

R #5700

20,100 ees

Duration - 6/18/03 - 12/10/05

CONTRACT EXTENSION AND WAGE AND PENSION UPDATE AGREEMENT

By and Between

AT&T
And
✓ COMMUNICATIONS WORKERS OF AMERICA (Business Operating Units and Division)
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 12th, 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 18th day of June - 2003.

9/30/03

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

AGREEMENT

20,100 ea

R # 5700

BY AND BETWEEN CERTAIN
BUSINESS OPERATING UNITS
AND DIVISIONS OF
AT&T CORP.

and

COMMUNICATIONS WORKERS
OF AMERICA
INCLUDING THE CUSTOMER
NETWORK SERVICE CENTER
(CNSC)

7130100

149 00

13.5⁰⁰ + 14 00 (EXT)

May 12, 2002 - 11/8/03



Calendar for year 2002

January 2002	February 2002	March 2002																																																																																																																																					
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THE 2002 AGREEMENT

This Agreement, is made and entered into effective the 12th day of May, 2002, by and between AT&T Corp. ("AT&T") on behalf of those Business Operating Units and Divisions set forth in Appendix 3 (hereinafter collectively referred to as the "COMPANY") and the Communications Workers of America (hereinafter referred to as the "UNION").

- 1 Except as modified herein, all provisions of the 1998 Settlement Memorandum by and between the Company and the Union are incorporated herein and made a part hereof.
- 2 Except as specifically provided herein those provisions of the 1998 Settlement Memorandum which are continued in effect for the term of the 1998 Settlement Memorandum shall be deemed to be effective or continued for the term of the 2002 Agreement.
- 3 **Modified 1998 Settlement Memorandum Provisions**

The following are modified provisions of the 1998 Settlement Memorandum:

Articles

- Article 6 – Union Activities
- Article 15 – Titles and Wages
- Article 35 – Sales
- Article 36 – Support
- Article 39 – Information Services
- Article 41 – Communications Services

Other Agreements

- (hh) Work Rules: Non-Located Construction Technicians and Senior Construction Technicians

4 Amended 1998 Settlement Memorandum Provisions

The following are amended provisions of the 1998 Settlement Memorandum:

Article 21 – Excused Work Days

Amend paragraph 21.1 and 21.7 to include calendar year 2003.

Other Agreements (HH) Work and Family Programs

Amend Family Care Development Fund to provide a total funding of \$2.5 million over the life of the 2002 Agreement.

Other Agreements (JJ) Workforce 21 Education and Training Commitments

Amend paragraph 3 to include academic year 2003-2004.

5 Eliminated 1998 Settlement Memorandum Provisions

The following provisions of the 1998 Settlement Memorandum are eliminated in their entirety:

Other Agreements

- (A) WORKPLACE OF THE FUTURE
- (C) CWA/IBEW PARTICIPATION AT AT&T
- (F) EARLY SETTLEMENT AWARD
- (G) TITLE/LEVEL/ZONE COMMITTEE
- (PP) EMPLOYEE SERVICES – PAYROLL STREAMLINING JOINT COMMITTEE
- (z)(18) Seniority – Operator Services
- (ee) L-Level
- (ff) Other Effective Dates
- (ii) Information Services – Gain Sharing
- (jj) Title/Level/Zone Committee

6 Replaced 1998 Settlement Memorandum Provisions

- (a) This 2002 Agreement does not extend nor continue the application of the 1998 NCE or any other neutrality-related agreement to AT&T, AT&T Broadband, LLC, MediaOne Group Inc., their subsidiaries, or any successors, purchasers or transferees of any of them beginning May 12, 2002. This new 2002 Agreement contains a new NCE provision applicable only to AT&T Business Operating Units and Divisions specified in Attachment 1 to letter (SS).
- (b) The following provisions of the 1998 Settlement Memorandum are hereby replaced in their entirety with the language set forth below:

Articles

Article 14 – Safety

Article 17 – New Job Titles and Job Classifications

Appendices

Appendix 1 – Special Allowances

Appendix 3 – AT&T Business Operating Units and Divisions

Other Agreements

- (D) SIGNING BONUS
- (E) AT&T PERFORMANCE AWARD FOR OCCUPATIONAL EMPLOYEES
- (H) PENSION PLAN BENEFITS
- (R) RETIRED EMPLOYEE MEDICAL AND DENTAL BENEFITS
- (Z) AT&T TRANSFER SYSTEM (ATS)
- (AA) LEVEL EQUALIZATION GROUPS (LEGS) MATRIX BY TITLE

- (BB) ADMINISTRATIVE AND OTHER IMPROVEMENTS TO
ATS/ARS
- (QQ) PAYMENT OF SIGNING BONUS AND APA TO EMPLOYEES
ON UNION LEAVE OF ABSENCE
- (RR) COPE PAC DEDUCTIONS - CWA
- (SS) MEMORANDUM OF UNDERSTANDING REGARDING
NEUTRALITY AND CONSENT ELECTION
- (h) Ergonomics
- (v) Article 37 – Scheduling
- (cc) Designated Holidays

7 New 2002 Provisions

The following new provisions set forth below are included in the 2002 Agreement:

Other Agreements

- (A1) CONSTRUCTIVE RELATIONSHIP COUNCIL
- (B1) SUBCONTRACTING COMMITTEE
- (C1) STANDING JOINT SUBCOMMITTEE ON TESTING
- (D1) AT&T RESOURCE CENTERS
- (E1) CARD CHECK
- (F1) ATS TRIAL: AT-RISK CANDIDATES DECLINING ATS JOB
OFFERS
- (G1) ATS/ARS COORDINATOR
- (H1) MILEAGE REIMBURSEMENT (PERSONAL VEHICLE)
- (kk) Hawaii Information Transfer (HITS) System Provisions
- (1) HITS Center Employee Holidays
- (2) Service Attendant – HITS Work Scheduling
- (3) HITS Network Communications Technician Force Adjustment
- (ll) Telecommuting
- (mm) Article 9 – Grievance Procedure
- (nn) Article 10 – 60 Day Review
- (oo) Article 10 – Twelve (12) Month Review
- (pp) Joint Job Evaluation
- (qq) VRCP Change Notification
- (rr) VRCP Winback Commitment
- (ss) Operator Services Committee
- (tt) AT&T Consumer Unlimited Plan
- (uu) CSSC/L3 Term Proposal
- (vv) June 28, 2001 Addendum to Agreement

8 Modifications to 1998 Agreement Carried Forward

The following are carried forward modified provisions of the 1998 Settlement Memorandum:

Stipulations

Night Tour for Consumer Services In-Language Center dated 10/9/01
Bilingual Operator Force Adjustment dated 6/10/96

9 CNSC Modified 1998 Settlement Memorandum Provisions

The following are modified provisions of the 1998 Settlement Memorandum:

Article B - Definitions
Article E - Union Activities
Article I - Titles And Wages
Article L - Weekly Work Schedules And Hours Of Work
Article N - Absence
Article X - Force Adjustment

10 CNSC Amended 1998 Settlement Memorandum Provisions

The following are amended provisions of the 1998 Settlement Memorandum:

Article O - Excused Work Days
Amend paragraph O.1 and O.7 to include calendar year 2003.

Other Agreements (HH) Work and Family Programs
Amend Family Care Development Fund to provide a total funding of \$2.5 million over the life of the 2002 Agreement.

Other Agreements (JJ) Workforce 21 Education and Training Commitments
Amend paragraph 3 to include academic year 2003-2004.

11 CNSC Eliminated 1998 Settlement Memorandum Provisions

The following provisions of the 1998 Settlement Memorandum are eliminated in their entirety:

Appendix I - Other Agreements

(A) WORKPLACE OF THE FUTURE
(C) CWA/IBEW PARTICIPATION AT AT&T
(F) EARLY SETTLEMENT AWARD
(G) TITLE/LEVEL/ZONE COMMITTEE
(PP) EMPLOYEE SERVICES - PAYROLL STREAMLINING JOINT COMMITTEE

Appendix III - Other Agreements

- (e)(1) CWA LOCAL REPRESENTATIVE
- (e)(4) BONUS PLAN

12 CNSC Replaced 1998 Settlement Memorandum Provisions

- (a) This 2002 Agreement does not extend nor continue the application of the 1998 NCE or any other neutrality-related agreement to AT&T, AT&T Broadband, LLC, MediaOne Group Inc., their subsidiaries, or any successors, purchasers or transferees of any of them beginning May 12, 2002. This new 2002 Agreement contains a new NCE provision applicable only to AT&T Business Operating Units and Divisions specified in Attachment 1 to letter (SS).
- (b) The following provisions of the 1998 Settlement Memorandum are hereby replaced in their entirety with the language set forth below:

Articles

- Article K – New Job titles, Classifications and Wage Rates
- Article Z – Safety

Appendix I – Other Agreements

- (D) SIGNING BONUS
- (E) AT&T PERFORMANCE AWARD FOR OCCUPATIONAL EMPLOYEES
- (H) PENSION PLAN BENEFITS
- (R) RETIRED EMPLOYEE MEDICAL AND DENTAL BENEFITS
- (Z) AT&T TRANSFER SYSTEM (ATS)
- (AA) LEVEL EQUALIZATION GROUPS (LEGS) MATRIX BY TITLE
- (BB) ADMINISTRATIVE AND OTHER IMPROVEMENTS TO ATS/ARS
- (QQ) PAYMENT OF SIGNING BONUS AND APA TO EMPLOYEES ON UNION LEAVE OF ABSENCE
- (RR) COPE PAC DEDUCTIONS - CWA
- (SS) MEMORANDUM OF UNDERSTANDING REGARDING NEUTRALITY AND CONSENT ELECTION
- (h) Ergonomics

Appendix II – CNSC WAGE CHART

13 CNSC New 2002 Provisions

The following new provisions set forth below are included in the 2002 Agreement:

Appendix I - Other Agreements

- (A1) CONSTRUCTIVE RELATIONSHIP COUNCIL
- (B1) SUBCONTRACTING COMMITTEE
- (C1) STANDING JOINT SUBCOMMITTEE ON TESTING
- (D1) AT&T RESOURCE CENTERS
- (F1) ATS TRIAL: AT-RISK CANDIDATES DECLINING ATS JOB OFFERS
- (G1) ATS/ARS COORDINATOR
- (H1) MILEAGE REIMBURSEMENT (PERSONAL VEHICLE)
- (mm) Article G – Grievance Procedure
- (nn) Article H – 60 Day Review
- (oo) Article H – Twelve (12) Month Review
- (vv) June 28, 2001 Addendum to Agreement

Appendix III - Other Agreements

- (f) CNSC PIP & Planning Committee
- (g) Joint Job Evaluation

MODIFIED 1998 PROVISIONS

The provisions of the 1998 Agreement set forth below are continued with the following modifications:

ARTICLE 6 - UNION ACTIVITIES

1 Bulletin Boards

The Company agrees that it will furnish and mount bulletin boards to be used exclusively by the Union at each office or facility location, except at locations in buildings not owned by the Company where the landlord or owner objects. The location, number, size and construction of such bulletin boards shall be subject to the approval of the Company. The use of such bulletin boards shall be considered proper when confined to factual notices and announcements of the Union.

Material to be posted shall not contain anything of a controversial nature, anything derogatory to the Company or employees, or anything that will detrimentally affect Company operations. If the Company objects to any posted material, the Union shall remove the objectionable material immediately.

Subject to Company intranet registration criteria, the Company would not object to the establishment of a local CWA site. This site would be subject to the same content limitations described above.

The appropriate AT&T Intranet manager will facilitate the implementation of the above, upon request by the local Union.

ARTICLE 15 - TITLES AND WAGES

4 General Wage Schedule Increases

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 2.0% on the Maximum Rates and by 2.0% on the Minimum Rates in effect on May 11, 2002. The initial general wage increase shall be effective on Sunday, May 12, 2002.

(b) Second Wage Increase

Effective November 10, 2002, wage schedules shall be increased by 2.0% on the Maximum Rates and by 2.0% on the Minimum Rates in effect on November 9, 2002.

