

**TENTATIVE PENDING FINAL AGREEMENT**

**AT&T INTERNET SERVICES COMPANY  
COMPANY PROPOSAL # 1B Revised  
SUBJECT: Benefits**

**AGREED:** \_\_\_\_\_

**AGREED:** \_\_\_\_\_

**PROPOSAL:**

Effective January 1, 2011, all employees will participate in the same benefit plans, programs and policies with the plan terms, as in effect on July 17, 2010, except as noted herein.

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#### **PROPOSED CONTRACT LANGUAGE:**

The means for fulfilling the terms of this Agreement may be the Company's adoption of its own plan and associated plan document or participation in an equivalent plan having a plan document that includes, for bargained-for employees, the benefits agreed to be provided pursuant to this Agreement and substantially the terms, provisions and conditions under which such benefits are to be provided. The sole remedy for issues with respect to the validity or amount of any claim for benefits is the claim and appeal process as defined in the individual benefits plans and programs. The parties agree to the plans and programs described below. Copies of the plan documents, Summary Plan Descriptions (SPDs) and Summary of Material Modifications (SMMs) of these plans, policies and programs have been provided to the Union. If there is any difference between these SPDs and the ERISA plans or programs (including amendments thereto), the plan texts shall govern.

For purposes of this agreement:

- National Internet employees, excluding employees working in a job title classified as Customer Assistant or Video Site Operations Technician (VSOT), shall be referred to as "NIC Tier 2 Employees";
- National Internet employees working in a job title classified as Customer Assistant or Video Site Operations Technician (VSOT), shall be referred to as "NIC Tier 1 Employees";
- NIC Tier 2 Employees who were hired/rehired before April 16, 2008, shall be referred to as "NIC Tier 2 Current Employees";
- NIC Tier 2 Employees who were hired/rehired on and after April 16, 2008 and before January 1, 2011, shall be referred to as "NIC Tier 2 Pre-2011 Current Employees";
- NIC Tier 2 Employees hired/rehired after December 31, 2010 shall be referred to as "NIC Tier 2 New Hires";
- NIC Tier 2 Employees (including NIC Tier 2 New Hires, NIC Tier 2 Pre-2011 Current Employees, and NIC Tier 2 Current Employees where applicable) and NIC Tier 1 Employees shall be collectively referred to as "NIC Employees";
- NIC Employees who terminate employment during the term of this Agreement and who meet the applicable requirements to be eligible for post-retirement benefits as described in 1.E shall be referred to as "Eligible Retired Employees".

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#### 1. HEALTH AND WELFARE BENEFIT PLANS

Pursuant to this Memorandum of Agreement, NIC Employees and Eligible Retired Employees shall be eligible to participate in the same benefit plans, programs and policies with the plan terms, conditions and provisions which were in effect on July 17, 2010, as described in the applicable SPDs and SMMs, except as provided below.

- A. Effective January 1, 2011, NIC Tier 1 Employees shall be eligible to participate in the following benefit plans, programs and policies with the plan terms, conditions and provisions which were in effect on July 17, 2010, as described in the applicable SPDs and SMMs, except as noted herein.
- AT&T Medical Plan
  - AT&T Dental Plan
  - AT&T Vision Plan
  - AT&T CarePlus – A Supplemental Medical Plan
  - AT&T Medical and Group Life Insurance Plan – Group Life Insurance
  - AT&T Supplementary Group Life Insurance Program
  - AT&T Dependent Group Life Insurance Program
  - AT&T Consolidated Long-Term Care Insurance Plan (replacing AT&T Group Long-Term Care Insurance Plan for NIC Employees)
  - AT&T Flexible Spending Account Plan
  - AT&T Disability Income Program
  - AT&T Leaves of Absence Policy
  - AT&T Employee Assistance Plan
  - AT&T Commuter Benefit Program
  - AT&T Adoption Reimbursement Program
- B. Effective January 1, 2011, NIC Tier 2 New Hires and NIC Tier 2 Pre-2011 Current Employees will participate in the same benefit plans, programs and policies with the plan terms, conditions and provisions as NIC Tier 1 Employees as described in Paragraph A, as those benefits may change from time to time, with the following exceptions:
- Company subsidy for medical benefits begins as of the first day of the month the Employee attains 6 months Net Credited Service (also referred to as Term of Employment). Employees with less than 6 months of Net Credited Service may enroll in Company-sponsored medical coverage (including HMO options if available) but are required to pay 100% of the Premium Equivalent Rate.

