

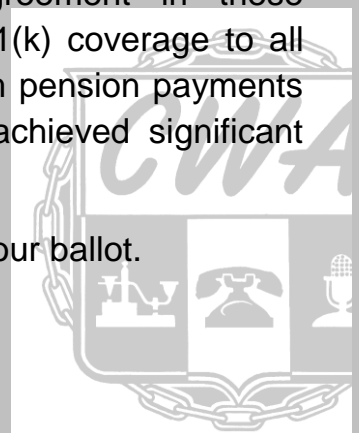
Final Bargaining Report

CWA District 9 & AT&T West August 2009

We knew that Healthcare would be a major issue in this round of negotiations. We have negotiated Healthcare options that provides for no change to the current Kaiser plan for the life of this agreement. Currently approximately 50% of our members are in Kaiser and will see no change to their coverage. More than 90% of our membership has access to Kaiser. An additional 28% of our members are in HealthNet and Pacific Care. The change in monthly contribution for those plans will be \$35 a month for single coverage and \$75 a month for family coverage. The remaining 22% of our members are currently in the Company Health Care Network (HCN). Most of these members have the option of staying in the new HCN or moving into an HMO option. Members staying or choosing the HCN will receive money into Health Reimbursement Accounts (HRA) to offset the cost of the HCN. This agreement calls for the Company and Union to work together to expand the HMOs into currently non-service areas. We have negotiated a Committee (JHCCCC) to review the Health Care Plans and have input into ensuring our member's needs are met as well as two full-time representatives to assist our members with benefit issues. We have addressed the Health Care issue in a manner that provides for over 90% of our members to have no monthly premium.

We preserved the Employment Security Agreement in these uncertain times. We extended pension and 401(k) coverage to all our members. We retained ERB and Lump Sum pension payments calculated using the GATT rate. Finally, we achieved significant wage increases in a dismal economy.

Please read the following report prior to casting your ballot.



Term of Contract

The three-year contract is effective April 5, 2009 through April 7, 2012.

Wages and Other Compensation

General Wage Increase

In April of each year of the contract, 2009 through 2012, a general wage increase to the top step of each wage schedule, exponentialized with no change at the start rate as follows:

The first Sunday after ratification	3%
April 4, 2010	3%
April 3, 2011	2.75% + COLA

(COLA adjustment of 0.5 times the increase in CPI-W over 4%)

Appendix D

A 3% increase to the employees' weekly rate effective with the first Sunday after ratification.

A 3% increase to the employees' weekly rate effective April 4, 2010.

A 2.75% increase to the employees' weekly rate effective April 3, 2011.

A COLA adjustment of 0.5 times the increase in CPI-W over 4%

Wage range limits are expanded by the GWI percentage.

Premises Technicians

In addition to the above, Premises Technicians will receive a one-time \$0.45/hour increase to each step of the wage schedule before application of the GWI.

Retroactive Wage Payment

Active employees on the date of ratification will receive a retroactive wage payment from April 5, 2009 to the first Sunday after ratification.

Minimum Wage Increase

Any employee on the payroll on the effective date of any of the general wage increases will receive, at a minimum, a \$5.00 increase in their weekly wages even though the applicable wage step on the schedule is increased by a lesser amount.

Pension Benefits

Pension Band increases are:

2.0% effective January 1, 2010

2.0% effective January 1, 2011

2.0% effective January 1, 2012 plus the applicable COLA adjustment made to wages (April 3, 2011)

Lump Sum Distribution Option

Lump sum distributions of monthly pension benefits were maintained. The GATT interest rate used to calculate lump sums will remain unchanged until the phased schedule change to the Corporate Bond Interest Rate per Code 417(e)(3)(C) takes effect in 2012. There will be a special window during the 1st Quarter 2012 when the GATT rate will remain in effect.

<u>%New</u>	<u>%Prior</u>	<u>Effective Date</u>
25%	75%	1/1/2012
50%	50%	1/1/2013
75%	25%	1/1/2014
100%	0%	1/1/2015

New Hires and any employee converted to a regular employee after 8/9/2009

New Hires will become eligible to participate in the Bargained Cash Balance Program 2 under the AT&T Pension Benefit Plan. The Bargained Cash Balance Program 2 will also be amended to provide a lump sum distribution option for these New Hires and Appendix E employees that is equal to the cash balance account.