(c) Third Wage Increase

Effective May 11, 2003, wage schedules shall be increased by 2.0% on the Maximum Rates and by 2.0% on the Minimum Rates in effect on May 10, 2003.

The progression step increases in the wage schedules between the zero (0) month step and the sixty (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 May 11, 2002, at each respective step plus 2.0% for the initial wage increase, 2.0% for the second wage increase, and 2.0% for the third wage increase.

ARTICLE 35 - SALES

2 Weekly Work Schedules and Hours of Work

(e) Relief/Meal Period

The assignment of relief periods will be determined by the Company and will be subject to force and work conditions in each office or location. One (1) relief period will normally be assigned to each employee working a tour of four (4) to six (6) hours. Two (2) relief periods and a meal period will normally be assigned for each employee working a tour of over six (6) hours. Unless unusual conditions develop, such relief periods shall start not less than seventy-five (75) minutes from the beginning of the tour. Relief periods at the end of the tour should not start less than seventy-five (75) minutes before the end of the tour unless mutually agreed to.

ARTICLE 36 – SUPPORT

1 The provisions of this Article apply only to employees assigned to the titles listed

below:

[Amended to add:]

Design Associate – HITS

Service Attendant – HITS

Warehouse Shipping & Receiving Clerk - HITS

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 May 12, 2002, employees 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

	5-12-02	11-10-02	5-11-03
Start	\$7.23	\$7.37	\$7.52
12M	\$7.66	\$7.81	\$7.97
24M	\$8.60	\$8.77	\$8.95

**Information Services Clerk
(Pension Band 101)
GENERAL WAGE INCREASE EFFECTIVE DATE**

	5-12-02	11-10-02	5-11-03
Hourly Wage Rate	\$11.63	\$11.86	\$12.10

8 Overtime and Other Payments**(b) Other Duties**

An Information Services Agent who performs clerical support duties, help desk or training functions will be provided an additional payment of one dollar (\$1.00) for each hour such duties are performed.

(c) Individual Performance Award/Team Performance Award

Employees whose performance is rated More Than Satisfactory or Outstanding in quality and productivity may be eligible for an Individual Performance Award. Effective May 12, 2002, the parties agree that the maximum monthly individual payment for Individual/Team Performance Awards will be according to the following schedule.

May 12, 2002	\$260.00 maximum monthly individual payment
May 11, 2003	\$280.00 maximum monthly individual payment

The parties further agree to form a team to examine the Pay for Performance (PFP) process in total. Program elements will include all critical deliverables of the Information Services Organization and reflect current business needs. The team will be comprised of two (2) CWA members, two (2) IBEW members and an appropriate number of AT&T management members (not to exceed four (4)). The PFP processes that currently exist will continue with the new PFP awards until such time as the aforementioned team agrees to a new process.

The parties also agree to utilize the Constructive Relationship Council (CRC) to obtain approval for additional PFP awards or any other monetary incentive program.

ARTICLE 41 – COMMUNICATIONS SERVICES

- 1 The provisions of this Article apply only to employees assigned to the titles listed below:**

[Amended to add:]

Operations Employees:

Network Communications Technician – Hawaii Information Transfer System (HITS)

8 Work Outside Assigned Tours - Operations Employees

Work of the type usually done by a Communications Technician or Network Communications Technician (HITS) shall not be performed by supervisory employees when working outside of their assigned tours on scheduled and regularly assigned Non-Scheduled Days if the effect would be to deprive qualified readily available Communications Technicians or Network Communications Technician (HITS) of overtime work, except when in the judgment of the Company exercised in good faith such work is deemed necessary for the good of the service.

12 Expense Allowance

- (b) Building Technician, Communications Technician, Network Communications Technician (HITS) and Located Construction Technician

(hh) Work rules: Non-Located Construction Technicians and Senior Construction Technicians

4 Boarding and Lodging

- (c) For the term of this Agreement, employees eligible for board and lodging allowances will be compensated according to the following schedule:

Board Allowance = \$26.00/day
Lodging Allowance = \$24.40/day

REPLACED 1998 PROVISIONS

The following provisions of the 1998 Agreement are hereby replaced in their entirety:

ARTICLE 14 - SAFETY

- 1 Safety and health is of mutual concern to the Company and the Unions. Together we recognize the need for a work environment in which safe, ergonomically correct operations can be achieved in all phases of work. We all recognize the need to promote better understanding and acceptance of safety, health and ergonomics principles by all employees for their own safety and health, and that of their fellow employees, customers and the general public.
- 2 To achieve these safety objectives, the Company and the Unions agree to a Corporate/Union Safety Advisory Committee on safety principles at the Headquarters level. The Committee shall consist of not more than four (4) representatives each from the Company and the Unions (to be appointed by the Company and the Unions respectively). The Co-chairpersons will jointly determine when meetings are required and the most appropriate format (face-to-face, conference call, etc.) for the meeting, but at least three (3) face-to-face meetings will be held annually. In addition, the Committee Co-chairpersons will jointly develop the meeting agendas. The primary role of the corporate-wide committee shall be to discuss safety issues that are national in scope and to act as a clearinghouse of information on regional and local activities.
- 3 AT&T Business Operating Units and Divisions will encourage and approve employee participation in safety awareness through the creation of local safety committees. The National Safety Advisory Committee will also continue to discuss internal safety issues. Local Safety Committees will forward their meeting minutes to the National Safety Advisory Committee on a regular basis, after every meeting.
- 4 In support of its commitment, the Company also outlines the following four (4) step strategy to address ergonomic concerns in the workplace:
 - (a) New hires, and employees not previously trained, who use VDTs and keyboards at least four (4) hours per day will be offered the program within the first six (6) months of their employment. The Company will also continue its support for the need for scientific research to further evaluate Very Low Frequency and Extremely Low Frequency ranges that may be emitted by VDTs.

- (b) In order to further promote safe work environments, AT&T's Environment Health and Safety Organization will continue to develop with AT&T's Health Affairs Organization Medical Management Programs designed to promote accurate record keeping of cumulative trauma disorders, and to promote the early recognition of such disorders. The Company will share the status of these programs with the Corporate/Union Safety Advisory Committee annually.
 - (c) After ratification and annually thereafter for the term of this agreement, at least one (1) Corporate/Union Safety Advisory Committee meeting will focus on ergonomic and VDT issues. During the term of this Agreement, one (1) of these meetings will be an Ergonomic Conference.
 - (d) AT&T will maintain the network of Environment and Safety Coordinators from Business Operating Units and Divisions throughout the life of the Agreement. One of their responsibilities will be to link Business Operating Unit/Division planning with Human Factors Analysis.
- 5 When employees express reasonable concerns about their personal safety in connection with assignments in localities in which it is reasonable for them to believe that they may be victims of assault or other criminal activity, the employees will not be required to work alone.

ARTICLE 17 - NEW JOB TITLES AND JOB CLASSIFICATIONS

- 1 Whenever the Company determines it appropriate to create a new job title or job classification in the bargaining unit, or to restructure or redefine an existing one, it shall provide advance notice of that action to the Union. Such notice shall include the job title or classification, a job description of the duties for such job title or classification, and the initial Standard Rates and wage schedule for such job title or classification. The Company may proceed to staff such job title or classification after thirty (30) days from such notice.
- 2 Within thirty (30) days from receipt of such notice, the Union may initiate negotiations concerning the initial Standard Rates or wage schedules which the Company has established for the new or restructured job title or classification.
- 3 If negotiations are not so initiated, the initial Standard Rates and wage schedules set by the Company shall remain in effect.
- 4 If agreement is reached between the parties within sixty (60) days following the Union's receipt of notice from the Company concerning the initial Standard Rates and wage schedules, the agreed upon Standard Rates and wage schedules shall be implemented as of the date of such agreement.
- 5 If negotiations are initiated pursuant to Paragraph 2, above, and if the parties are unable to reach agreement on a schedule of Standard Rates for the new or restructured job title or classification within sixty (60) days following the Union's receipt of notice from the Company, the Union may, within thirty (30) days of the expiration of the sixty (60) day period for negotiations, demand that the issue of an appropriate schedule of Standard Rates for the new or restructured job title or classification be submitted for resolution to a neutral third party, to be selected by mutual agreement from among those who possess acknowledged expertise in the area of job evaluation. The parties may submit all evidence deemed relevant to the issue to the neutral third party. At the request of either party, a hearing shall be held to receive such evidence. Any such meeting or hearing shall be held within thirty (30) days after the matter is referred to the neutral third party, who shall render a written decision as to an appropriate schedule of Standard Rates for the new or restructured job title or classification within sixty (60) days of the date that the matter is first referred for resolution. In the event the neutral third party determines that a different schedule of rates is appropriate, the new schedule shall be placed in effect as of the date of the neutral third party's decision.
- 6 The procedures set forth herein shall also apply when the Company creates a new job or re-evaluates a position or function held by an employee resulting in a reduction in the employee's Standard Rate or level. The Union will be given the opportunity to perform its own job evaluation or joint job evaluation within thirty (30) days of notification as described in Paragraph 1.

Article 17

- 7 The procedures set forth in Paragraph 5, above, shall be the exclusive means by which the Union may contest the schedule of Standard Rates which the Company sets for any new or restructured job title or classification or the decision of the Company in re-evaluating a function or position held by an employee resulting in a reduction in the employee's Standard Rate or level.**

**APPENDIX 1
SPECIAL ALLOWANCES**

When an employee, except a non-located construction employee, is engaged or re-engaged at a locality for which a special allowance is indicated below, or is transferred (other than temporarily) to such a locality, the employee will be paid the applicable allowance in addition to his or her Adjusted Rate. Conversely, when the employee is transferred from a locality for which a special allowance is indicated, the employee shall no longer be eligible for the Special Allowance.

Increases or decreases to the Special Allowances made in accordance with the provisions of this appendix, shall be in addition to, and apart from, any other wage changes.

Locality	Weekly Amount	Locality	Weekly Amount
Boone, IA	\$2.00	Mt. Storm, WV	\$7.50
Dalhart, TX	\$4.00	Newcastle, AR	\$8.50
Etam, WV	\$10.00	North Bend, NE	\$5.00
Glendive Jct., MT	\$32.00	Point Arena, CA	\$5.00
Jamesburg, CA	\$22.50	Seligman, AZ	\$22.50
Leesburg #5, VA	\$5.00	Vaughn, NM	\$15.00

Note: The parties agree that for the term of this Agreement any location which was removed from the 1998 Agreement will be reinstated if it is subsequently learned that employees are permanently assigned to one of those locations.

APPENDIX 3
AT&T BUSINESS OPERATING UNITS AND DIVISIONS

ANS Customer Service Operations (Previously Business Customer Care)
AT&T Consumer Services (Previously Consumer Markets)
AT&T Labs (Including previously AT&T Solutions)
Brand Strategy/Marketing Communications
Business Services Enterprises (Previously Business Markets and including AT&T Solutions)
Chief Financial Officer Organization
Controller Division
Global Real Estate
Human Resources
International Ventures Organization
Law and Government Affairs
Packet & Optical Network Services (Previously Network & Computing Services)
Public Relations & Employee Information
Supplier Management Division

(D) SIGNING BONUS

- 1 Effective on Sunday, May 12, 2002, all eligible regular occupational employees will be granted a Signing Bonus of two hundred fifty dollars (\$250.00) in the form of a cash payment subject to and in accordance with the provisions set forth below:
 - (a) Payment of the Signing Bonus is contingent upon ratification of the Agreement by July 5, 2002 and written notice to the Company that ratification has been obtained. Payment of the Signing Bonus shall be made no later than four (4) weeks following the date such notice is received by the Company. If ratification of the Agreement has not occurred by July 5, 2002, payment of the Signing Bonus shall be made no later than four (4) weeks following receipt of written notice that the Agreement has been ratified and the date of ratification.
- 2 **Eligibility Criteria for Signing Bonus**
 - (a) Employees on the active roll on the date of notice to the Company that ratification of the Agreement in accordance with the Preamble to the Memorandum of Agreement has taken place, shall be eligible to receive a Signing Bonus.
 - (b) An eligible part-time employee shall receive a proportionate amount of the applicable full-time Signing Bonus based on the part-time employee's part-time Equivalent Work Week as of May 12, 2002.
 - (c) Employees receiving the Extended Compensation Option of the AT&T Option Program (ATTOP) as of May 12, 2002 shall receive a payment equal to 15% of the full Signing Bonus amount.
- 3 **Application of the Signing Bonus to Payments, Benefits, Allowances or Allotments.**
 - (a) The Signing Bonus shall be subject to LTSSP Allotment deductions.
 - (b) The Signing Bonus shall be subject to the Stock Purchase Plan Allotment deduction.
 - (c) The Signing Bonus shall be subject to federal, state and local tax and FICA withholding.
 - (d) Where appropriate, the Signing Bonus will be used in determining deductions for union dues.
 - (e) The Signing Bonus 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.