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- NIC Tier 2 Pre-2011 Current Employees shall remain in the provisions applicable to NIC Tier 2 Current Employees for the AT&T Disability Income Program.
- C. Effective January 1, 2011, NIC Tier 2 Current Employees will participate in the same benefit plans, programs and policies with the plan terms, conditions and provisions as NIC Tier 1 Employees as described in Paragraph A, except as noted herein.
- Exhibit 1 provides a summary of certain plan terms, conditions and provisions, including any which are exceptions to terms, conditions and provisions described in the applicable SPDs and SMMs as well as any which differ among groups of employees eligible to participate in a particular plan, program or policy, such as the applicable deductible or copayment amount. If there are discrepancies between the specific information provided in Exhibit 1 and the plan documents, SPDs or SMMs, the information provided in Exhibit 1 will govern.
- D. Effective January 1, 2011, NIC Employees will have access to the Voluntary benefits platform where they may take advantage of the available products, as those products may change from time to time. The Company may unilaterally modify or discontinue this platform and products.
- E. Effective January 1, 2011 and subject to the Benefits Rules for Employee Movement described in Section 3 below, NIC Employees who terminate employment with the Company during the term of this Agreement and are eligible for post-retirement medical coverage under the terms of the AT&T Medical Plan applicable to NIC Employees, as of the date of termination (Eligible Retired Employees) will be eligible, during the term of this agreement, for coverage under the AT&T Medical Plan, AT&T CarePlus, AT&T Dental Plan, AT&T Medical and Group Life Insurance Plan – Group Life Insurance, AT&T Retiree Vision Care Plan, and AT&T Consolidated Long-Term Care Insurance Plan all under the terms, conditions, and provisions which apply to NIC Tier 1 Eligible Retired Employees.

Nothing in this Paragraph E shall be construed to provide benefits for any period subsequent to the term of this Agreement or for any employee other than those referenced above who terminate employment during the term of this Agreement.

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#### **2. PENSION AND SAVINGS BENEFIT PLANS**

Effective upon ratification and except as provided below, NIC Employees shall continue to participate in the same pension and savings benefit plans, programs, and policies on the same terms and conditions that were in effect on July 17, 2010.

##### **A. AT&T Pension Benefit Plan**

Effective on the later of January 1, 2011 or the hire/rehire date, NIC Tier 2 New Hires will become eligible to participate in the Bargained Cash Balance Program 2 under the AT&T Pension Benefit Plan and will not be eligible to participate in the Bargained Cash Balance Program under the AT&T Pension Benefit Plan.

##### **B. AT&T Savings and Security Plan**

Effective on the later of January 1, 2011 or the hire/rehire date for new hires, NIC Employees will become eligible to participate in the AT&T Retirement Savings Plan. These employees will no longer be eligible to participate in the AT&T Savings and Security Plan and will have their prior AT&T Savings and Security Plan account balances transferred to the AT&T Retirement Savings Plan as soon as administratively feasible following January 1, 2011. The AT&T Retirement Savings Plan will be amended to provide immediate eligibility for the company match for NIC Tier 1 Employees.

#### **3. BENEFITS RULES FOR EMPLOYEE MOVEMENT**

Any employee who moves from a job title not covered by this Agreement to a job title covered by this Agreement where the circumstances of the move are not specifically accounted for in one of the following paragraphs will be eligible to participate in the same plans, programs and policies on the same terms and conditions as apply to new hires in the position to which they transfer (NIC Tier 1 Employee or NIC Tier 2 New Hire Employee, as applicable) as those plans, programs and policies may change from time to time, including the recognition of all previously recognized service for the purposes of Term of Employment but not for pension calculation purposes.

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- A. *Treatment Of Employees Who Move Pursuant To The National Transfer Plan into Any Job Title Covered By This Agreement During The Term Of This Agreement (Inter-Region Transferred New Hires) from a Job Title in One of The 2009 Core CWA Collective Bargaining Agreements and Were Classified As A New Hire Under The Terms Of That Article/Agreement*

Inter-Region Transferred New Hires will be eligible to participate in the same plans, programs and policies on the same terms and conditions as apply to new hires in the position to which they transfer (NIC Tier 1 Employee or NIC Tier 2 New Hire Employee, as applicable) as those plans, programs and policies may change from time to time, including the recognition of all previously recognized service for the purposes of Term of Employment but not for pension calculation purposes.

- B. *Treatment of Employees Who Move Pursuant To The National Transfer Plan into Any Job Title Covered By This Agreement During The Term Of This Agreement (Inter-Region Transferred Employees) from a Job Title in One of The 2009 Core CWA Collective Bargaining Agreements and Were Classified As A Current Employee Under The Terms Of That Article/Agreement*

Except as noted below, Inter-Region Transferred Employees will be eligible to participate in the same plans, programs and policies on the same terms and conditions as apply to current employees in the position to which they transfer (NIC Tier 1 Employee or NIC Tier 2 Current Employee, as applicable) as those plans, programs and policies may change from time to time, including the recognition of all previously recognized service for the purposes of Term of Employment but not for pension calculation purposes.