Benefit Changes for Active Employees Effective 1/1/2010

Kaiser Plan

Provide that the same terms and conditions as provided by Kaiser to Current Employees in plan year 2009 will be offered to employees in plan years 2010, 2011 and 2012. If the premium exceeds the cost of the AT&T Health Care Network (HCN), as before, the employee will be required to pay the difference. Any required contributions will be capped at \$30 for individual coverage and \$75 for Family coverage.

Office Visit	\$20
ER	\$50
Hospital admission	\$100

RX	<u>30 day</u>	<u>100 day Mail Order</u>
Generic	\$10	\$20
Brand	\$20	\$40

Out Of Pocket (OOP) Max = \$1500/\$3000 All co-pays count

Other HMO's

Monthly Contribution \$35 individual/\$75 family. If premium exceeds HCN cost then employee pays additional difference.

HCN Plan

Monthly Contribution \$35/\$75

Deductible in-network \$350/\$700 (does not count toward OOP Max)

Deductible non-network \$900/\$1800 (does not count toward OOP Max)

In-network OOP Max \$1000/\$3000

Non-Net OOP Max \$3000/\$6000

Co-Insurance 10% in-network/ 40% non-network (counts toward OOP Max)

Emergency 10% in-network & non-network

HRA (Create Company-funded Health Reimbursement Account)

For HCN participants only (excludes new hires)

	<u>2010</u>	<u>2011</u>
Ind.	\$450	\$300
Family	\$900	\$600

Unused funds will be rolled over year to year

RX Plan

Completely separate—does not count toward HCN deductible or OOP Max

Co-pay	30 Day	Mail order 90 Day
Generic	\$10	\$20
Formulary	\$20	\$40
Non-Form	\$40	\$80

OOP Max \$900/\$1800 RX only

90 day prescriptions available at CVS Pharmacies at mail order rates.

Benefit Changes for Future Retirees Effective 1/1/2010

Medical

Current Employees-Healthcare Network Plan as Described in *Attachment A

New Hires- Non Medicare Eligible Pay 50% of cost of coverage

Medicare Eligible are ineligible for coverage

Medicare Part-B

Current Employees – No Change

New Hires – Not Eligible

Health Reimbursement Accounts (HRA's)

Current Employees

	<u>2010</u>	<u>2011</u>
Ind.	\$850	\$150
Family	\$1700	\$300

Dental

Current Employees-No Change

New Hires- Non Medicare Eligible Pay 50% of cost of coverage
Medicare Eligible are ineligible for coverage

Life Insurance

Current Employees – 1X the amount of annual pay effective 12/31/2009

New Hires - \$15,000 Retiree Basic Life

Supplemental Life – (Retiree Paid)

Employee may add 1X annual pay to supplemental Life in effect at termination.

Retiree Vision – added benefit

Projected 2010 monthly Contribution \$4.12 ind/\$7.51ind +1/\$10.87 Family

Benefit Changes for Current Retirees Effective 1/1/2010

Medical

Healthcare Network Plan as Described in *Attachment A.
DDB caps are increased from \$9000/year to \$12,500/year.

Health Reimbursement Accounts (HRA's)

	<u>2010</u>	<u>2011</u>
Ind.	\$850	\$150
Family	\$1700	\$300

Employment Security

Early Retirement Benefit (ERB) – is continued and must be offered before any declaration of surplus.

Article 2 – Current surplus procedures still apply to all regular employees. Additional surplus protections provided for Service Reps, Sales and Service Rep-Bilingual, Service Techs and System Techs-Datacom.

ESC - Continued 2004 **E**mployment **S**ecurity **C**ommitment of no layoff during the life of this agreement for employees who were on payroll 7/1/2004. For the approximately 230 regular employees hired on or after 7/1/2004 through

4/4/2009 who previously had no Employment Security Commitment, those with satisfactory attendance and work performance will be guaranteed a job offer in the West Region and no layoff during the life of the agreement. Should they accept a job offer outside the bargaining unit they may be eligible for relocation expense plan and a special reassignment pay protection payment.