(E) AT&T PERFORMANCE AWARD FOR OCCUPATIONAL EMPLOYEES

AT&T Performance Award for Occupational Employees

AT&T, the Communications Workers of America, and the International Brotherhood of Electrical Workers agree to an annual bonus plan linked to the overall financial success of AT&T. This plan shall be called the AT&T Performance Award for Occupational Employees (APA).

Plan Purpose

The AT&T Performance Award for Occupational Employees (the APA "Plan") is a profit sharing like plan designed to recognize and reward eligible employees by having them share in an annual bonus plan that is linked to AT&T's key financial measures.

APA Plan Year

The APA Plan Year for measuring financial results and determining employee eligibility to share in those results shall be the calendar year. The first such year will commence January 1, 2002 and will include financial performance through December 31, 2002.

Eligibility

To be eligible to participate in APA, an occupational employee must meet both of the following criteria:

1. Have a minimum of eighty-eight (88) calendar days of active employment (either management or occupational) with the Company as a U.S. based employee during the APA Plan Year and,
2. Be a regular full-time or regular part-time AT&T employee on December 31 of the applicable APA Plan year (except as noted in subsequent paragraphs).

Leaves of Absence

Local Leave of Absence – Within any APA Plan Year a service credit period of up to thirty (30) days shall be added to offset a Local Leave of Absence to be included in the 88 calendar days of active employment.

Short Term Disability Leave of more than one (1) month – An absence period attributed to Sickness or Accident Disability or the disability portion of the Anticipated Disability Leave of Absence shall be included in calculating the award. It shall also be included in determining whether the employee has met the eighty-eight (88) day requirement set forth above. An employee shall not lose eligibility if he/she is on such an absence on December 31 of the APA Plan Year.

Unpaid Leave of Absence (personal leave, the non-disability portion of an anticipated disability leave, union leave, care of newborn/newly adopted child, family care leave, unpaid military leave) – An employee's time on an unpaid leave of absence granted by the Company of more than thirty days shall not be counted toward the eighty-eight (88) day requirement set forth above nor shall such time be counted in determining the amount of the award. An employee shall not lose eligibility if he/she is on such a leave on December 31 of the applicable APA Plan Year.

Paid Military Leave – Time on paid military leave shall be counted toward the eighty-eight (88) day requirement above and shall be counted in calculating the award. An employee shall not lose eligibility if he/she is on such leave on December 31 of the APA Plan Year.

Separations From AT&T

An employee separated from the active payroll due to force reduction, retirement on a service or disability pension, expiration of benefits or death during the Plan year shall not lose eligibility due to such separation. The award for an employee under these circumstances shall be prorated based on the number of calendar days on the active payroll or otherwise included in the calculation during the APA Plan Year.

An employee who resigns prior to December 31 or last day of the APA Plan Year or is dismissed prior to the payout date for any reason shall not be eligible for an award.

An employee who is on Long Term Disability Leave of Absence on December 31 of an APA Plan Year shall not be eligible for an award.

Promotions or Temporary Upgrades to Management and Transfers

An employee permanently or temporarily promoted to management or transferred to a former Bell System company under the Post Divestiture Shared Services Force Transfer Agreement, if otherwise eligible, shall receive a prorated award for time spent as an occupational employee of AT&T under this Plan.

Payment Criteria - Pro-Rated (Time Worked)

The award to an eligible full-time occupational employee shall be pro-rated based on the number of calendar days on the active payroll as an occupational employee during the APA Plan Year.

The award to an eligible part-time occupational employee shall be pro-rated based on both the part-time employee's part-time Equivalent Work Week as of December 31 of the applicable APA Plan Year and the number of calendar days on the active payroll as an occupational employee during the APA Plan Year.

The Award to an eligible occupational employee receiving the Extend Compensation Option of the AT&T Option Program (ATTOP) shall be prorated based on the number of calendar days on the active payroll as an occupational employee during the APA Plan Year prior to their election to participate in ECO and, in addition, for the number of days as an ECO participant the Award amount will be 15% of the Award received by an eligible full-time employee.

APA Plan Payment Calculations

For APA Plan Years 2002 and 2003 an Occupational Standard Award amount of \$680.00 will be used to calculate the award payment. For purposes of the APA Plan payment calculations for the 2002 APA Plan Year, the financial success of AT&T's businesses shall be measured by the achievement of two key business goals. These two financial measures are Revenue and Earnings Before Interest and Taxes (EBIT). Funding for the APA Plan payments will be determined as follows:

AT&T Consumer funding will be based on 70 percent on meeting EBIT targets and 30 percent on meeting revenue targets.

AT&T Business funding will be 60 percent based on meeting EBIT targets and 40 percent on meeting revenue targets.

Each Occupational employee's APA payment will be based on the weighted average of AT&T Business' and AT&T Consumer's overall funding percentages as described above. The weighting will be tied 70 percent to AT&T Business' overall funding percentage and 30 percent tied to AT&T Consumer's overall funding percentage.

The bonus pools will be funded against the revenue and/or profits of the Company. If the Company's performance exceeds the targets, the bonus pool funding will increase to a maximum of 200%. The measures for the revenue and EBIT target weighted averages are threshold performance (50% funding level), target performance (100% funding level), and above target performance (200% funding level).

The corporate financial measures and associated targets used in years subsequent to 2002 for the Management Bonus Plan will also be used for the Occupational APA Plan.

Award Payment Amounts

- **Payout at or below Threshold Performance Level = \$400**
- **Payout at Target Performance Level = 100% of Occupational Standard Award (\$680)**
- **Payout above Target Performance Levels = Capped at 200%**

Award Payments

Award payments will be made by separate check to be delivered by the end of the first quarter of the year following the applicable APA Plan Year. Such payments shall be subject to federal, state, and local tax and FICA withholding.

Where appropriate, award payments shall be used in calculating an employee's wage rate for determining the amount of union dues deductions.

Application of the Awards to Payment for Overtime Worked and Other Benefits, Allowances or Allotments:

- For the twelve (12) month period following each Award, the Award will enter into computations of pay for overtime worked. Such computation shall be based on the amount of the Award, divided by the number of weeks during said twelve (12) months. The result of such computation shall be entered into the standard Overtime Adjustment formula during each payroll period.

For the twelve (12) month period following each Award, the Award shall be included in the calculation of the following benefit payments or allotments:

- Group Life Insurance (Basic, Supplementary, Accidental Death & Dismemberment and Accidental Loss)
- Death Benefits
- Employee Stock Purchase Plan (ESPP)

The Award shall be subject to LTSSP Allotment Deductions.

The Award will not be part of the employee's Standard Rate of pay or basic wages for any other purpose nor shall they enter into the computation of any payments made under any other pension or benefits plan, fringe benefit, allowance or differential.

Employee Information

The Company will provide periodic information to employees regarding its financial performance during each APA Plan Year.

The Company may extend coverage of this APA Plan to other AT&T units and to occupational employees other than those represented by the Unions.

Dispute Resolution

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

Extraordinary Financial Occurrences

The Company reserves the right to adjust the level of payment so as to insulate it from the effects of unanticipated, extraordinary major fluctuations in business transactions or conditions. The Company shall provide the Union with advance notice of any such adjustments and shall discuss the matter with the Union upon request.

(H) PENSION PLAN BENEFITS

- 1 AT&T, the Communications Workers of America ("CWA") and the International Brotherhood of Electrical Workers ("IBEW") agree that, effective as of May 12, 2002, the AT&T Pension Plan ("AT&TPP") shall be changed in the following manner:
- (a) the interest crediting rate under the cash balance formula shall be changed, as described in Paragraph 2,
 - (b) the cash balance pension band credit amounts under the AT&TPP shall be increased by 8% (rounded to the nearest dollar) for all employees who are on the active payroll, as described in Paragraph 3, and
 - (c) the pension band formula shall be improved by 8% for "Eligible Employees," as described in Paragraph 4, and
 - (d) the pension bands associated with various L-Level titles shall be changed as set forth in Paragraph 5.

The Company shall develop specific plan provisions, subject to administrative and legal constraints, that are consistent with the changes set forth in the provisions below of this Memorandum of Agreement.

2 Change in the interest crediting rate under the AT&TPP.

The AT&TPP shall be amended to provide that, for active participants on or after January 1, 2003 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 5.5% for the period beginning January 1, 2003 and ending December 31, 2003, and 4% thereafter;

3 Increase the cash balance pension band credit amounts under the AT&TPP for all employees who are on the active roll after June 30, 2002.

The AT&TPP shall be amended effective July 1, 2002 to provide that a participant's pension band credit for plan years beginning after December 31, 2001, shall be based on the amounts in the pension band credit table set forth as Attachment 1 for employees who are on the active roll of a Participating Company on or after July 1, 2002.

4 Improvement to the pension band formula for certain eligible employees who terminate employment after May 11, 2002.

- (a) The AT&TPP shall be amended effective as of July 1, 2002 for employees on roll on May 12, 2002, by changing the Monthly Benefit Table under the Pension Band Formula as set forth in Attachment 2.
- (b) An "Eligible Employee" is a bargaining unit employee:
 - (1) who was an "eligible employee" within the meaning of Section (H) of the 1998 Memorandum of Understanding, and
 - (2) whose net credited service was at least fifteen years as of June 30, 1998.

5 Change in the pension bands for certain L-Level titles.

The AT&TPP shall be amended to provide that the determination of pension bands for certain L-Level titles shall reflect the recommended pension bands as set forth in Attachment 3 effective July 1, 2002.

PENSION PLAN BENEFITS - ATTACHMENT 1**Pension Band Credits**

Pension Band	Years of Net Credited Service in Whole Years							
	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35+
101	853	999	1,139	1,426	1,712	1,998	2,425	2,851
102	886	1,037	1,183	1,480	1,777	2,074	2,516	2,959
103	923	1,080	1,231	1,539	1,847	2,155	2,619	3,078
104	961	1,118	1,280	1,598	1,917	2,236	2,716	3,197
105	994	1,161	1,328	1,658	1,987	2,322	2,819	3,316
106	1,026	1,199	1,372	1,712	2,052	2,398	2,911	3,424
107	1,064	1,242	1,415	1,771	2,128	2,479	3,013	3,542
108	1,096	1,280	1,463	1,831	2,198	2,565	3,110	3,661
109	1,134	1,323	1,512	1,890	2,268	2,646	3,213	3,780
110	1,166	1,361	1,555	1,944	2,333	2,722	3,305	3,888
111	1,204	1,404	1,604	2,003	2,403	2,803	3,407	4,007
112	1,237	1,442	1,652	2,063	2,473	2,889	3,505	4,126
113	1,274	1,485	1,696	2,122	2,549	2,970	3,607	4,244
114	1,307	1,523	1,739	2,176	2,614	3,046	3,699	4,352
115	1,339	1,566	1,787	2,236	2,684	3,132	3,802	4,471
116	1,377	1,609	1,836	2,295	2,754	3,213	3,904	4,590
117	1,415	1,647	1,885	2,354	2,824	3,294	4,001	4,709
118	1,447	1,685	1,928	2,408	2,889	3,370	4,093	4,817
119	1,480	1,728	1,976	2,468	2,959	3,456	4,196	4,936
120	1,517	1,771	2,020	2,527	3,035	3,537	4,298	5,054
121	1,550	1,809	2,068	2,587	3,105	3,623	4,396	5,173
122	1,582	1,847	2,111	2,641	3,170	3,699	4,487	5,281
123	1,620	1,890	2,160	2,700	3,240	3,780	4,590	5,400
124	1,658	1,933	2,209	2,759	3,310	3,861	4,693	5,519
125	1,690	1,971	2,257	2,819	3,380	3,947	4,790	5,638
126	1,723	2,009	2,300	2,873	3,445	4,023	4,882	5,746
127	1,766	2,063	2,354	2,943	3,532	4,120	5,006	5,886
128	1,804	2,101	2,403	3,002	3,602	4,201	5,103	6,005
129	1,831	2,138	2,441	3,051	3,661	4,271	5,189	6,102
130	1,863	2,176	2,484	3,105	3,726	4,347	5,281	6,210
131	1,901	2,214	2,533	3,164	3,796	4,428	5,378	6,329
132	1,933	2,257	2,581	3,224	3,866	4,514	5,481	6,448
133	1,971	2,300	2,624	3,283	3,942	4,595	5,584	6,566
134	2,003	2,338	2,668	3,337	4,007	4,671	5,675	6,674
135	2,036	2,376	2,716	3,397	4,077	4,757	5,773	6,793