For Inter-Region Transferred Employees who were classified as Converted Temp/Term Employees in the position they transfer from, the eligibility and plan provisions for post-retirement health and welfare benefits and pension and savings benefits provided under this Article to new hires (NIC Tier 1 Employee or NIC Tier 2 New Hire Employee, as applicable) shall apply.

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It is understood that certain benefits are subject to change to comply with implementation of the Patient Protection and Affordable Care Act (PPACA) and associated regulations and agency guidance. Once the requirements of the PPACA have been determined and finalized in those regulations and guidance, the Company will notify the Union of the changes the Company plans to make to conform the benefits under this Agreement. Should any of these PPACA changes require bargaining, the parties acknowledge this Agreement and future changes thereto shall be subject to Articles 4 and 15 of the 2010 Collective Bargaining Agreement.

**Effective Date/Language:** With ratification

**Termination Date/Language:** With expiration of the 2010 Collective Bargaining Agreement

**Applies to:** AT&T Internet Services

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Exhibit 1

### Benefit Outline Summary

Provision			
<b>Active Employees</b>			
<b>Effective Date(s)</b>	Health & Welfare: 1/1/2011		
<b>Medical</b>			
<b>Plan</b>	AT&T Medical Plan • HMOs (available at the discretion of the Company)		
<b>Eligibility for Company Subsidy</b>	Company subsidy begins as of the first day of the month Employee attains 6 months Net Credited Service (also referred to as Term of Employment)		
<b>Active (Full-Time) Monthly Contributions</b>		<u>2011</u>	<u>2012</u>
	Ind	\$0	\$0
	Ind +1	\$59	\$59
	Fam	\$117	\$117
	Notes: • 2013 contribution amounts will be the same as those applicable to NIC Tier 1 Employees.		
<b>Annual Deductibles</b>	<u>Network/ONA</u>	<u>2011</u>	<u>2012</u>
	Ind	\$650	\$850
	Fam	\$1,300	\$1,700
	<u>Non-Network</u>		
		<u>2011</u>	<u>2012</u>
	Ind	\$1,950	\$2,550
	Fam	\$3,900	\$5,100
	Notes: • Integrated Medical/Surgical, Mental Health/Substance Abuse, Prescription Drugs and CarePlus. • 2013 deductible amounts will be the same as those applicable to NIC Tier 1 Employees.		
<b>Annual Out-of Pocket Maximums (OOP)</b>	<u>Network/ONA</u>	<u>2011</u>	<u>2012</u>
	Ind	\$5,500	\$5,775
	Ind +1	\$8,250	\$8,663
	Fam	\$11,000	\$11,550
	<u>Non-Network</u>		
		<u>2011</u>	<u>2012</u>
	Ind	\$16,500	\$17,325
	Ind +1	\$24,750	\$25,990
	Fam	\$33,000	\$34,650
	Notes: • Integrated Medical/Surgical, Mental Health/Substance Abuse, Prescription Drugs and CarePlus. • 2013 OOP amounts will be the same as those applicable to NIC Tier 1 Employees.		
<b>Coinsurance</b>	No change from current NIC Tier 2 Current Employee provisions		