Horizons

Horizons will be re-funded up to 11.25 Million over life of the contract. The program is expanded to include term employees with at least 1 year of service.

CWA NETT Academy

The company has agreed to promote CWA NETT Academy quarterly as an available option under the Horizons program.

National Settlement Agreement

Presidential Council

The Council provides for leaders of CWA and the company to meet regularly to engage in substantive discussions and exchange information concerning the ongoing state of the company and the union, the economy, federal and state political issues and other concerns of both parties.

National Transfer Plan (NTP)

The plan provides an on-line system for employees to bid on jobs in other AT&T subsidiaries throughout all regions, after regional contract processes, with priority placement over new hires.

National Healthcare Reform

The Company commits to work with CWA on National Healthcare Reform.

Neutrality and Card Check

Guarantees right to organize through our card check and neutrality process for workers in new and evolving technologies.

Article 1

Single Bargaining unit - Letter

The companies and the Union agree that based upon our mutual intent, employees in the job titles covered by Appendices A, B, D and E are and have been a single bargaining unit.

Article 2

Provide that employees may request testing 30 calendar days prior to meeting time-in-title and time-in-location.

Add Hardships and Term employees to the normal sequence of search to fill a vacancy.

Provide that a change of location mini-transfer will be within the same consolidated headquarters.

Provide that, in order to be eligible for relocation expense reimbursement, an employee's commute must increase by 20 miles or more and allow for a review of an employee's eligibility for relocation expense reimbursement if there is a second Company-initiated move during the life of this contract.

Waive time-in-title and time-in-location for all term employees on the payroll on the date of ratification.

Voluntary Separation Benefits create a pool of volunteers for VSB for the potential assignment of surplus employees.

Article 4

Term Employees

Term employees are eligible to participate in AUTS.

Current Term Employees waive time-in-title/time-in-location for participation in AUTS.

Term employees are now eligible for Horizons.

Article 5

Allow mileage rate to change with IRS Maximum Allowable Rate.

Increase Relief Differential from \$8/day to \$10/day.

Increase Per Diem from \$35/day to \$37/day.

Article 6

6.06B2

Each employee in the bargaining unit defined in Appendix A, Section A12.01 in **Northern California**, except Operations Administrator, Data Administrator, Nevada employees and in other bargaining units **appropriate employee groups (see Section 6.06B1)** as agreed to by the parties, will have a first choice before anyone who splits their vacation makes a second choice. Employees detailed to work away

from headquarters will at their request be returned to their headquarters at the Companies' expense for one vacation period only during each calendar year. When a holiday falls on a Saturday, and an employee is not scheduled to work, the employee may choose an extra day's pay or request an additional Personal Day Off. The Companies will not schedule employees on a Saturday holiday if they are not expected to work.

Article 7

Provide that non-disciplinary grievances involving one action by management affecting multiple employees in one or more Union Locals may be filed as an Executive Level Grievance.

Establish a trial that allows the union to request a fact-finding meeting for joint discovery of facts in disciplinary grievances.

Establish a trial that allows either party to request that disciplinary grievance meetings be conducted by teleconference or videoconference.

Article 9

Local Safety committees may be established and maintained when the parties mutually agree.

Appendix A

Expand Appendix A1 to include the titles in Northern California and Nevada.

Eliminate Appendix A2. Strengthens seniority and provides for premium pay for call-in 3 hours before the start of normal tour on an "O" day (was not provided for in Appendix A2)

Appendix C

The Team Performance Award is eliminated. \$1500 to all active employees on ratification date who would have been eligible for 2008 TPA.

Appendix E

Premises Technicians

- Change Time In Title from 36 months to 30 months.
- Allow the Companies to hire regular employees.
- Provide that work schedules will be posted for a minimum period of two (2) weeks.