PENSION PLAN BENEFITS - ATTACHMENT 2**Monthly Benefit Table****Effective July 1, 2002**

For Eligible Employees who terminate employment after May 11, 2002, the Monthly Benefit Table shall be as follows:

Pension Band	Dollar Amount	Pension Band	Dollar Amount
101	\$30.33	119	\$53.40
102	31.61	120	54.66
103	32.90	121	55.93
104	34.16	122	57.23
105	35.46	123	58.49
106	36.74	124	59.77
107	38.05	125	61.07
108	39.30	126	62.32
109	40.61	127	63.61
110	41.87	128	64.89
111	43.16	129	66.17
112	44.42	130	67.45
113	45.72	131	68.74
114	46.98	132	70.01
115	48.27	133	71.29
116	49.56	134	72.61
117	50.82	135	73.84
118	52.11		

PENSION PLAN BENEFITS - ATTACHMENT 3**L-Level Pension Band Changes****Effective July 1, 2002**

Grade	Wage Area	Current Pension Band	Recommended Pension Band
L-1	ALL	101	102
L-2	A1, A2, B1, C1, C2, C4, D1, E2, G1, G2, H2, K1, L1, M2, P1, P2, R1, S1, S2, T1, T2, T5, X2	101	102
	H1, J1, N1, W1	102	103
	M1, W2, X1	101	103
L-3	A2, C4, E2, H2, K1, L1, L2, M1, M2, P1, P2, R1, R2, T1, T2, T5, X2, X3, X4	102	104
	A1, D1, G1, G2, E4	102	105
	B1, C1, C2, H1, J1, N1, S1, S2, W1, W2, X1	103	105
L-4	K1, L1, L2, P2, R1, T2, X2, X4	103	106
	A1, A2, E2, G1, G2, H2, M1, M2, P1, T1, T5, W2, X3	104	106
	C4, D1, N1, S1, S2, W1	104	107
	B1, C1, C2, H1, J1, X1	105	107
L-4PFP	Varied	108	No Change
	Varied	109	No change

(R) RETIRED EMPLOYEE MEDICAL AND DENTAL BENEFITS

AT&T, the Communications Workers of America ("CWA") and the International Brotherhood of Electrical Workers ("IBEW") agree that, effective as of the date of this Agreement, postretirement medical and dental benefits for retired eligible occupational employees under the AT&T Corp. Postretirement Welfare Benefits Plan (the "Retiree Medical Plan") will continue for the duration of this Agreement with such changes described and effective as of the dates set forth below for all eligible occupational employees who retired on or after March 1, 1990, including former employees who are covered by the Retiree Medical Plan due to their receipt of long term disability benefits under the AT&T Long Term Disability Benefit Plan for Occupational Employees (hereinafter referred to as the "Occupational LTD Participants"), and their covered dependents.

Effective for the period beginning June 1, 2002 and ending December 31, 2002, all eligible occupational employees who retired on or after March 1, 1990, including the Occupational LTD Participants, shall be responsible for making contributions toward medical and dental coverage under the Retiree Medical Plan in the amount of \$14 per month for single coverage and \$21 per month for family coverage.

Effective January 1, 2003 and for each month thereafter, all eligible occupational employees who retired on or after March 1, 1990, including the Occupational LTD Participants, shall be responsible for contributions (determined in accordance with the provisions set forth below) toward medical and dental coverage under the Retiree Medical Plan in the amount that represents their allocable portion of the medical and dental claims incurred by the Company for a specified prior plan year which exceed the "Aggregate Company Contribution" as set forth below for such year. For purposes of this determination, "Post-March 1, 1990 retirees" shall mean management and occupational employees (who retired on or after March 1, 1990) and former employees who are covered by the Retiree Medical Plan due to their receipt of long term disability benefits under the AT&T Long Term Disability Benefit Plan for Management Employees or the AT&T Long Term Disability Benefit Plan for Occupational Employees.

1 Retiree Medical Caps

Effective January 1, 2003, for purposes of determining the "Aggregate Company Contribution", the retiree medical cap component shall be as follows (hereinafter referred to as "retiree medical caps"):

Under age 65 single:	\$3,700
Under age 65 family:	\$7,550
Age 65 & over single:	\$1,725
Age 65 & over family:	\$3,950

2 Aggregate Company Contribution

Effective January 1, 2003, the maximum "Aggregate Company Contribution" that the Company shall provide toward single or family medical and dental coverage under the Retiree Medical Plan for 2003 and for each year thereafter, shall not exceed the sum of the products of (a) and (b) (as separately determined) for each of the four retiree medical cap categories set forth above, where "(a)" equals the average number of the Post-March 1, 1990 retirees eligible to participate in each of the respective retiree medical cap categories (under age 65-single, under age 65-family, age 65 and over-single and age 65 and over-family) during the plan year that is two plan years immediately prior to the plan year for which the Aggregate Company Contribution is being determined, and "(b)" equals the corresponding dollar amount set forth above for each of the four retiree cap categories, respectively.

3 Total Cost of Plan

Effective January 1, 2003, the total costs of the Plan for medical and dental claims under the Retiree Medical Plan for 2003 and for each year thereafter (hereinafter referred to as the "Determination Year") shall be determined in accordance with paragraphs (1), (2) and (3) below:

- 1) For purposes of calculating the total costs of the Plan, the Company will determine the sum of (a) the amount of claims for medical and dental coverage (for Post-March 1, 1990 retirees, and their respective covered dependents) for the plan year that is two plan years immediately prior to the Determination Year, and (b) the Retiree Medical Plan administrative fees (for Post-March 1, 1990 retirees, and their respective covered dependents) for the plan year that is two plan years immediately prior to the Determination Year.
- 2) Once the sum of (a) and (b) has been determined, such sum shall be reduced by the amount of claims for medical and dental coverage for (i) surviving lawful spouses (of Post-March 1, 1990 retirees) and their covered dependents under the family security program feature of the Retiree Medical Plan, (ii) class II dependents (of Post-March 1, 1990 retirees) and (iii) COBRA claims or such other claims where the participant is responsible for the premium, for the plan year that is two plan years immediately prior to the Determination Year.
- 3) The amount remaining after completion of (1) and (2) above shall be multiplied by (i) the medical consumer price index growth factor ("Medical CPI Growth Factor" – Medical CPI No. 1 divided by Medical CPI No. 2 in the same manner as has heretofore been used), and (ii) 1.04 (to reflect a 2% per year increase for utilization).

4 Aggregate Retiree Contributions

Effective January 1, 2003, the aggregate amount of contributions, if any, that all eligible occupational employees (who retired on or after March 1, 1990), including Occupational LTD Participants, shall be required to pay to continue to receive medical and dental coverage under the Retiree Medical Plan for 2003 and each year thereafter shall equal the difference (which yields a positive value) between (a) the total costs of the Plan (as described above in "Total Costs of Plan"), and (b) the "Aggregate Company Contribution". This difference is hereinafter referred to as the "Amount in Excess of the Caps". In the event that this difference is zero or less for a particular year, no contributions are required to be paid by eligible occupational employees (who retired on or after March 1, 1990), including Occupational LTD Participants, for medical and dental coverage under the Retiree Medical Plan for such year.

5 Monthly Retiree Contribution For Medical and Dental Coverage

Effective January 1, 2003, the monthly retiree contribution, if any, for medical and dental coverage under the Retiree Medical Plan for January 2003 and each month thereafter shall equal one-twelfth of the Amount in Excess of the Caps (as determined in accordance with the provisions set forth above), allocated in such manner among the eligible occupational employees (who retired on or after March 1, 1990 – including Occupational LTD Participants), so that the contribution for family medical and dental coverage shall be two times the contributions for single medical and dental coverage, respectively. As a result of the above calculation methodology, effective for the calendar year beginning January 1, 2003, all eligible occupational employees who retired on or after March 1, 1990, including the Occupational LTD Participants, shall be responsible for making contributions toward medical and dental coverage under the Retiree Medical Plan in the amount of \$54 per month for single coverage and \$108 per month for family coverage. Such monthly retiree contribution may be paid from such retired occupational employee's monthly pension annuity under the AT&T Pension Plan.

An eligible retired occupational employee may waive medical and dental coverage under the Retiree Medical Plan during an annual enrollment period, which shall result in a deferral of coverage, and may be reinstated in the Plan, during the plan year for which coverage is deferred if (a) a qualified change in family status for the retiree occurs, and (b) a timely election for reenrollment is made by the retiree. If these mid-year reenrollment conditions are not satisfied, the earliest time that medical and dental coverage may be reinstated prospectively for any year by the retiree who has waived coverage is during the first annual enrollment period for the Retiree Medical Plan occurring after such coverage was terminated.

6 Additional Benefits

For 2002 and 2003, 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 eligible for a health care reimbursement account as an additional annual Plan benefit for each such year not to exceed the amount set forth below (prorated in 2002 for each full month as a retiree or LTD recipient after May 31, 2002, and for 2003 for each full month as a retiree or LTD recipient prior to December 1, 2003, rounded to the nearest whole dollar):

2002	2003
Family: \$150	Family: \$1,200
Single: \$100	Single: \$ 600
Waive: \$100	Waive: \$ 600

The determination of the Additional Benefit amount will be based on coverage in effect on June 1, 2002 for the year 2002, and enrollment election made for January 1, 2003 for the year 2003. The amounts set forth above shall be sufficient to provide full reimbursement of the required contributions for the duration of this Agreement. As set forth above, the required monthly contributions will be \$14 for single coverage and \$21 for family coverage for 2002 and \$54 for single coverage and \$108 for family coverage for 2003. In accordance with the requirements of applicable law, the above amount may be used to reimburse such former employee for otherwise unreimbursed medical contributions (i.e., the retired occupational employee's portion of the contribution for coverage or HMO premium), co-payments, deductibles, out of pocket expenses, or other Plan expenses related to health care that would otherwise be deductible for that year under Internal Revenue Code Section 213 (notwithstanding the percentage limitation on deductible amounts).

Any individual eligible for this provision who waives medical and dental coverage for any period of time under the Plan shall remain eligible for this, but no other medical or dental provision of the Plan, during such waiver period. For purposes of the immediately preceding sentence, a waiver is considered as any action by the retired employee to defer medical and dental coverage in accordance with the rules of the Plan.

The Company shall develop appropriate plan provisions, consistent with legal requirements, to effectuate the provisions above.

(Z) AT&T TRANSFER AND REHIRE SYSTEM (ATS/ARS)

AT&T, CWA, and IBEW agree that the AT&T Transfer System (ATS) and the AT&T Rehire System (ARS) shall continue during the 2002 Memorandum of Agreement.

