

2009 “Legacy T” Bargaining Report

Wages: Retroactive to July 5, 2009 – 3%
July 4, 2010 – 3%
April 3, 2011 – 2.75% plus cost of living

Pension – 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%)
New hires will participate in a different Cash Balance Program.

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.
- 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** – 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.

Health Care: (No change until April 2010)

Monthly Premium - \$35 single/\$75 family
Preventive - no deductible, no coinsurance
Annual Deductibles - \$350 single/\$700 family (In-Network)
\$900 single/\$1800 family (Non-network)
Co-pays - eliminated; replaced by co-insurance
Co-insurance - 10% (in-network) /40% (Out of Network)
Out of Pocket Maximum - \$1,000 single/\$3,000 family (In-Network)
\$3,000/\$6,000 (Non- Network)

New Tax-Free, Company-funded **Health Reimbursement Accounts (HRA)***

Active Employees:	<u>2010</u>	<u>2011</u>	<u>2012</u>
Individual	\$750	\$600	\$0
Family	\$1200	\$900	\$0

* Dollars not used in a plan year are rolled over.

Prescription Coverage

Co-pays - 10/20/40 twice co-pay for 3 month supply mail order

Co-pays non-network - 75%

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

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 cap.

Retiree Medical - Current and Future Retirees –

Established tax-free, Company funded **Health Reimbursement Accounts (HRA)***

\$850 single/\$1700 family 2010

\$150 single/\$300 family 2011

*Dollars not used in a plan year are rolled over.

(see Exhibit 2 attached).

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

Dividend x 150 in year 3 only; dividend in year 1 and 2 amounts pays for current retiree HRA

Appreciation in stock price, year over year x 150 each year plus, in year 3, yearly dividend x 150. All Success Share Money are deposited directly into the HRAs.

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. Added language to allow the Arbitrator more flexibility to determine the remedy in both suspension 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.

Article 30 – Added language for the remedy: 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.

Articles 32, 33, 34, 35, 36, 37 and 38 – No change

Article 39 – Additional .5% increase at ratification and another .5% increase in addition to the General Wage Increase in April 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 established with a potential of \$1000 annually; one time 5% increase in base retroactive to January 1, 2009 in addition to the general wage increases.

Article 45/46 – Combined Articles including multiple improvements: new wage progression schedule for Article 45 which allows all employees to reach the “high” rate; improved layoff language for Article 46 titles; incorporated STIPs for all titles.

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.

LEGGs - Decreased 36 month time-in-title/time-in-location to 30 months.

Coordinators: ARS/ARC and Health Care – 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 Health Care coordinator remains as is. Improved wages and pension band for 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.

ATTOP – Increased OTP from \$30,500 to \$61,000.

Alliance -- \$8,500,000 a year.

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) 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.

Reward and Recognition: Company can develop reward and recognition program 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: Auto, Homeowner, Cancer, Identity Theft, Legal, Pet.

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 Health Reimbursement Accounts. (Current Legacy T Scholarship winners continue to receive their scholarships as long as they keep their eligibility.)

Legal Plan – Eliminated. Money from Legacy T plan moved into Health Reimbursement Accounts. Voluntary Legal Plan available in the Marsh Plans.

Family Care Development Funds– Eliminated. Money from Legacy T plan moved into Health Reimbursement Accounts. Moved to Legacy S Adoption Reimbursement Program – Up to \$5000 in eligible expenses. Other Work and Family programs continue.

Service Reward Program – Incorporated into the Contract.