- Provide that all work schedules will be posted, even for those employees who normally work the same hours Monday through Friday.
- Increase the number of hours to notify an employee of the cancellation of their hours without penalty from 1 hour to 12 hours.
- Provide that an employee's hours cannot be canceled once the employee has begun their scheduled workday.
- Provide that, if there is a future change in California law back to weekly overtime, Premises Technicians will continue to be paid daily overtime as is currently required by California law.
- Provide that the Companies will distribute the opportunity to work overtime as equitably as the needs of the business will permit.
- Increase the meal amount for overnight travel from \$25 to \$30 per day.
- Reduce the number of PDO's that management can schedule from 2 days to 1 day.
- Provide payment for illness absence only.
- Increase recall for employees who are laid off from 12 months to 24 months.
- Provide a one-time forty-five cent (\$.45) per hour increase applied to all weekly wage steps.
- Provide a 3.0% increase to the top step of all wage schedules effective the first Sunday after ratification. The wage schedules for each job title will be modified to reflect this increase, exponentialized with no change in the start rate
- Eligible employees will receive a retroactive one-time forty-five cent (\$.45) per hour increase applied to all weekly wage steps and a retroactive 3.0% wage increase from April 5, 2009 to the first Sunday after ratification
- Provide a 3.0% increase to the top step of all wage schedules effective April 4, 2010. The wage schedules for each job title will be modified to reflect this increase, exponentialized with no change in the start rate
- Provide a 2.75% increase to the top step of all wage schedules effective April 3, 2011. A COLA adjustment of 0.5 times the increase in CPI-W over 4.0%. The wage schedules for each job title will be modified to reflect this increase, exponentialized with no change in the start rate.
- Reclassify all Term employees who are on the payroll as of the date of ratification to Regular employees.
- Provide protections for surplus Systems Technicians-Data Communications and surplus Services Technicians
- Opportunities for a Premises Technician position if there are vacant Premises Technician positions in their consolidated headquarters
- Wages frozen until the Premises Technician wage schedule reaches the employee's current rate of pay

- If job duties which are beyond the scope of the current Premises Technician job description are added to the Premises Technician job, provide for bargaining and a Neutral Third Party process
- Provide a guaranteed one (1) weekend off per month.

Leveraged Title

The Company may create a Leveraged Title limited to the Service Rep/Sales and service Rep-Bilingual title.

The Leveraged Title pay is a 60%/40% split based on top Service Rep Pay. 60% will be the base wage. 40% will be at risk based on sales.

The Leveraged Title may earn up to a maximum of 180% of Service Rep Pay. If Service Reps are declared surplus, Reps and the leveraged title are pooled within the CHQ. If there are no leveraged titles within their CHQ Service Reps have the option to bump into the nearest location that has a like Leveraged Title with pay protections.

Service Reps may try the Leveraged Title for up to 6 months with return rights. A Leveraged Title Sales Committee will be established to discuss the status of and suggestions regarding additional compensation plans, commissions, bonuses, and incentive programs.

MOA's

- Retained ERB
- Retained GIIT
- Re-established ULTRA monitoring agreement that applies to call centers in Consumer Market Group, Small Business Solutions, Customer Care Ordering, and the Credit and Collections Organization. The agreement provides for work group notification and narrows and defines misconduct violations.
- Success Sharing Plan (SSP)
 - a) Dividend x 150 in year 3 only, year 1 and 2 amounts pay for current retiree HRA
 - b) Appreciation in stock price, year over year x 150 in all 3 years.
- Provide for two company-paid Union-appointed representatives, who will be assigned to interface with and assist in resolving benefits issues experienced by Union Represented employees.

- Retention of documents
If disciplinary action is taken for attendance or work performance, and the problem has been corrected, the documentation will be destroyed within one year from the date that disciplinary action was taken.
- The Home Dispatch trial has been converted to a MOA
- Establish of a Joint Health Care Cost Containment Committee (JHCCCC) to work on issues surrounding health care cost containment and quality and to explore and recommend programs.

**Your Bargaining Committee unanimously recommends
Ratification of this agreement.**

Tom Runnion, Chair

William B Harvey, Member

Lupe Mercado, Member

William Demers, Member

Pam Suniga, Member

Art Gonzalez, Member

Attachment A