

## CONTRACT EXTENSION AND WAGE AND PENSION UPDATE AGREEMENT

By and Between

AT&T  
And  
COMMUNICATIONS WORKERS OF AMERICA  
And  
SYSTEM COUNCIL T-3 OF INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS

This will confirm the agreement between AT&T. ("the Company"), Communications Workers of America and System Council T-3 of the International Brotherhood of Electrical Workers ("the Unions") to extend the Collective Bargaining Agreements (the "Agreements") between each Union and the Company dated May 12<sup>th</sup>, 2002 and scheduled to terminate on Saturday, November 8, 2003 shall be amended as follows:

1. The Agreements shall continue in full force and effect through 11:59 PM on Saturday, December 10, 2005.
2. The wage provisions contained in the Agreements shall be modified as set forth on Attachments A (CWA) and B (IBEW),
3. **BENEFITS**
  - A. **Pension**
    - a) Effective for service after January 1, 2004, the cash balance pension band credit amounts under the AT&TPP shall be increased by 5% (rounded to the nearest dollar).
    - b) Effective as of September 1, 2003, for employees on roll on that date, the pension band formula shall be improved by 5% for "Eligible Employees" as defined in Paragraph (H)(4)(b), of the 2002 Agreement.
      - (1) Employees who leave the payroll between June 18, 2003 and September 1, 2003 will also be eligible for the improved pension band formula.
    - c) The AT&TPP shall be amended to provide that, for active participants on or after January 1, 2004 and participants who have not commenced their pensions before that date, interest credits to Cash Balance Accounts shall be made at the effective annual interest rate of 4.5% for the period beginning January 1, 2004 and ending December 31, 2005, and 4% thereafter.
  - B. **Additional Benefits**

For the life of the agreement, each occupational employee who retired (or became an Occupational LTD Participant) on or after March 1, 1990 (including those who have not yet commenced payment of their pensions or have taken lump sum pension payments under the AT&T Pension Plan) will be provided a health care reimbursement account as an additional annual Plan benefit for each year in an amount required to provide full reimbursement of the required contributions for Single or Family coverage as described in the Additional Benefits provision of the 2002 Agreement.
  - C. **Administration**

The Company shall develop appropriate plan provisions, consistent with legal requirements, to effectuate the provisions above.
4. The funding for the Family Care Development Fund for the entire period of the Agreements, as extended, shall be \$3.35 million.
5. All provisions of the Agreements that are described as being effective for the term of the current Agreement shall be deemed to be effective for the term of the Agreements as extended. For APA Plan Years 2004 and 2005 an Occupational Standard Award amount of \$680.00 will be used to calculate the award payment.

IN WITNESS THEREOF, the authorized representatives of the Company and the Unions have entered into this Contract Extension Agreement this 18<sup>th</sup> day of June - 2003.

**FOR THE COMPANY**

By: \_\_\_\_\_  
/s/Barbara A. Maniscalco  
Labor Relations, Vice President

\_\_\_\_\_  
/s/Lori J. Smith  
Labor Relations, Director

**FOR THE Communications Workers of  
America**

By: \_\_\_\_\_  
/s/Ralph V. Maly  
Vice President, CWA

\_\_\_\_\_  
/s/Jerome U. Klimm  
Assistant to V. President, CWA

\_\_\_\_\_  
/s/Lois J. Grimes  
CWA Representative

\_\_\_\_\_  
/s/Bridget D. Dick  
CWA Local 13500

\_\_\_\_\_  
/s/Larry Ihfe  
CWA Local 6150

\_\_\_\_\_  
/s/Mary Ellen Mazzeo  
CWA Local 1152

\_\_\_\_\_  
/s/LaNell Piercy  
CWA Local 4252

\_\_\_\_\_  
/s/Rich Suarato  
CWA Local 1110

\_\_\_\_\_  
/s/Laura Unger  
CWA Local 1150

**FOR the International Brotherhood of  
Electrical Workers**

By: \_\_\_\_\_  
/s/Joseph J. Penna  
Director, Telecommunications

\_\_\_\_\_  
/s/Peter A. Pusateri  
Chairman, System Council T-3, IBEW

**APPROVED**

By: \_\_\_\_\_  
/s/Christopher W. O'Flinn  
Vice President, Corporate  
Human Resources

Date: \_\_\_\_\_

**APPROVED**

By: \_\_\_\_\_  
/s/Morton Bahr  
President, CWA

Date: \_\_\_\_\_

**APPROVED**

By: \_\_\_\_\_  
/s/Edwin D. Hill  
International President, IBEW

Date: \_\_\_\_\_

## ATTACHMENT A

### CWA Operations Agreement

#### Article 15 – Titles and Wages

##### 4. General Wage Schedule Increase

The increases in the wage schedules set forth below shall be computed on an exponential basis. Hourly Wage Schedules shall be rounded to the nearest penny. Weekly wage schedules shall be rounded to the nearest dollar.

