



Tentative Agreement Highlights

CWA District 6/Southwest Region

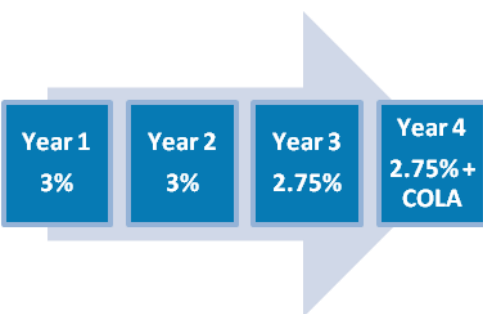
We are pleased to reach a tentative agreement with Communications Workers of America (CWA) District 6 (Southwest Region) in our core contract negotiations.

Even in tough economic times, when unemployment is growing and when other companies are curtailing wages or benefits, we continue to offer a wage and benefit package that is unparalleled in the marketplace.

Existing eligible employees will continue to have a job offer guarantee.

Upon ratification, this proposed new contract goes into effect April 5, 2009 and expires April 6, 2013. This document contains the highlights of the Tentative Agreement.

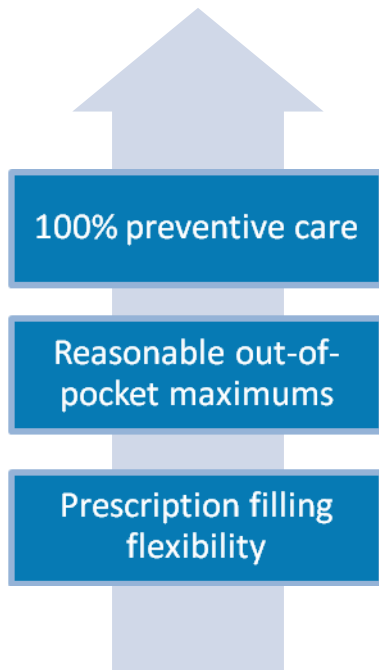
WAGES



- Wage increases:
 - Year 1 – 3 percent general wage increase
 - Year 2 – 3 percent general wage increase
 - Year 3 – 2.75 percent general wage increase
 - Year 4 – 2.75 percent general wage increase
- Compounded wage increase over the four-year term of the tentative agreement is 12 percent
- Cost of living adjustment (COLA) in 2012
- To receive retroactive pay, agreement must be ratified within 30 days of the parties' tentative agreement

These highlights set forth only a summary of the provisions of the tentative agreement between AT&T and CWA District 6. This summary is not intended to, nor does, replace or modify the provisions of the actual tentative agreement reached between the parties. The actual tentative agreement contains additional details not contained in this summary.

