

## 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.

## Exhibit 2

	Pre Medicare Eligible			Medicare Eligible		
	Legacy T Plan w/ Blended Cap	Regional Medical Plan (as amended)	Legacy T Plan Medicare			
<b>Medical Components</b>						
Monthly Contributions	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	\$1,000 / \$3,000	No Change			
OOP Max Type	No Change	Individual Basis	No Change			
<b>Copays</b>						
Office Visits	No Change	None	No Change			
Hospital ER	No Change	None	No Change			
Hospital Admission	No Change	None	No Change			
<b>Rx Components</b>						
Contributions	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)	\$1,500/\$3000 (applies to Generic and Formulary)	\$1,500/\$3000 (applies to Generic and Formulary)	\$1,500/\$3000 (applies to Generic and Formulary)			
OOP Max Type	Individual Basis	Individual Basis	Individual Basis			
<b>Copays</b>						
Retail Generic	2010 Actual (Max) \$8 (\$14)	2010 2011 2012 \$10 \$10 \$11	2010 2011 2012 \$10 \$10 \$11			
Retail Formulary	\$26 (\$28)	\$30 \$30 \$33	\$30 \$30 \$33			
Retail Non-Formulary	\$50 (\$56)	\$50 \$50 \$55	\$50 \$50 \$55			
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			

**Notes:**

Retirees are subject to a Defined Dollar Benefit Cap established at \$12,500 per retiree annually through December 31, 2012.  
 Per Retiree Costs shall be calculated annually based on plan performance for non-Medicare eligible retirees subject to the cap.  
 Per Retiree Costs will be done on a blended basis and only includes those that are subject to the cap.  
 The amount of the monthly contribution for each upcoming year will be announced before the annual open enrollment.

Medical components will be consistent with the current Regional Medical Plans with the provisions noted in the chart and including:  
 Non-Network deductibles and Out Of Pocket Maximums = 3x Network amounts  
 Deductibles and Out Of Pocket Maximums are integrated for all medical services, including mental health/substance abuse services  
 Once the deductibles are met, coinsurance applies to all medical services including mental health/substance abuse services  
 T Non-Medicare Eligible information based on POS; Medicare Eligible information based on Indemnity

Rx Provisions outlined are a summary. Intent is that T would come into same Rx program as SW Core.

This includes:

3 tier copay structure of Generic, Formulary, and Nonformulary

Retail Non-Network provision of: Greater of applicable Network Retail copay or balance remaining after Plan pays 75% of Network retail costs, after Ded

Mandatory Mail applies after 2nd fill at Retail

Specialty Pharmacy provisions

Personal Choice drugs not covered by plan and available for purchase at 100% of discounted rate

**Current Plan Designs Will Apply Subject to the Modifications Summarized in the Chart**