1 Purpose

- (a) The AT&T Transfer System (ATS) is designed to provide regular full-time or regular part-time occupational employees an opportunity to request new career opportunities on a current or future basis and provide surplus employees with an increased opportunity to continue employment with AT&T. Temporary and occasional employees are excluded from the system. All employee movement under ATS is voluntary through a self-nomination process and should not be construed to be a force adjustment, force rearrangement, assignment or reassignment initiated by the Company.
- (b) The AT&T Rehire System (ARS) is designed to provide former AT&T employees the opportunity to apply for regular full-time or regular part-time occupational positions and be reemployed by AT&T. This plan does not replace any existing recall rights to which former employees may be entitled, but the rehiring of a former employee under this program satisfies the Company's recall obligation.
- (c) ATS/ARS does not replace any contractual, internal movement of personnel procedures contained in applicable Memoranda of Agreements. As to those bargaining units, ATS supplements those movement of personnel procedures and shall be applied after those movement of personnel procedures have been exhausted.

2 System Coverage

- (a) This system provides the exclusive means by which active regular full-time and regular part-time occupational employees, former employees who were laid off by the Company with recall rights, or employees who left the Company because of an authorized hardship or an AT&T trailing spouse condition covered by this Agreement may request consideration for transfer to occupational positions within and across the bargaining units which are covered by this Agreement. These former employees, for a period of three (3) years from the date of termination, will be able to contact a unique 800 number, listen to open jobs and nominate for openings. The Company may extend coverage of this system to occupational employees other than those represented by the Unions. Temporary, term and occasional positions are not filled by ATS/ARS.

Other Agreements

- (b) An employee request for lateral movement within his/her Business Operating Unit or Division and in the same Local Placement Area (LPA) is administered by management; however, an employee may also place an intra-Business Operating Unit or Division request in the same LPA on file with ATS/ARS.
- (c) ATS/ARS does not preclude the Company from making Company initiated transfers, force adjustments, reassignments or rearrangements. Nor shall anything in this system preclude the Company from temporarily limiting or prohibiting occupational employee movement via this system if the Company determines that excessive movement from any organization or work group would impair the operation of the business. Temporary limits or prohibitions on occupational employee movement will not exceed sixty (60) days under this Plan. An employee covered by the sixty (60) day prohibition may self-nominate for vacancies if the report date occurs after the last day of the prohibition. The temporary limits or prohibitions on occupational employee movement described herein shall not apply in sale situations.
- (d) Initial employee participation in ATS/ARS shall require the employee/former employee to verify, supply, or update personnel data relative to work experience, education or training.

3 Definitions

- (a) An **UPGRADE** is movement from an employee's current Level Equalization Group to a position in a Level Equalization Group of a higher numeric value.
- (b) A **DOWNGRADE** is movement from an employee's current Level Equalization Group to a position in a Level Equalization Group of a lower numeric value.
- (c) A **LATERAL** is movement from an employee's current Level Equalization Group to a position in the same Level Equalization Group.
- (d) A **BASICALLY QUALIFIED** employee is an employee who meets the minimum qualifications for a given title as specified in the ATS job brief.
- (e) **TIME-IN-TITLE/TIME-IN-GRADE** is the minimum number of months an occupational employee must serve in a specific job title and job grade to be eligible for voluntary movement. Time-in-Title/Grade must be fulfilled each time an employee moves to a different title/grade.
- (f) **TIME-IN-LOCATION** is the minimum number of months that an employee must serve in a location to be eligible for voluntary movement. Time-in-Location must be fulfilled when:
 - an employee moves outside his/her LPA or
 - an employee moves to a new Business Operating Unit/Division within the same LPA.

NOTE: Time-in-Title/Grade and Time-in-Location may be served concurrently.

- (g) A **CAREER PLACEMENT** is the placement of a regular full-time or regular part-time occupational employee who is seeking a career change. To participate an employee must:
- have satisfied any applicable Time-in-Title/Time-in-Grade and Time-in-Location requirements for movement from his/her job, as specified in the ATS job brief for the title, and
 - have a satisfactory work performance and attendance record in accordance with the standard AT&T Appraisal Form.
- (h) A **CAREER REHIRE PLACEMENT** is the reemployment of a former regular full-time or regular part-time occupational employee who is seeking a position with the company. To participate, an employee must, before termination, (1) have verified, supplied or updated personnel data relative to work experience, education, or training via enrollment in the AT&T Transfer and Rehire System (ATS/ARS) and (2) have had a satisfactory work performance and attendance record in accordance with the standard AT&T Appraisal Form.
- (i) A **SURPLUS PLACEMENT** is the placement of a regular full-time or regular part-time occupational employee who has been declared surplus in accordance with the provisions of the applicable collective bargaining agreement.
- (j) A **SURPLUS REHIRE PLACEMENT** is the reemployment of a former regular full-time or regular part-time occupational employee placed during his/her minimum surplus eligibility period.
- (k) A **TERM PLACEMENT** is the placement of a regular full-time or regular part-time occupational term employee who is seeking a career change. To participate an employee must:
- have satisfied any applicable Time-in-Title/Time-in-Grade and Time-in-Location requirements for movement from his/her job, as specified in the ATS job brief for the title, and
 - have a satisfactory work performance and attendance record in accordance with the standard AT&T Appraisal Form.
- (l) A **PLACEMENT REQUEST** is a request for consideration for an ATS vacancy. The request may be for either Career, Surplus or Term Placement and shall contain all of the following information concerning the position(s) sought:
- job title or wage level in which placement is sought,
 - geographic area of interest, and
 - particular organization in which placement is sought.

4 Career and Term Placement Administration

- (a) Eligible, qualified employees seeking Career or Term Placement can request to be considered for currently open positions or file for future ATS/ARS openings. Employees may have up to eight (8) career transfer requests at any one time. These may be upgrade, lateral or downgrade career placement requests and they may be for future or current ATS/ARS vacancies.
- (b) Job vacancies submitted to ATS for current open positions expire thirty (30) calendar days after receipt of a candidate list or upon selection of a candidate for the ATS/ARS vacancy, whichever occurs first.
- (c) Employee Career Placement requests will remain on file, but on inactive status, during leaves of absence, temporary promotions to management, and disabilities in excess of one (1) year. Employees on short term (less than one (1) year) disability may submit Placement Requests provided they can report to the job within thirty (30) days of the job report date.
- (d) Career or Term Placement future requests for eligible employees will remain on file for three (3) years from the date of receipt, but will be canceled upon the occurrence of any of the following:
- the employee no longer meets ATS/ARS eligibility criteria,
 - the employee is placed into another job via ATS/ARS, a local voluntary intra-business operating unit lateral transfer, or any other AT&T voluntary job placement or job placement process,
 - the employee withdraws the request(s),
 - the employee leaves the AT&T payroll, or
 - the employee is no longer a regular full-time or regular part-time occupational employee.
- The employee has up to two (2) work days to accept or reject a job offer.
- (e) When an employee accepts a job offer made under the Plan, all other requests on file shall be canceled and the employee may not resubmit any Career Placement Requests until the applicable Time-in-Title/Time-in-Grade and Time-in-Location requirement(s) have been met.
- (f) Occupational employees shall bear any costs and expenses associated with relocation under the Career or Term Placement features of ATS/ARS, unless the employee is surplus at the time the Career Placement offer is accepted.

5 Career Rehire Placement Administration

- (a) Eligible, qualified former employees seeking reemployment can request to be considered for currently open positions as Career Rehire candidates. They may have up to eight (8) Career Rehire Placement requests at any one time. These may be upgrade, lateral or downgrade requests as defined in the AT&T Transfer and Rehire System (ATS/ARS).
- (b) Career Rehire Placement Requests will be canceled upon occurrence of any of the following:
 - (1) the former employee is rehired into a regular full-time or regular part-time job (not term, temporary or occasional) via ARS or any other employment process, or
 - (2) the former employee withdraws the request(s), or
 - (3) expiration of the three (3) year period.

The former employee has up to two (2) work days to accept or reject a job offer.

- (c) When a former employee accepts a job offer made under the Plan, all other requests on file shall be canceled and the employee may not submit any ATS/ARS Career Placement requests until the applicable Time-in-Title/Time-in-Grade and Time-in-Location requirement(s) have been met.
- (d) Former occupational employees shall bear any costs and expenses associated with relocation under ARS.

6 Retreat, Trailing Spouse and Hardship

- (a) An employee who accepts an upgrade through Career Placement to a position in any AT&T organization may, within six (6) months of placement, request to return to his/her former job or equivalent job if the former is not available, at his/her former or new work location. The Company shall consider any such request, and, if the request is accommodated, the employee will return to his/her former job without loss of seniority. An employee so returned will be required to satisfy anew any applicable Time-in-Title/Time-in-Grade or Time-in-Location requirement(s) for eligibility under the Plan before again filing a Career Placement request.
- (b) AT&T trailing spouses and employees who have requested hardship movement consideration may, if approved by the Company, participate in the Career Placement portion of the Plan without meeting Time-in-Title/Time-in-Grade or Time-in-Location criteria, for a period of eight (8) months, but are subject to all other ATS/ARS eligibility criteria.

7 Surplus Placement Administration

- (a) The Surplus Placement features of ATS/ARS are activated under the following circumstances:
- a surplus is declared in accordance with provisions of any applicable collective bargaining agreement, and
 - ATS/ARS vacancies exist for which surplus employees are basically qualified as determined by the Company, and
 - surplus employees have requested vacant positions for which they are basically qualified as determined by the Company.
- (b) The employee has two (2) work days to indicate acceptance or rejection of a job offer.
- (c) Under the foregoing circumstances, the senior basically qualified surplus candidate will be selected for open positions provided the placement does not constitute an upgrade. There is no limit to the number of Surplus Placement requests a surplus employee may have at any one time. ATS/ARS Surplus Placement Requests may be for laterals and/or downgrades.
- (d) Job vacancies submitted to ATS for current open positions expire thirty (30) calendar days after receipt of a candidate list or upon the selection of a candidate for the ATS vacancy, whichever occurs first.
- (e) A surplus employee is no longer eligible for Surplus Placement treatment in ATS if any of the following occurs:
- the employee is no longer surplus,
 - the employee is placed into another job via ATS or other voluntary transfer or placement process other than the Extended Compensation Option ,
 - the employee is placed into another job via a contractual force adjustment or rearrangement article,
 - the employee leaves the AT&T payroll, or
 - the employee is no longer a regular full-time or regular part-time occupational employee.
- (f) ATS/ARS Surplus Placement Requests are canceled due to the foregoing; they are not automatically converted to ATS Career Placement Requests.
- (g) A surplus employee shall have a minimum combined total of sixty (60) days surplus status in ATS and/or ARS.
- (h) A Surplus employee who refuses a position which he/she requested through ATS can no longer participate in the Surplus Placement feature of the Plan. However, if the employee meets the Career Placement eligibility criteria, he/she may participate in that portion of the Plan as long as the employee is on the AT&T payroll.

- (i) A Surplus Placement employee who accepts a position within the current LPA of the job vacancy shall bear any costs and expenses associated with relocation under the Plan.

8 Surplus Rehire Placement Administration

- (a) A former employee who has been laid off with recall rights and has not completed all of his/her minimum sixty (60) day surplus status in ATS by the off roll date, will be granted the remainder of his/her surplus eligibility minimum in ARS. All surplus and career requests which the former employee has on file will remain on file as long as the former employee retains surplus eligibility.
- (b) A former employee who is a candidate for Surplus Rehire Placement will be subject to the same requirements and treatment that apply to surplus placement as set forth in the ATS section of this memorandum, except that his/her surplus status will end if any of the following occur:
 - (1) the former employee is rehired into a regular full-time or regular part-time job (not term, temporary or occasional) via ARS or any other employment process, or
 - (2) the former employee refuses a position which he/she requested through ATS/ARS, or
 - (3) the former employee completes a combined total of sixty (60) days surplus status in ATS and/or ARS.

The former employee has up to two (2) work days to accept or reject a job offer.

- (c) On the business day following the completion of a combined total of sixty (60) days surplus status in ATS and/or ARS, any surplus requests which the former employee has on file will be canceled. However, the former employee may continue to participate as a Career Rehire Candidate as described below for the remainder of three (3) years. Surplus Rehire Placement requests that are canceled due to the expiration of the sixty (60) day minimum surplus participation period are not automatically converted to Career Rehire Placement Requests.