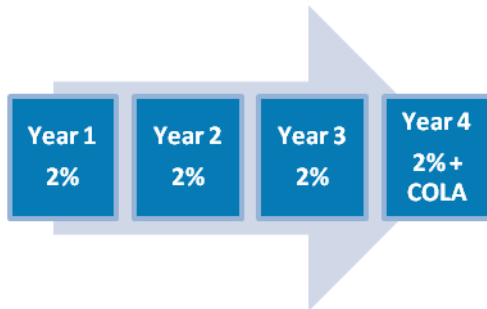
HEALTH CARE



- Employees will be able to continue participation in their health care plans with modifications outlined below. Changes in health care plans would go into effect on April 1, 2010
- Among key provisions, this agreement:
 - Provides that the company will pay 100 percent of the cost of all network preventive care, including items such as annual physicals and well-child care; in all four years of the agreement:
 - Annual deductibles for network providers will be \$350 for individuals and \$700 for families
 - Coinsurance will be 10 percent for network providers; 40 percent for non-network providers
 - Includes modest monthly contributions, as follows:
 - 2010 – none for individuals or families
 - 2011 – \$15 for individuals; \$30 for families
 - 2012 – \$25 for individuals; \$50 for families
 - 2013 – \$35 for individuals; \$75 for families
 - Provides annual medical out-of-pocket maximums for network providers for individuals and families in all four years of the agreement – \$1,000 for individuals and \$3,000 for families
 - Allows for prescription pick-up at CVS pharmacies for maintenance prescriptions previously required to be filled by mail order only
 - Employees will continue to pay the same copays for prescription drugs in the first three years of the agreement
 - Retail (up to 30-day supply): \$10 generic, \$20 formulary, \$40 non-formulary
 - Mail Order (up to 90-day supply): \$20 generic, \$40 formulary, \$80 non-formulary
 - In 2013, employees copays for prescription drugs will be as follows:
 - Retail (up to 30-day supply): \$10 generic, \$35 formulary, \$60 non-formulary
 - Mail Order (up to 90-day supply): \$20 generic, \$70 formulary, \$120 non-formulary
 - Out-of-pocket maximums for prescription drugs will be \$900 for individuals and \$1,800 for families in the first three years of the agreement; in 2013 – \$1,200 for individuals and \$2,400 for families

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RETIREMENT



- Pension band increases of 2 percent in all four years of the agreement
- Cost of living adjustment (COLA) to the pension band in the fourth year of the contract
- Continued lump-sum pension payout upon retirement; consistent with the guidelines set forth in the Pension Protection Act of 2006, a new rate and methodology will be used to calculate certain Lump Sums and will be phased in beginning in 2012
- A catch-up provision and Roth IRA option has been added to the 401(k) savings plan for current employees

EMPLOYMENT SECURITY COMMITMENT (JOG)

- Continued existing employment security provisions for eligible employees on the payroll on July 1, 2004
- Employees hired as Regular after July 1, 2004 and before April 5, 2009, who meet the eligibility requirements, receive employment security within the Southwest region

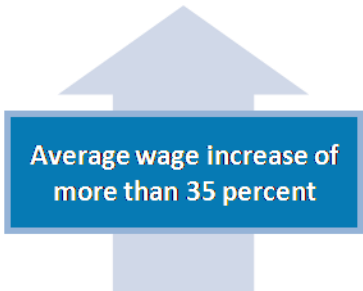
SUCCESS SHARING PLAN

- Employees have the opportunity to share in the company's success through a reward program keyed to the company's performance
- Each employee will receive 150 Success Units per year, paid in cash, that will be multiplied by increases in stock price over a year's term
- In Years 3 and 4, employees will have an additional opportunity to gain rewards through annual dividend equivalent payments; as with stock appreciation, payments will be based on the annual dividend multiplied by 150 Success Units

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PREMISES TECHNICIANS



Average wage increase of
more than 35 percent

- In lieu of the wage increases outlined above, Premises Technicians in the Southwest region will receive a \$3.25-per-hour base increase plus a 2.75 percent increase in Year 4, as well as a COLA, if applicable
- Along with wage progression, average increase in compensation will be more than 35 percent over the four-year term of the agreement
- Existing Premises Technicians will receive retirement benefits (cash-balance pension, savings and post-employment health)
- Additional favorable work rules include:
 - Reduced time in title from 36 months to 30 months
 - Increased overnight meal allowance to \$30 from \$25
 - Stricter requirements for schedule posting and cancellation of hours
 - Inclusion in the National Transfer Plan
 - Guaranteed 32-hour work week
 - 20-hour limit on assigned overtime

NEW SALES TITLES

- New sales title that provides an opportunity for greater earnings potential through a combination of base wages and incentive plans
- Applies to new hires and existing employees who voluntarily choose to go into the title, and some Temporary employees

TEMPORARY RECLASSIFICATION

- Conversion of most core wireline Temporary employees to Regular employees

OTHER ITEMS

- Expansion of National Transfer Plan, facilitating movement between participating bargaining units
- Renewed card check agreement
- Creation of a Presidential Council, focused on discussions between key leaders from both parties on subjects of mutual concern

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