###### (a) Initial Wage Increase

Wage schedules shall be increased by 1.5% on the Maximum Rates and by 1.5% on the Minimum Rates in effect on November 8, 2003. The initial general wage increase shall be effective on Sunday, November 9, 2003.

###### (b) Second Wage Increase

Effective May 9, 2004, wage schedules shall be increased by 1.5% on the Maximum Rates and by 1.5% on the Minimum Rates in effect on May 8, 2004.

###### (c) Third Wage Increase

Effective November 7, 2004 wage schedules shall be increased by 1.5% on the Maximum Rates and by 1.5% on the Minimum Rates in effect on November 6, 2004.

###### (d) Fourth Wage Increase

Effective May 8, 2005, wage schedules shall be increased by 1.25% on the Maximum Rates and by 1.25% on the Minimum Rates in effect on May 7, 2005.

The progression step increases in the wage schedules between the zero (0) month step and the (60) month step will be computed on an exponential basis. The progression steps beyond the sixty (60) month step will be increased based on the wage rate in effect November 8, 2003, at each respective step plus 1.5% for the initial wage increase, 1.5% for the second wage increase, 1.5% for the third wage increase and 1.25% for the fourth wage increase.

**Article 39 – Information Services**

4. Wages (in lieu of Article 15)

The titles and hourly standard wage rates for all employees subject to this Agreement or who enter the bargaining unit covered by this Agreement are listed below.

Effective November 9, 2003, employees below will be paid at the appropriate wage step based on the schedule below according to their net credited service (NCS), and progress to the next wage step when their NCS dictates.

**Information Services Agent  
(Pension Band 101)**

**GENERAL WAGE INCREASE EFFECTIVE DATE**

	11-9-03 (1.5%)	5-9-04 (1.5%)	11-7-04 (1.5%)	5-8-05 (1.25%)
Start	7.63	7.74	7.86	7.96
12M	8.09	8.21	8.33	8.43
24M	9.08	9.22	9.36	9.48

**Information Services Clerk  
(Pension Band 101)**

**GENERAL WAGE INCREASE EFFECTIVE DATE**

	11-9-03 (1.5%)	5-9-04 (1.5%)	11-7-04 (1.5%)	5-8-05 (1.25%)
Hourly Wage Rate	12.28	12.46	12.65	12.81

**Relay Associate  
(Pension Band 101)**

**GENERAL WAGE INCREASE EFFECTIVE DATE**

	11-9-03 (1.5%)	5-9-04 (1.5%)	11-7-04 (1.5%)	5-8-05 (1.25%)
Start	8.63	8.76	8.89	9.00
6M	9.79	9.94	10.09	10.22

## **CNSC Agreement**

### **Article I – Titles and Wages**

#### **4. General Wage Schedule Increase**

The increases in the wage schedules set forth below shall be computed on an exponential basis. Hourly Wage Schedules shall be rounded to the nearest penny. Weekly wage schedules shall be rounded to the nearest dollar.

##### **(e) Initial Wage Increase**

Wage schedules shall be increased by 1.5% on the Maximum Rates and by 1.5% on the Minimum Rates in effect on November 8, 2003. The initial general wage increase shall be effective on Sunday, November 9, 2003.

##### **(f) Second Wage Increase**

Effective May 9, 2004, wage schedules shall be increased by 1.5% on the Maximum Rates and by 1.5% on the Minimum Rates in effect on May 8, 2004.

##### **(g) Third Wage Increase**

Effective November 7, 2004 wage schedules shall be increased by 1.5% on the Maximum Rates and by 1.5% on the Minimum Rates in effect on November 6, 2004.

##### **(h) Fourth Wage Increase**

Effective May 8, 2005, wage schedules shall be increased by 1.25% on the Maximum Rates and by 1.25% on the Minimum Rates in effect on May 7, 2005.

The progression step increases in the wage schedules between the zero (0) month step and the (60) month step will be computed on an exponential basis. The progression steps beyond the sixty (60) month step will be increased based on the wage rate in effect November 8, 2003, at each respective step plus 1.5% for the initial wage increase, 1.5% for the second wage increase, 1.5% for the third wage increase and 1.25% for the fourth wage increase.

## AT&T Local Network Services – Mesa, Arizona

### Article I - Titles and Wages

#### 3. Wage Increase

Hourly wages shall be rounded to the nearest penny. Weekly wages shall be rounded to the nearest dollar.

##### (a) First Wage Increase

Effective on the Sunday after March 1, 2004 the employee's Standard Rate will be increased by 3.0% but not to exceed the maximum wage rate for that title.