9 Relocation Expenses

- (a) A Surplus Placement employee who is placed via the ATS Surplus or Career Placement Program and who accepts a position that is outside his/her LPA will receive a lump sum relocation allowance provided the new reporting location exceeds thirty-five (35) road miles from the employee's old reporting location, and is further in road miles from the employee's current residence than the old reporting location.
- (b) Provided the employee elects to relocate his/her residence within six (6) months from the effective date of the transfer, the allowance will be the lesser of: (1) the termination allowance for which they would have been eligible upon layoff, or (2) \$12,000; however, in no case shall an allowance for a relocating employee be less than \$5,000.
- (c) Surplus employees who are placed via the ATS Surplus or Career Placement Program, meet the ATS relocation criteria, and are compensated for actually relocating their residence, shall be offered the opportunity to move back to the former location with relocation compensation for the lesser of: (1) the termination allowance for which they would have been eligible upon layoff, or (2) \$12,000; however, in no case shall an allowance for a relocating employee be less than \$5,000, provided the following conditions are met:
 - the employee is laid off at the new site within three (3) years of placement; and
 - the employee relocates back to the original geographic location; and
 - the employee does not qualify for any other AT&T provided relocation compensation program.
- (d) An employee who meets the above criteria and elects not to relocate his or her residence, shall be entitled to receive a one-time lump sum allowance of \$1,500 in lieu of such moving expenses provided this election is made within six (6) months of the date of transfer.

10 Selection Criteria

- (a) Occupational vacancies covered by ATS/ARS that are not filled under contractual or legal obligations (e.g. Return from Military, etc.) will be staffed using the following order of consideration:
 - (1) Voluntary ATS/ARS Surplus/Recall Placement within the same LPA
 - (2) Voluntary ATS/ARS Surplus Placement outside the local LPA
 - (3) Voluntary ATS Career Placement
 - (4) Voluntary ARS Career Rehire Placement
 - (5) Voluntary Term Placement
 - (6) Non-Represented
 - (7) Hire

- (b) The foregoing order of consideration assures that surplus self-nominating candidates will be offered any vacancy for which they are basically qualified before ATS Career Placement, Voluntary ARS Career Rehire Placement and Term Placement candidates will be considered. In selecting non surplus candidates for vacancies, the selection criteria of better/basic tests, skills, appraisal and seniority, in that order, will govern. The Company maintains the right to interview for determination of the candidate's depth of knowledge in skills.
- (c) Voluntary ATS Career Placement, Voluntary ARS Rehire Placement, Term Placement and hiring candidates will receive consecutive consideration.
- (d) As an alternative to hiring, where no ATS Career Placement or ARS Career Rehire Placement candidates have requested a specific job vacancy and all surplus and recall obligations have been met, the Company shall have the option to promote the senior better/basically qualified employee from within the immediate work group of the C Level manager initiating the job vacancy, without regard to Time-in-Title/Time-in-Grade or Time-in-Location criteria provided the employee meets the selection criteria of better/basic tests, skills, appraisal and seniority, in that order.

11 Testing

- (a) Eligible, occupational employees not test qualified for positions being sought via ATS/ARS will be provided the opportunity to take such test(s) in the same order of consideration applicable to filling job vacancies subject to the availability of testing resources and the job vacancy activity rate for the position(s) being sought. Within each step of the order of consideration employees will be tested in seniority order, most senior first, except for ATS Career Placements, Voluntary ARS Career Rehire Placements and Term Placements where employees will be tested in the order of most senior in each AT&T occupational performance appraisal category, highest category first.

12 System Access

- (a) The Company will provide eligible, occupational employees access to current job vacancies on a real-time basis and, if qualified, employees may self-nominate for current or future openings.
- (b) All vacancies will remain available for self-nomination for five (5) work days. In the event no candidate self-nominates for the vacancy, the vacancy will be re-advertised for six (6) additional work days.

13 Wage Treatment

- (a) Employees placed into jobs via ATS/ARS within collective bargaining agreements will adhere to contractual wage treatment procedures for that agreement. Employees placed into jobs across collective bargaining agreements where both positions have fixed periodic wage schedules and the same wage treatment procedures, shall be treated in accordance with the wage treatment procedures contained in the collective bargaining agreement of the receiving organization.
- (b) Employees placed into jobs across collective bargaining agreements from a wage schedule having no fixed periodic steps to a wage schedule with fixed periodic steps or employees placed into jobs across collective bargaining agreements having different wage procedures shall be treated as follows:
 - (1) Career Placement on an Upgrade - Move from present dollar rate to a whole step above the nearest step on new schedule. The progression clock continues.
 - (2) Career Placement on a Lateral - Move from present dollar rate to nearest step on new schedule assuring no loss in pay. The progression clock continues.
 - (3) Career Placement on a Downgrade - Move from present dollar rate to nearest step on new schedule insuring no gain in pay. The progression clock continues.
 - (4) Surplus Placement on a Lateral or a Downgrade - See Section 15 on Wage Procedure for Surplus Lateral and Downgrade.
- (c) Employees rehired via ARS Career Rehire Placements will adhere to contractual wage treatment procedures for the Memorandum of Agreement into which they are hired.
- (d) Employees rehired via ARS Surplus Rehire Placements will adhere to the Wage Procedures for Surplus, Lateral or Downgrade in Section 15.
- (e) Employees placed into jobs across collective bargaining agreements from a schedule having fixed periodic steps to a schedule with no fixed periodic steps shall be placed on the new schedule at the same wage rate as their old schedule.

- (f) In no event shall an employee receive more than the maximum rate of the new schedule.

14 Oversight and Review Board

- (a) The Company and the Unions agree to continue a Joint ATS/ARS Oversight and Review Board. This Board will be comprised of one (1) CWA representative, one (1) IBEW representative and one (1) representative from the Company. The responsibilities of the Board will include:
- (1) Review ATS/ARS issues not resolved through the formal grievance process set forth in CWA Article 9 and IBEW Article G7 (Grievance Procedure) prior to such issues being submitted to arbitration,
 - (2) Monitoring the ongoing operation of ATS/ARS,
 - (3) Analyzing overall ATS/ARS results, and
 - (4) Addressing concerns raised as to the staffing of positions through ATS/ARS.
- (b) The Company's decision made pursuant to ATS/ARS shall be subject to the grievance procedure contained in any applicable local collective bargaining agreement. The Company and the Union desire to process ATS/ARS staffing grievances in an expeditious manner. Accordingly, the Board shall meet on a regular basis to discuss ATS/ARS staffing grievances, but not later than thirty (30) calendar days after completion of the formal grievance procedure set forth in CWA Article 9 and IBEW Article G7 (Grievance Procedure) for cases which remained unresolved.
- (c) Notwithstanding any contrary provisions of CWA Article 10 and IBEW Article G8 (Arbitration), the Union may appeal, to arbitration, any claim of a violation of CWA Article 15.7 (a) (Promotions) and IBEW Article G17.7 (a) (Promotions) within thirty (30) calendar days from the conclusion of the ATS/ARS Oversight and Review Board Process pursuant to CWA Article 10 and IBEW Article G8 (Arbitration). Except as set forth in this paragraph, neither the ATS/ARS nor its administration shall be subject to arbitration.
- (d) Issues concerning the Company's decision involving placement of ARS Rehire candidates may be presented directly to the Joint ATS/ARS Oversight and Review Board which shall have the sole responsibility for final and binding resolution.

The Unions shall appoint one (1) person to be an ATS/ARS Board Coordinator who shall assist union members of the ATS/ARS Review Board in preparing cases that were not resolved in the appropriate grievance procedure.

15 Wage Procedure for Surplus, Lateral or Downgrade

- (a) Surplus employees pending layoff utilizing ATS as the means to continue employment with AT&T and who accept a LATERAL outside their wage table or wage plan with a higher maximum wage rate will move from the present dollar rate to the nearest step on the new schedule insuring no loss in pay. The progression clock continues.
- (b) Surplus employees who accept a LATERAL or DOWNGRADE outside their wage table or wage plan with a lower maximum wage rate will have their rate of pay reduced over a period of time.
- (c) The reductions in pay are effective at specific periods following the effective date of the new assignment, as shown below, and are based on the differences in rates for the old and new jobs.

Number of weeks after effective date of the assignment	Reduction to be applied
0 - 10 Years N.C.S.	
Weeks 1 thru 4	No reduction
Weeks 5 thru 8	1/3 reduction
Weeks 9 thru 12	2/3 reduction
Weeks 13 & thereafter	Full reduction
10 - 15 Years N.C.S.	
Weeks 1 thru 30	No reduction
Weeks 31 thru 34	1/3 reduction
Weeks 35 thru 38	2/3 reduction
Weeks 39 & thereafter	Full reduction
15 Years N.C.S. and over	
Weeks 1 thru 56	No reduction
Weeks 57 thru 60	1/3 reduction
Weeks 61 thru 64	2/3 reduction
Weeks 65 & thereafter	Full reduction

(AA) LEVEL EQUALIZATION GROUPS (LEGS) MATRIX BY TITLE

Title	Level Equalization Group	Time in Title	Time in Location
Accessible Communications Associate	2	12	12
Account Representative	2	18	12
Account Service Representative	3	15	12
Account Support Representative	5	24	12
ACS Administrative Associate	3	15	12
Administrative Associate - I	2	12	12
Administrative Associate - II	3	15	12
Administrative Clerk (SS-1)	2	15	12
Administrative Clerk (SS-2)	3	15	12
Administrative Clerk - 1	2	12	12
Administrative Clerk - 2	2	15	12
Administrative Clerk - 3	4	18	12
Administrative Clerk - 4	3	18	12
Administrative Clerk - Data	3	15	12
Administrative Clerk - I	3	15	12
Administrative Intern	2	9	9
Air Conditioning and Refrigeration Mechanic	6	36	12
Analytical Clerk	4	18	12
Analytical Clerk - 2	3	15	12
Analytical Clerk - 3	3	18	12
Analytical Clerk - 4	4	18	12
Apparatus Cleaner	2	12	12
Assistant Graphics Specialist	3	15	12
Bi-Lingual Billing Clerk	2	15	12
Bi-Lingual Operator	2	12	12
Bill Processing Clerk	2	12	12
Billing Associate - II	3	15	12
Billing Associate - III	3	15	12
Billing Clerk	2	15	12

Other Agreements

Title	Level Equalization Group	Time in Title	Time in Location
Building Attendant	1	9	9
Building Cable Technician - Apprentice	5	36	12
Building Cable Technician - Journeyman	6	36	12
Building Technician	6	36	12
Business Inquiry Representative	4	18	12
Clerical Assistant (TG-6)	4	18	12
Clerical Stenographer	3	15	12
Clerical Typist – Data	2	12	12
Combination Typist	2	12	12
Commercial Account Specialist	5	24	12
Commercial Sales Support Associate	3	15	12
Commercial Telemarketing Representative	3	18	12
Communications Assistant	2	12	12
Communications Assistant - Relay Representative	2	12	12
Communications Operator	2	12	12
Communications Technician	6	36	12
Communications Technician - Toll	6	36	12
Composite Master Trades Worker	5	36	12
Computer Center Plant Engineer	6	36	12
Computer Equipment Operator - Data	3	15	12
Computer Network Associate - II	4	18	12
Computer Network Associate - III	6	36	12
Computer Network Clerk	2	12	12
Construction Technician	6	36	12
Construction Technician (Located)	6	36	12
Contract Clerk	4	18	12
Control Room Operator	3	12	12
Coordinator Assignment - Data	4	18	12
Coordinator Assignment - Data 6	4	18	12
Credit Representative	2	15	12

