

**TENTATIVE PENDING FINAL AGREEMENT**

**AT&T INTERNET SERVICES COMPANY**

**2010 COMPANY PROPOSAL # 9**

**SUBJECT: Success Sharing Plan (SSP)**

**PROPOSED CONTRACT LANGUAGE:**

The Company and the Communications Workers of America (Union) agree to the following concerning the Success Sharing Plan (SSP) for all titles:

Eligible employees may receive annual lump sum cash payments based on AT&T stock price appreciation and AT&T dividend rate.

**Plan Components**

1. **Success Units**

Employees will be awarded 150 success units at the beginning of each award year (October 1, 2010, October 3, 2011 and October 1, 2012). Those success units will only be valid for that award year and will not carryover to the next award year. A success unit is only used as a multiplier in the payout calculation and is not a share of stock nor does it have any other value.

2. **Determining Award Value**

Award Year	Beginning Award Value	Ending Award Value
2011 (October 1, 2010 to September 30, 2011)	October 1, 2010 closing AT&T stock price	September 30, 2011 closing AT&T stock price
2012 (October 3, 2011 to September 28, 2012)	October 3, 2011 closing AT&T stock price	September 28, 2012 closing AT&T stock price
2013 (October 1, 2012 to September 30, 2013)	October 1, 2012 closing AT&T stock price	September 30, 2013 closing AT&T stock price

The stock price used in establishing the award value will be the closing AT&T stock price on the New York Stock Exchange. The award value will be adjusted proportionally to reflect any stock split.

3. **Determining Dividend Rate Value**

Each Award Year payout will include a dividend rate value. This value will be determined by adding each AT&T declared quarterly dividend during the award year and multiplying this total by 150 success units.

## TENTATIVE PENDING FINAL AGREEMENT

### AT&T INTERNET SERVICES COMPANY

#### Quarterly Dividend Rates:

Award Year	Quarters
2011	December 2010, March 2011, June 2011, September 2011
2012	December 2011, March 2012, June 2012, September 2012
2013	December 2012, March 2013, June 2013, September 2013

#### 4. Payout

Employees will receive a total payout based on the difference between the ending award value and the beginning award value for the award year times 150 success units plus the dividend rate value. For example:

##### **Stock Appreciation Value:**

Beginning award value – October 3, 2011 closing AT&T stock price \$25.00

Ending award value – September 28, 2012 closing AT&T stock price \$30.00

Payout –  $\$30 - \$25 = \$5 \times 150$  success units = \$750.00

##### **Dividend Rate Value:**

December 31, 2011 dividend     \$.41

March 31, 2012 dividend       \$.41

June 30, 2012 dividend       \$.41

September 30, 2012 dividend   \$.41

Total Dividend                 \$1.64

Payout -  $\$1.64 \times 150$  success units = \$246.00

##### **Total Payout**

$\$750.00$  stock appreciation value +  $\$246.00$  dividend rate value = \$996.00

Payment of the award will be made as soon as practicable after the award year and will normally occur the payday of the last full pay period in November. An overtime true-up will be paid in accordance with applicable Federal and/or State laws.

##### **Eligibility**

Employees eligible for payments as described above are those employees who are on the payroll on both the beginning and ending dates of the award year and who work for a minimum of three (3) months within the award year in a position covered by this Collective Bargaining Agreement. Eligible employees who are on approved leaves of absence or short-term disability absence and meet the other eligibility requirements on the ending date of the award year shall receive a payment, provided they return to duty on or before December 31 of the year in which the payment is made.

## TENTATIVE PENDING FINAL AGREEMENT

### AT&T INTERNET SERVICES COMPANY

#### **Part-Time Employees**

Eligible part-time employees will receive prorated payments based on actual hours worked during the prior calendar quarter on the ending date of the award year.

#### **Benefits Treatment**

SSP payments will be recognized as eligible compensation under the following benefit plans:

- Medical
- Life Insurance
- Pension
- Savings Plan

#### **Taxes, Personal Allotments**

Payments are subject to state and local taxes, Federal Income Tax, Social Security Tax, Medicare Tax, and any state disability deductions at the time of payment. Union dues will be deducted at the same rate as they are deducted for wages. Employees with 401(k) pre-tax elections will not have State or Federal Income Taxes deducted from that portion.

Personal allotments such as United Way contributions will not be made.

#### **Dispute Resolution**

The Company determinations under this plan shall be final and binding. The Union may present grievances relating to matters covered by the SSP, but neither the plan nor its administration shall be subject to arbitration.