##### (b) Second Wage Increase

Effective on the Sunday after March 1, 2005 the employee's Standard Rate will be increased by 2.75% but not to exceed the maximum wage rate for that title.

### Appendix 1 – Wage Chart

Effective March 1, 2004

Table	Title	Minimum	Maximum
A	Business Services Mail Clerk	\$392	\$507
B	Business Services Secretary	\$471	\$608
C	Business Services Assistant Production Agent	\$564	\$728
D	Business Services Associate Production Agent	\$675	\$877

Effective March 1, 2005

A	Business Services Mail Clerk	\$403	\$521
B	Business Services Secretary	\$484	\$625
C	Business Services Assistant Production Agent	\$580	\$748
D	Business Services Associate Production Agent	\$694	\$901

### **(1) Application of One-Time Special Payment – Mesa, AZ**

1. Employees who are in the unit at the date of ratification of the Agreement and who, on March 1, 2004 reach or are at the maximum standard rate for their title will be offered a Special Payment in the first special pay period after March 1, 2004 but no later than thirty days after March 1, 2004. This payment will amount to the difference between the amount of the employee's March 2004 annual base wage increase and five hundred (\$500.00) Dollars.
2. Employees who are in the unit at the date of ratification of the Agreement and who, on March 1, 2005 reach or are at the maximum standard rate for their title will be offered a Special Payment in the first special pay period after March 1, 2005 but no later than thirty days after March 1, 2005. This payment will amount to the difference between the amount of the employee's March 2005 annual base wage increase and five hundred (\$500.00) Dollars.
3. The Special Payment shall be subject to LTSSP Allotment deduction.
4. The Special Payment shall be subject to the Stock Purchase Plan Allotment deduction.
5. The Special Payment shall be subject to federal, state and local tax and FICA withholding.
6. Where appropriate, the Special Payment will be used in determining deductions for union dues.
7. The Special Payment will not be part of the employee's Standard Rate of Pay or basic wages for any other purpose nor shall it enter into the Standard Overtime Adjustment formula nor into the computation of any payments made under any pension or benefits plan, fringe benefit, allowance or differential.

## **AT&T Local Network Services – Independence, OH**

### **Article I - Titles and Wages**

#### **3. Wage Increase**

Hourly wages shall be rounded to the nearest penny. Weekly wages shall be rounded to the nearest dollar.

##### **(c) First Wage Increase**

Effective on the Sunday after March 1, 2004 the employee's Standard Rate will be increased by (3.0%) but not to exceed the maximum wage rate for that title.

##### **(d) Second Wage Increase**

Effective on the Sunday after March 1, 2005 the employee's Standard Rate will be increased by (2.75%) but not to exceed the maximum wage rate for that title.

### **Appendix 1 – Wage Chart**

Effective March 1, 2004

Table	Title	Minimum	Maximum
A	Local Network Services Computer Aided Design Operator	\$564	\$728
B	Local Network Services Field Operations Coordinator	\$564	\$728
C	Local Network Services Network Specialist	\$675	\$1018

Effective March 1, 2005

A	Local Network Services Computer Aided Design Operator	\$580	\$748
B	Local Network Services Field Operations Coordinator	\$580	\$748
C	Local Network Services Network Specialist	\$694	\$1046

#### **(4) Application of Special Payment – Independence, OH**

1. Employees who are in the unit at the date of ratification of the Agreement and who, on March 1, 2004 reach or are at the maximum standard rate for their title will be offered a Special Payment in the first special pay period after March 1, 2004 but no later than thirty days after March 1, 2004. This payment will amount to the difference between the amount of the employee's March 2004 annual base wage increase and five hundred (\$500.00) Dollars.
2. Employees who are in the unit at the date of ratification of the Agreement and who, on March 1, 2005 reach or are at the maximum standard rate for their title will be offered a Special Payment in the first special pay period after March 1, 2005 but no later than thirty days after March 1, 2005. This payment will amount to the difference between the amount of the employee's March 2005 annual base wage increase and five hundred (\$500.00) Dollars.
3. The Special Payment shall be subject to LTSSP Allotment deduction.
4. The Special Payment shall be subject to the Stock Purchase Plan Allotment deduction.
5. The Special Payment shall be subject to federal, state and local tax and FICA withholding.
6. Where appropriate, the Special Payment will be used in determining deductions for union dues.
7. The Special Payment will not be part of the employee's Standard Rate of Pay or basic wages for any other purpose nor shall it enter into the Standard Overtime Adjustment formula nor into the computation of any payments made under any pension or benefits plan, fringe benefit, allowance or differential.

## AT&T Local Services – Maryland Heights, Missouri

### Article I - Titles and Wages

#### 3. Wage Increase

Hourly wages shall be rounded to the nearest penny. Weekly wages shall be rounded to the nearest dollar.