Title	Level Equalization Group	Time in Title	Time in Location
CSDG Assembler	5	24	12
CSDG Technician	6	36	12
Customer Contact Agent - C	2	12	12
Customer Engineer (Band 1)	6	36	12
Customer Engineer (Band 2)	5	36	12
Customer Engineer I	1	9	9
Customer Engineer II	5	36	12
Customer Engineer II - Apprentice	5	36	12
Customer Engineer III	6	36	12
Customer Engineer III - Journeyman	6	36	12
Customer Representative	3	15	12
Customer Representative - Residence	3	15	12
Customer Sales & Service Specialist	5	24	12
Customer Sales & Service Specialist - Comm	5	24	12
Customer Sales Associate	3	15	12
Customer Sales Associate - Bi-Lingual	3	15	12
Customer Service Associate - I	3	15	12
Customer Service Representative - Data 5	3	15	12
Customer Service Representative - Data	3	15	12
Customer Service Support Agent	3	15	12
Customer Software Administrator - 2	3	18	12
Customer Software Administrator - C	4	18	12
Customer Support Associate	3	15	12
Customer Support Technician - II	5	36	12
Customer Systems Engineer - Journeyman	6	36	12
Data Inventory Specialist	4	18	12
Data Processing Associate I	2	12	12
Data Processing Associate II	4	18	12
Data Processing Associate III	6	36	12
Data Processing Associate IV	6	36	12

Other Agreements

Title	Level Equalization Group	Time in Title	Time in Location
Data Processing Clerk	2	12	12
Data Service Coordinator	3	15	12
Data Service Coordinator 5	3	15	12
Data Software Administrator	4	18	12
Dedicated Customer Engineer - Journeyman	6	36	12
Delivery Driver	5	9	9
Design Associate-HITS	5	24	12
Desktop Publishing Coordinator	4	18	12
Desktop Publishing Specialist	3	15	12
Dispatch Clerk Data	2	12	12
Drafting Associate	4	18	12
Electrician	6	36	12
Engineering Associate	6	36	12
Engineering Data Clerk	3	15	12
Federal Administrative Clerk	3	15	12
Federal Business Representative	5	24	12
Federal Graphics Specialist	5	24	12
Federal Order Administrator	3	15	12
Federal Records Clerk	2	12	12
Federal Sales Representative	5	24	12
Federal Senior Clerk	4	18	12
Federal Senior Graphics Specialist	6	36	12
Five Tier Senior Clerk	2	9	9
Five Tier Senior Secretary	3	15	12
General Clerk (E-3)	2	12	12
General Clerk (SS-1)	2	15	12
General Clerk - 1	2	12	12
General Clerk - Data	2	12	12
General Clerk - Data 4	2	12	12
General Service Clerk	2	12	12

Title	Level Equalization Group	Time in Title	Time in Location
General Services Senior Clerk	3	15	12
General Utility Worker	2	12	12
GPM Carpenter	5	36	12
GPM Electrician	5	36	12
Graphics Assistant	2	12	12
Graphics Specialist	5	24	12
Hazardous Materials Technician	4	15	12
Head Supplies Attendant	4	18	12
Information Services Agent	2	12	12
Information Services Clerk	3	12	12
Instrument and Control Mechanic	6	36	12
International Process Associate	3	15	12
Inventory Specialist - Data	3	15	12
Light Supplies Delivery Driver	4	9	9
LS Associate	3	18	12
LS Clerk	2	12	12
LS Specialist I	4	36	18
LS Specialist II	6	36	18
Marketing Associate	4	18	12
Marketing Clerk	2	12	12
Mechanic - C	4	18	12
Mechanic - I	4	18	12
Network Comm Tech-HITS	6	36	12
Network Order Administrator	3	15	12
Network Security Representative	4	18	12
Office Clerical Assistant	1	9	9
Office Clerical Assistant -C	1	9	9
Office Clerical Assistant - I	1	9	9
Office Clerical Assistant - 2	2	12	12
Office Clerical Assistant - 3	3	15	12

Other Agreements

Title	Level Equalization Group	Time in Title	Time in Location
Office Clerical Assistant - 5	2	15	12
Office Clerk	2	12	12
Office Support Clerk	1	9	9
Operations Clerk	2	12	12
Operations Clerk - 7	6	36	12
Operations Mechanic	4	18	12
Operator	2	12	12
Operator Service Center Clerk	3	15	12
Order Clerk - Data	3	15	12
Order Typist - 1	3	15	12
Order Writer - 1	3	18	12
Order Writer - 2	4	18	12
Plant Operation Mechanic	5	24	12
Print Reprographics Operator	2	9	9
Receiver	3	24	12
Receiver-Shipper/Storekeeper	3	12	12
Records Clerk -C	2	12	12
Records Clerk - I	2	12	12
Records Clerk (E-3)	2	12	12
Records Clerk (SS-1)	2	15	12
Records Clerk - 2	3	15	12
Records Clerk - 3	2	15	12
Records Clerk - 4	3	18	12
Records Clerk - 6	1	9	9
Records Clerk - 7	6	36	12
Reports Clerk (SS-1)	2	15	12
Reports Clerk (TG-5/SS-2)	3	15	12
Reprographics Specialist	3	12	12
Results & Accounting Analyst - Data	4	18	12
Revenue Results Clerk	3	15	12

Title	Level Equalization Group	Time in Title	Time in Location
Sales Associate - N	2	12	12
Sales Representative - C	5	24	12
Sales Representative - C - Commission	5	24	12
Secretarial Stenographer	4	18	12
Security Reports Clerk	2	15	12
Senior Bill Processing Clerk	2	15	12
Senior Clerk	3	15	12
Senior Clerk - 1	2	12	12
Senior Communications Operator	3	15	12
Senior Construction Technician	6	36	12
Senior Data Processing Clerk	3	15	12
Senior File Clerk	3	15	12
Senior Graphics Specialist	6	36	12
Senior Marketing Clerk	3	15	12
Senior Office Clerk	2	15	12
Senior Operations Clerk	3	15	12
Senior Operator Service Center Clerk	4	18	12
Senior Records Clerk	3	15	12
Senior Records Clerk - OS (TG-5)	3	15	12
Senior Reports Clerk - OS (TG-6)	4	18	12
Senior Stenographer	3	15	12
Senior Technician - Journeyman	6	36	12
Service Assistant	3	15	12
Service Attendant-HITS	3	15	12
Service Bureau Assistant	5	24	12
Service Center Clerk - Data	4	18	12
Service Coordinator - 3	4	18	12
Service Coordinator - 4	3	15	12
Service Order Administrator	3	15	12
Service Order Typist	2	12	12

Other Agreements

Title	Level Equalization Group	Time in Title	Time in Location
Shop Attendant	3	15	12
Special Billing Clerk	2	18	12
Special Operations Clerk	4	18	12
Special Reports Clerk	4	18	12
Staff Assistant I	6	36	12
Staff Assistant II	6	36	12
Subpoena Management Clerk	4	18	12
Supplies Attendant	3	18	12
Supplies Attendant - Data	3	15	12
Supplies Coordinator	4	18	12
Supplies Expediter	5	36	12
Supplies Expediter - Data	5	36	12
Systems Applications Specialist	6	36	12
Systems Engineer - Journeyman	6	36	12
Systems Technician – Journeyman	6	36	12
Technicians Apprentice	5	36	12
Technicians Assistant	1	9	9
Telecommunications Relay Associate	2	12	12
Telecommunications Relay Clerk	2	12	12
Teleconference Specialist	2	12	12
TRA Administrative Associate	3	15	12
Truck Dispatcher	5	36	12
Warehouse Shipping & Receiving Clerk-HITS	3	15	12
Word Processing Specialist	2	12	12
Word Processing Specialist - 1	3	15	12
Word Processing Specialist - 2	4	18	12

(BB) ADMINISTRATIVE AND OTHER IMPROVEMENTS TO ATS

Mr. R. V. Maly, Vice President, CWA
Mr. R. F. Morrison, Chairman, System Council T-3, IBEW

Gentlemen:

Re: Administrative and Other Improvements to ATS

This will confirm our understanding reached during 2002 Bargaining that the Unions and the Company, recognizing the proven advantages of continuing to simplify administrative processes and other improvements concerning the AT&T Transfer and Rehire System (ATS/ARS) agree that:

The ATS/ARS Review Board will continue to seek ways to address the following subjects:

- The staffing of ATS/ARS positions requiring a security clearance.
- Review and update the employee information package, skill codes, job titles, and level equalization group data (target date of 4th quarter 2002).
- Educate the general ATS employee population that registration with ATS is essential.
- Discuss potential areas for enhancement regarding the ATS/ARS system as well as the ATS/ARS Web site.
- Review Time-in-Title for all Operations Represented Titles (target 4th quarter 2002). Any changes to be implemented will be effective January 1, 2003.
- Review Time-in-Title for LNS Represented Titles (target 4th quarter 2002). Any changes to be implemented will be effective January 1, 2003.
- Review and discuss the feasibility of new selection criteria. During September, 2003, the Review Board will review their findings regarding this effort.
- Continue to seek ways to mechanize and electronically provide information regarding employee status on individual placement requests.
- Review and discuss ATS/ARS job requisitions to ensure candidates are selected and/or job requisitions are closed in a timely manner.

Other Agreements

Further, should emerging technology make additional simplification or improvements possible, the Company will pursue such programs. The schedule for implementation of all enhancements will be established and monitored by the Joint ATS/ARS Review Board, with input from the Integrated Workforce Solutions (IWS) organization.

Very truly yours,

/s/ F. N. Murray
Labor Relations, V.P.

Concurred:

/s/ R. V. Maly
Vice President, CWA

/s/ R. F. Morrison
Chairman, System Council T-3, IBEW

**(QQ) PAYMENT OF SIGNING BONUS AND APA TO EMPLOYEES ON
UNION LEAVE OF ABSENCE**

Mr. R. V. Maly, Vice President, CWA
Mr. R. F. Morrison, Chairman, System Council T-3, IBEW

**Re: Payment of Signing Bonus and APA to Employees on Union Leave of
Absence**

Gentlemen:

This will confirm our agreement reached in 2002 Bargaining that payment of the \$250 Signing Bonus and two (2) APA payments will be made to employees on a Union Leave of Absence at the same time and in the same manner as they are paid to other occupational employees represented by the Unions.

Very truly yours,

/s/ F. N. Murray
Labor Relations, V.P.

Concurred:

/s/ R. F. Morrison
Chairman, System Council T-3, IBEW

/s/ R. V. Maly
Vice President, CWA

Other Agreements

(RR) COPE PAC DEDUCTIONS - CWA

Mr. R. V. Maly, Vice President, CWA

The Company will continue procedures, which became effective January 1, 1987, to permit CWA-represented employees to contribute to the CWA-COPE Political Action Committee ("CWA-COPE PAC") through payroll deductions. Such procedures shall continue in effect during the term covered by this Memorandum of Agreement.

As provided for in the regulations of the Federal Election Commission, the Union will reimburse the Company for the cost of administration of the payroll deduction system for CWA-COPE PAC. The parties agree that such costs, during the term of this Memorandum of Agreement, have been projected and included, as advance reimbursement, in the amount of the economic settlement contained in this Memorandum of Agreement, as a debit to the Union and a credit to the Company.

Payroll deductions authorized pursuant to this Agreement will be transmitted to the Treasurer of CWA-COPE PAC on a monthly basis.

Sincerely,

/s/ F. N. Murray
Labor Relations, V.P.

Concurred:

/s/ R. V. Maly
Vice President, CWA

Attachment

**Attachment - CWA
COPE DEDUCTION
ADMINISTRATION COST SUMMARY**

<u>Union</u>	<u>Estimated Employees</u>	<u>Annual Remittance</u>
CWA	3,543	\$201,344
IBEW	1	16
TOTAL	3,544	\$201,360

Administrative support, miscellaneous expenses in manpower and supplies in connection with card data entry, problem resolutions, remittance efforts to each union, general maintenance of processes and documentations amounts to approximately \$500.00 per year for the life of this Agreement.

Total estimated cost over life of Agreement: \$500.00 x 1.5 years = \$750.00

**(SS) MEMORANDUM OF UNDERSTANDING REGARDING
NEUTRALITY AND CONSENT ELECTION**

This agreement between CWA, IBEW and AT&T supersedes all previous agreements between the parties concerning union organizing, access to employees and code of conduct applicable to union organizing efforts, card check, values, etc. It is effective on July 1, 1999.

The Unions and the Company recognize that it is in their mutual interest to operate in the spirit of partnership and common vision. The parties also share the mutual goals of building a world class, high performance enterprise and addressing employment security through business success and employee development. As a means to achieve these goals the parties will mutually support regulatory and legislative efforts, marketing/sales and service efforts, and other business initiatives leading to employment security and AT&T's business success.

