

**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.)

		Office Support Clerk		Lisle	
		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
				Total New Dollars Over Term	5882.50
				Cumulative Wage Increase	9.0%

Reports Clerk

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 **8,359.00**Cumulative Wage Increase **9.0%****Communications Technician**

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 **10,621.00**Cumulative Wage Increase **9.0%****Network Technical Specialist**

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 **10,621.00**Cumulative Wage Increase **9.0%****Teleconference Specialist**

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 **7,715.50**Cumulative Wage Increase **9.0%****Account Representative**

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 **7,930.00**Cumulative Wage Increase **9.0%****CSSS**

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%

LS Associate	Pleasanton
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:	<u>2010</u>	<u>2011</u>	<u>2012</u>
Individual	\$750	\$600	\$0
Family	\$1200	\$900	\$0

IN ADDITION TO THE ABOVE AMOUNTS see the section below on Success Share Plan (the APA replacement) which will also be going into the HRAs.

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 2nd 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
<u>Medical Components</u>			
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.