##### (e) First Wage Increase

Effective on the Sunday after March 1, 2004 the employee's Standard Rate will be increased by (3.0%) but not to exceed the maximum wage rate for that title.

##### (f) Second Wage Increase

Effective on the Sunday after March 1, 2005 the employee's Standard Rate will be increased by (2.75%) but not to exceed the maximum wage rate for that title.

### Appendix 1 – Wage Chart

Effective March 1, 2004

Table	Title	Minimum	Maximum
A	Computer Aided Designer Local Network Services	\$564	\$728
B	Warehouse and Inventory Coordinator Local Network Services	\$564	\$728
C	Service Delivery Technician Local Network Services	\$675	\$1018
D	Accounting Secretary	\$471	\$608

Effective March 1, 2005

Table	Title	Minimum	Maximum
A	Computer Aided Designer Local Network Services	\$580	\$748
B	Warehouse and Inventory Coordinator Local Network Services	\$580	\$748
C	Service Delivery Technician Local Network Services	\$694	\$1046
D	Accounting Secretary	\$484	\$625

#### **(4) Application of Special Payment – Maryland Heights, MO**

1. Employees who are in the unit at the date of ratification of the Agreement and who, on March 1, 2004 reach or are at the maximum standard rate for their title will be offered a Special Payment in the first special pay period after March 1, 2004 but no later than thirty days after March 1, 2004. This payment will amount to the difference between the amount of the employee's March 2004 annual base wage increase and five hundred (\$500.00) Dollars.
2. Employees who are in the unit at the date of ratification of the Agreement and who, on March 1, 2005 reach or are at the maximum standard rate for their title will be offered a Special Payment in the first special pay period after March 1, 2005 but no later than thirty days after March 1, 2005. This payment will amount to the difference between the amount of the employee's March 2005 annual base wage increase and five hundred (\$500.00) Dollars.
3. The Special Payment shall be subject to LTSSP Allotment deduction.
4. The Special Payment shall be subject to the Stock Purchase Plan Allotment deduction.
5. The Special Payment shall be subject to federal, state and local tax and FICA withholding.
6. Where appropriate, the Special Payment will be used in determining deductions for union dues.
7. The Special Payment will not be part of the employee's Standard Rate of Pay or basic wages for any other purpose nor shall it enter into the Standard Overtime Adjustment formula nor into the computation of any payments made under any pension or benefits plan, fringe benefit, allowance or differential.

## ATTACHMENT B

### IBEW Agreement

#### Article G17 – Titles and Wages

##### 4. General Wage Schedule Increase

The increases in the wage schedules set forth below shall be computed on an exponential basis. Hourly Wage Schedules shall be rounded to the nearest penny. Weekly wage schedules shall be rounded to the nearest dollar.

(i) Initial Wage Increase

Wage schedules shall be increased by 1.5% on the Maximum Rates and by 1.5% on the Minimum Rates in effect on November 8, 2003. The initial general wage increase shall be effective on Sunday, November 9, 2003.

(j) Second Wage Increase

Effective May 9, 2004, wage schedules shall be increased by 1.5% on the Maximum Rates and by 1.5% on the Minimum Rates in effect on May 8, 2004.

(k) Third Wage Increase

Effective November 7, 2004, wage schedules shall be increased by 1.5% on the Maximum Rates and by 1.5% on the Minimum Rates in effect on November 6, 2004.

(l) Fourth Wage Increase

Effective May 8, 2005, wage schedules shall be increased by 1.25% on the Maximum Rates and by 1.25% on the Minimum Rates in effect on May 7, 2005.

The progression step increases in the wage schedules between the zero (0) month step and the (60) month step will be computed on an exponential basis. The progression steps beyond the sixty (60) month step will be increased based on the wage rate in effect November 8, 2003 at each respective step plus 1.5% for the initial wage increase, 1.5% for the second wage increase, 1.5% for the third wage increase and 1.25% for the fourth wage increase.

An employee's increase in Standard Rate shall be based on the Wage Progression Step to which assigned on the effective date of the aforementioned wage increase.

**Article R09 – Wages and Creation of New Titles**

- 1 The titles and hourly standard wage rates for all employees subject to this Agreement or who entered the bargaining unit covered by this Agreement are listed below:

Relay Operator	0-6 months	6 Months
November 9, 2003 - (1.5%)	9.64	10.15
May 9, 2004 – (1.5%)	9.78	10.30
November 7, 2004 - (1.5%)	9.93	10.45
May 8, 2005 – (1.25%)	10.05	10.58

Relay Operator Spanish, Relay Administrative Associate, Relay Clerk

November 9, 2003- (1.5%)	11.25	11.85
May 9, 2004 – (1.5%)	11.42	12.03
November 7, 2004 - (1.5%)	11.59	12.21
May 8, 2005 – (1.25%)	11.73	12.36