement includes pay and pension band increases in each year of the agreement, as well as provisions addressing cost of living adjustments. Health care benefits remain among the best in the nation; the health care plan provides for fully funded preventive care and company-funded health reimbursement accounts that can be used toward any eligible health care expense. The agreement includes new transfer opportunities and other employment security gains that strengthen AT&T’s quality workforce. The agreement also creates broader earnings and job opportunities for some sales titles and premises technicians, who install AT&T services at customers’ homes.

CWA District 4 Vice President Seth Rosen said, “During these very tough times in the Midwest, middle-class workers can use some good news. I am pleased to have reached an agreement that achieves our key goals.”

Details of the tentative agreement are reported on the CWA District 4 bargaining Web site (<http://district4.cwa-union.org/bargaining>) and the AT&T bargaining Web site (www.att.com/corebargaining).

Negotiations are continuing in other regions where contracts expired on April 4, as they did in Midwest (CWA District 4). They include East (CWA District 1), West (CWA District 9), Southwest (District 6) and Legacy T (CWA ComTech unit). Negotiations are also continuing for Core Wireline contracts with the IBEW for employees mostly in Illinois in northwestern Indiana; those contracts expired June 27. The Core Wireline contract in the Southeast region (CWA District 3) expires on Aug. 8 and negotiations begin in that region July 20.

A total of about 120,000 employees are covered under the various contracts.

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Cautionary Language Concerning Forward-Looking Statements

Information set forth in this news release contains financial estimates and other forward-looking statements that are subject to risks and uncertainties, and actual results may differ materially. A discussion of factors that may affect future results is contained in AT&T's filings with the Securities and Exchange Commission. AT&T disclaims any obligation to update or revise statements contained in this news release based on new information or otherwise.

COMMUNICATIONS WORKERS OF AMERICA
DISTRICT 4



July 15, 2009- CWA D4 AT&T Midwest Final Bargaining Report #91 Tentative Agreement Reached

We are pleased to announce that we have reached a tentative agreement on a new three year contract between CWA and AT&T Midwest. In these tough economic times, in the most economically depressed part of the country, we have reached an agreement that achieves our key goals:

- 1) Maintained and improved our Standard of Living
- 2) Protected Retirees
- 3) Enhanced employment security

There are changes in our health care that will result in increased out of pocket costs. However, when wages and the new company-funded tax-free Healthcare Reimbursement Accounts (HRAs) are factored in, CWA members-- from the highest paid to the lowest--are better off, on average, every year of this contract by thousands of dollars a year.

This was a very difficult set of negotiations and we are pleased to have reached such a positive conclusion. There will be a contract explanation meeting for Local officers this Friday, July 17th, who will then hold local explanation meetings over the next few weeks. A detailed summary will also be mailed to every member along with their ratification ballot early next week. This is a tentative agreement until ratified by majority vote of members voting in a secret ballot election. Those ballots must be received back by August 6th and will be counted on August 7th. Our elected Bargaining Committee unanimously recommends ratification of this agreement.

Meanwhile, here are some of the highlights on the key issues of the new tentative agreement.

Wages - 3% Retroactive to 4/5/09, 3% April 2010, 2.75% (plus COLA) April 2011.

Prem Techs - \$3.25/hour every step, retroactive to April 5th, instead of percentage wage increase. Will get in third year COLA if applicable.

Health Care

Maintained Current Plan Rules and Contractual Rights

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

Preventative - no deductible, no coinsurance

Deductible - \$350/\$700

Co-insurance - 10%/40% (Out of Network)

Out of Pocket Maximum - \$1,000/\$3,000

\$3,000/\$6,000 (OON)

No Co-pays

Individual Basis for deductibles and OOP

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Current employees that retire will have multiple options available to them.

Prescription Coverage

Copays - 10/20/40 twice co-pay for 3 month supply mail order
Copays non-network - 75%
Separate OOP max \$900/\$1,800
Individual Basis for OOP

Dental - Same as today.

Vision - Same as today with one exception unique to Midwest.

Life Insurance

Frozen at 12/31/09 wage level for current employees/New Hires - \$15,000
Create New Tax-Free Health Reimbursement Accounts (HRA)
Active Employees will get:

\$450/\$900	Year 1 (also SSP - see below)
\$300/\$600	Year 2 "
0/0	Year 3 "

In Years 1 & 2, stock appreciation portion of SSP applies to HRA. In Year 3, both dividend portion and appreciation apply to HRA.

HRA Future Retirees* -	\$850/\$1700	Year 1
	\$150/\$300	Year 2
	0/0	Year 3

*HRA Funding levels will be based on healthcare enrollment status as of the 1st of the year.

Success Sharing Plan (SSP)

- * Two parts
- a) Dividend x 150
- b) Appreciation in stock price, year over year x 150

All SSP payments to HRAs.

Pensions

2% - 2% - 2% (plus COLA using same formula as wages)
Preserved lump sum option for life of contract. 2012 - Start transition to PPA rate rather than GATT to calculate lump sum 25% transitions per year. However, agreement to make whole anyone who retires prior to April 1st, 2012, if the GATT interest rate produces a higher lump sum amount.

New Hires

Same medical.
New Hires BCB2 cash balance pension with lump sum option.
New Hires Future Retirees - ATT will pay 50% Medical.

Employment Security

Article 26 - Employment Security - kept Employment Security commitment language, kept job language.
FAA (Force Adjustment Area) - approximate 35 mile radius to more fairly manage surplus.
Up front pooling of titles in FAA - Service Tech and CSS titles. Could bump Prem Tech. All I&M can bump Prem

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Tech. Construction usually more senior still can bump up to 10%.
Protected 2004-2009 hires under new regional employment security language.

Data Comm

Moved to core (Appendix).
Got their own Employment Security Commitment (Job Offer Guarantee).
Obtained other Datacom employment security improvements.

Leveraged Titles

- 1) Provide protections to assure existing Service Reps are not forced to become "leveraged" as well as provide enhanced employment security for existing Service Reps through "pooling" of titles in a surplus.
- 2) Limited scope. If Management wants to expand "leverage" program to any other title, they must bargain to agreement (not impasse).
- 3) Service reps can try Leverage title for up to 6 months with return rights at same location.
- 4) Leverage funding (40%) increases with wage increases that impact base (60%).

Prem Techs

- 1) Guaranteed weekend off a month - will be scheduled M-F for that week. Three states in MW have unlimited overtime in core.
- 2) Penalty payment for canceling of hours. If canceled less than 12 hours before tour, 2 hours pay. If canceled after report, 8 hours pay.
- 3) Gave additional duties with clear written definitions of what they can do and what core techs do.

National

Renewed Card Check Agreement
Recognition for Video Hub Technicians
President's Council renewed
National Transfer Plan - The Company has agreed to modify the external job posting system to provide, for employees who choose to participate, a National Transfer Plan.

Other Items

Retroactivity to April 5th for Wages and Arbitration rights.
Temps/Terms converted prior to ratification are current employees. Temps/Terms converted after ratification are new employees.