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<b>Prescription Drug Program (Rx)</b>	<b>Annual Deductible</b> Integrated with Medical/Surgical, Mental Health/Substance Abuse, & CarePlus
	<b>Annual Out-of-Pocket Maximum</b> Integrated with Medical/Surgical, Mental Health/Substance Abuse, & CarePlus
	<b>Retail Network Copays</b> For 2011: Generic                     \$7 Formulary                 \$23 Non-formulary           \$41 *Note: Copays escalators apply.
	<b>Mail Order Copays</b> For 2011: Generic                     \$16 Formulary                 \$45 Non-formulary           \$82 *Note: Copays escalators apply
<b>Employee Assistance Plan (EAP)</b>	
<b>Plan</b>	<b>AT&amp;T Employee Assistance Plan</b> No change (NIC Tier 1 Employees and NIC Tier 2 Current Employees are in the same plan)
<b>Disability</b>	
<b>Plan</b>	<b>AT&amp;T Disability Income Program</b>
<b>Short Term Disability (STD)</b>	No change from current NIC Tier 2 Current Employee provisions
<b>Long-Term Disability (LTD)</b>	No change from current NIC Tier 2 Current Employee provisions
<b>Leaves of Absence (LOAs)</b>	
<b>Plan</b>	<b>AT&amp;T Leaves of Absence Policy</b> No change (NIC Tier 1 Employees and NIC Tier 2 Current Employees are in the same plan)
<b>Dental</b>	
<b>Plan</b>	<b>AT&amp;T Dental Plan</b> (NIC Tier 1 Employees and NIC Tier 2 Current Employees are in the same plan)
<b>Eligibility for Company Subsidy</b>	Immediate on date of hire
<b>Active (Full-Time) Monthly Contributions</b>	Individual: 0% of Premium Equivalent Rate* Dependent: 35% of Premium Equivalent Rate*  Note: Contribution amounts subject to annual adjustment based on new Premium Equivalent Rates, consistent with NIC Tier 1 Employees.
<b>Vision</b>	
<b>Plan</b>	<b>AT&amp;T Vision Plan</b> (NIC Tier 1 Employees and NIC Tier 2 Current Employees are in the same plan)
<b>Eligibility for Company Subsidy</b>	Immediate on date of hire
<b>Active (Full-Time) Monthly Contributions</b>	Individual: 0% of Premium Equivalent Rate* Dependent: 35% of Premium Equivalent Rate*  Note: Contribution amounts subject to annual adjustment based on new Premium Equivalent Rates, consistent with NIC Tier 1 Employees.
<b>Flexible Spending Account (FSA)</b>	
<b>Plan</b>	<b>AT&amp;T Flexible Spending Account Plan</b> • Pre-Tax Premium Option • Health Care FSA • Dependent Care FSA

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<b>Contribution Minimum/Maximums</b>	<p>Same as applicable to NIC Tier 1 Employees: Health Care FSA \$100/\$10,000 per year Dependent Care FSA \$100/\$5,000 per year</p> <p>Note: FSA contribution amounts will be reduced no later than 2013 as required by health reform legislation (PPACA).</p>
<b>CarePlus</b>	
<b>Plan</b>	AT&T CarePlus – A Supplemental Medical Plan (NIC Tier 1 Employees and NIC Tier 2 Current Employees are in the same plan)
<b>Monthly Contributions</b>	No change
<b>General Benefits</b>	<u>Annual Deductible</u> Integrated with Medical/Surgical, Mental Health/Substance Abuse and Prescription Drugs
<b>Life Insurance</b>	
<b>Plan</b>	<ul style="list-style-type: none"> <li>• AT&amp;T Medical and Group Life Insurance Plan – Group Life Insurance</li> <li>• AT&amp;T Supplementary Group Life Insurance Program</li> <li>• AT&amp;T Dependent Group Life Insurance Program</li> </ul>
<b>Active Benefits</b>	<p>Same as applicable to NIC Tier 1 Employees:</p> <ul style="list-style-type: none"> <li>• Basic: 1X Annual Pay, Employer paid</li> <li>• Supplemental: Up to 6X Annual Pay, Employee paid</li> <li>• Accidental Death and Dismemberment (AD&amp;D) Basic: 1X Annual Pay, Employer paid</li> <li>• AD&amp;D Supplemental: Up to 6X, Employee paid</li> <li>• Dependent Child (Life and AD&amp;D): \$1.5K, \$3K, \$5K, \$10K, \$15K, Employee paid</li> <li>• Spouse (Life and AD&amp;D): \$10K, \$25K-\$150K in \$25K increments, Employee paid</li> <li>• No age-based reductions</li> <li>• No Evidence of Insurability (EOI) for Spouse coverage of \$10K during initial enrollment period. Otherwise, EOI required for any enrollment or increase</li> <li>• No EOI for Child coverage at anytime for initial or increase</li> <li>• Supplemental and Spouse rates are smoker/nonsmoker</li> </ul> <p>Note: Contribution amounts are subject to annual adjustment.</p>
<b>Long-Term Care</b>	
<b>Plan</b>	Change applies to NIC Employees: <ul style="list-style-type: none"> <li>• AT&amp;T Consolidated Long-Term Care Insurance Plan</li> </ul>
<b>Coverage</b>	<ul style="list-style-type: none"> <li>• 100% Participant-paid</li> <li>• Various options</li> </ul>
<b>Adoption</b>	
<b>Plan</b>	AT&T Adoption Reimbursement Program
<b>Coverage</b>	No change (NIC Tier 1 Employees and NIC Tier 2 Current Employees are in the same plan)
<b>Commuter</b>	
<b>Plan</b>	AT&T Commuter Benefit Program
<b>Coverage</b>	No change (NIC Tier 1 Employees and NIC Tier 2 Current Employees are in the same plan)
<b>Voluntary Benefits</b>	
<b>Discretionary Program</b>	Marsh PersonalPlans (products offered as they may change from time to time)