The parties also recognize that the Unions' goal of growing membership is intrinsically linked to the successful growth of the business. In order to maintain this perspective and to also avoid unnecessary confrontation, the parties agree that the following principles regarding neutrality and consent election will be applicable to all AT&T Business Operating Units and Divisions listed on Attachment 1 and shall be the exclusive means by which the Unions, their locals, or individuals acting on their behalf, will conduct an effort to organize non-management employees in the covered AT&T Business Operating Units or Divisions listed.

1 Employee Choice

Both the Unions and the Company support and agree with the principle that the decision as to whether or not to become represented by a union is one that does not belong to either the Union or to the Company. Rather, it is an individual decision that belongs to the employee. With the parties' mutual recognition of this fundamental tenet, the following provisions are intended to establish, encourage, and nurture an environment during a union organizing drive that will allow employees to choose whether or not to become represented in a fully informed and uncoerced manner. All negotiations concerning appropriate unit, access, conduct, and voting will be performed by local management and Local Union officials, i.e., those directly impacted by these discussions. The local union and management officials may request a meeting with the appropriate union and company headquarters representatives at the beginning of this process.

2 Neutrality

The Company and the Unions agree that an organizing drive should be and will be met by a neutral position by the company. This statement is consistent with and reinforces the previously established principle of employee choice. It should follow that an environment intended to foster employee choice would be a neutral environment and that information communicated by either party would be fact based and not misleading, distorted or disparaging. Neutrality means the following:

- (a) Management will not be anti-union nor will the Union be anti-management.
- (b) Management will not advocate that employees should not vote for a union to represent them.
- (c) The Unions will be afforded reasonable opportunities for access to employees to get their message communicated.
- (d) Management will respond to employee questions, and is obligated to correct inaccurate or misunderstood information by employees.
- (e) The Union(s) will be referred to by name and will not be characterized as a "third party" or "outsider".
- (f) Any written information distributed to employees by either party relative to the organizing campaign will be shared with the other. The parties' communications with employees will be in accordance with this agreement.
- (g) Neither party will hire consultants who encourage an adversarial relationship.
- (h) Neither managers nor union representatives will be personally attacked.
- (i) Neither the Union nor the Company will be attacked as institutions.
- (j) The Company will not conduct "captive" audience meetings.

Allegations of violations of these provisions will be handled via the dispute resolution process contained in this Agreement.

3 Rules

The procedures to be followed are listed below:

- (a) The Union must show a minimum of 50% + 1 show of interest on signature cards of the appropriate unit.
- (b) If an election is conducted and the Union is not successful, another election will not be scheduled for twelve months.
- (c) A vote of 50% + 1 of those who vote, validated by the Third Party Neutral (TPN), will determine the outcome.
- (d) The TPN will resolve any issue concerning challenged ballots in similar fashion to the NLRB process.

Other Agreements

4 Time Bound

It is in the interest of both parties that the organizing campaign be conducted expeditiously. The union is therefore obligated to notify management of its intention to conduct a formal organizing drive before it begins. The date of this notification will "start the clock". The entire campaign, including the consent election, will be concluded in ninety (90) days. It is the intent of the parties that the ninety (90) day time frame will include discussion and agreement on the unit. In the event the parties are unable to agree on the unit, the dispute resolution process set forth below will be utilized and the time period will be extended by the number of days required to reach agreement on the unit, but in no event will the total campaign, including resolution of the scope of the bargaining unit and the consent election process, exceed one hundred twenty (120) days. If employees vote not to be represented, the union agrees not to initiate another campaign (nor continue the current campaign) in that same work group for twelve (12) months from the date of the conclusion of the campaign. This would not preclude the Local Union from having contact with the workers in the group. If employees vote to be represented, collective bargaining over the terms and conditions of employment will commence within sixty (60) days and will be limited to the agreed upon unit.

5 Informed Decision

Both parties agree that employees should be fully informed about all aspects of union representation. The Union will provide fact-based information to employees as it endeavors to convince prospective members of the merits of being represented by a labor union. Management's role during this process will include:

- (a) responding to individual employee inquiries
- (b) explaining the organizing process, including obligations and responsibilities
- (c) correcting any inaccuracies or misstatements or misunderstandings disseminated by the Union.

6 Free from Coercion

Consistent with the basic tenet of employee choice, the parties want to ensure that employees have expressed their choice from an informed position and are completely free from any coercion by the Company, the Union, or any other party or parties. One way to ensure this objective is to have an NLRB conducted election.

In the alternative, the Company and the Union agree to use a process called "Consent Election". This process will work as follows:

- (a) As part of the access discussions, the parties agree to use "Consent Election".
- (b) The Unions shall initiate the consent election process by providing to a third party neutral (TPN) proof of support by means of show of interest cards from 50% + 1 of the employees in the unit. The neutral will then notify AT&T and request a list of names, job titles and home addresses. The Company will furnish the list within three working days. The applicable union will also be furnished with the list. The "show of interest" cards will clearly state their purpose and that a secret ballot consent election will be conducted to determine the will of the unit. If the neutral determines that the Union(s) has a sufficient show of interest, he/she will schedule a Consent Election process in accordance with this agreement.
- (c) The election process will be supervised by a mutually selected neutral, whose role it is to ensure the integrity of the process itself, and will be conducted within two (2) weeks of the submission of the Union's show of interest to the TPN. Employees will be asked to express their individual preference in a manner that will ensure that their choice will not be known to either party. The neutral will count the votes and advise the parties of the outcome. Consistent with this agreement, a vote of 50% +1 of those who vote will control. The parties may have an observer present when the TPN counts the ballots.
- (d) In all cases, the election process shall take place within fourteen (14) days of receipt and verification of the Union's show of interest cards by the neutral. In those cases in which there is no dispute about the composition of the unit, the election process will be held within seven days. The election may be held at the Company location or at a neutral site as agreed by the parties. The cost of using a neutral site will be split equally by the parties.

If there is a dispute as to the composition of the unit, the neutral shall either decide the issue within an additional seven days or order an election as described above with the decision as to the composition of the unit to follow the election within no more than seven days.

7 Access Agreement

As soon as reasonably practicable after a request by the CWA/IBEW for access, local management and CWA/IBEW representatives will meet to discuss the details related to reasonable access to the unit by CWA/IBEW representatives. The Union(s) will be allowed reasonable opportunities for access to AT&T facilities. It is the intent and commitment of AT&T and the CWA/IBEW that the access agreed upon will not interfere with the operation and other normal and routine business activities, plans and programs of AT&T generally and, specifically, the selected unit. Access agreed upon will

Other Agreements

be in non-working areas and during employee non-working times. Agreements as to eventful access, such as access to conference rooms, will be reasonable in length and there will be reasonable periods between requests for eventful access. However, uneventful access, such as a prearranged meeting with an individual employee, will not be affected by this.

If AT&T and the CWA/IBEW are unable to agree on reasonable access, the third party neutral will be asked to resolve the issue. Successful access agreements utilized at other units will be looked to for guidance as to what works and is reasonable. AT&T and the CWA/IBEW commit that they will reach such an access agreement in each instance in an expeditious manner.

8 Dispute Resolution

- (a) Questions or disputes arising during the course of an organizing effort within a particular unit of non-represented employees will, in all cases, be addressed first by and between the parties themselves and, in particular, local AT&T management and appropriate CWA/IBEW representatives. It is the intent and desire of AT&T and the CWA/IBEW that such matters be dealt with and are best dealt with by and between the parties themselves, particularly at the local level, without having to resort to the assistance of a third party. It is also agreed, however, that, if every good faith and reasonable effort has been made, but the matter still remains unresolved, the process described below will be utilized.
- (b) The Third Party Neutral (TPN) will resolve disputes in the manner set forth in this agreement. Either AT&T or the CWA/IBEW can refer a question or dispute, unresolved after good faith efforts have been made to resolve the dispute locally, to the chosen Third Party Neutral by providing three working days' written notice to both the other party and the TPN. The notice will provide a complete statement of the question or dispute to be addressed and a statement that the parties have attempted in good faith but have been unable to resolve the matter by and between themselves.
- (c) The TPN has the authority (pursuant to Section 8) to issue appropriate remedial orders in connection with claimed violations of the NCE which would restore the conditions necessary to allow employees to choose whether or not to become represented in a fully informed and uncoerced manner consistent with the provisions of paragraph (1) Employee Choice and (2) Neutrality of the NCE Agreement. Such remedies, applicable to either the Company or the Union, may include the posting of notices; cease and desist orders; postponement of the election for the notice posting period; ordering the postponement or barring of organizing efforts by the Union; an election, card check or recognition (as described in paragraph (9)) below, at a specific location.

- (d) If the question or dispute involves a matter related to access (i.e., the nature, event, time, location, individuals involved, etc.), the TPN will fully investigate all relevant facts surrounding the question or dispute. The TPN will then call the parties together and attempt to facilitate resolution of or otherwise mediate the matter.

If, after a good faith attempt at facilitated resolution or mediation, the access question or dispute is still not resolved, the TPN will attempt to render an immediate decision, which includes a method or alternative methods of resolving the perceived access problem. However, in no event will the TPN take longer than five (5) days thereafter to render a decision. The decision of the neutral will be final and binding and the parties agree to abide by his/her decision. This process, from the time the TPN is contacted to the time his or her opinion is issued, will not take more than fifteen (15) days unless the parties agree otherwise.

- (e) If the dispute involves the appropriateness of the bargaining unit the Union seeks to organize and the parties are unable to agree, after negotiating in good faith for a reasonable time, upon the description of an appropriate unit for bargaining, the issue of the description of such unit shall be submitted to the TPN and a hearing shall be conducted consistent with the rules of the AAA. The neutral shall be confined solely to the determination of the appropriate unit for bargaining and shall be guided in such deliberations by the statutory requirements of the National Labor Relations Act and the decisions of the National Labor Relations Board and Appellate reviews of such Board decisions.
- (f) Regardless of the type of question or dispute that is submitted to the Third Party Neutral, the parties will each be given a full opportunity to present their positions and supporting factual information prior to the issuance of any opinion. No written briefs will be submitted. There shall be no ex parte contact with the Third Party Neutral without the concurrence of all parties. AT&T, the CWA and IBEW believe that matters pertaining to these values are best handled by and between the parties themselves and resort to a TPN should be necessary in only a limited number of cases.

AT&T and the CWA/IBEW agree that the parties may distribute a decision of the TPN to employees in the selected unit but not outside to the public such as the press.

- (g) The parties agree that the process set forth herein shall be the exclusive means for resolving disputes covered by this dispute resolution process, and neither party will utilize any other forum (e.g. NLRB, federal court, etc.) to address issues subject to resolution pursuant to this process.
- (h) All expenses resulting from the use of the TPN process shall be split equally by AT&T and the Union.

9 Card Check Remedy

- (a) Within seven days after an election, charges of NCE violations may be referred to the TPN. If the TPN finds an instance(s) of a serious or repeated NCE violation(s) by management in any organizing effort at a location where formal notice has been given by the union, the TPN may remedy the situation by setting aside the results of the election and requiring the company to recognize the Union in the appropriate unit at that location in which the election was held, provided that proof of majority support has been submitted to the AAA and verified, and provided that the TPN concludes that the Company has engaged in substantial non-compliance of the neutral environment provided for in paragraph (2) 'Neutrality' of the NCE agreement and therefore preventing employees from choosing whether or not to become represented in a fully informed and uncoerced manner as provided in paragraph (1) 'Employee Choice' of the NCE Agreement.
- (b) If the TPN finds an instance(s) of a serious or repeated NCE violation(s) by management in any organizing effort at a location where formal notice has been given by the union but a request for election has not yet been submitted, the TPN may provide for recognition for card check in the appropriate unit at that location subject to the union's notice. The cards may be submitted during a 90 day period following the TPN's decision if he/she has concluded that the Company has engaged, at that location, in violations of the NCE of such severity that other remedies (including those set forth in paragraph 8 (c)) would not restore conditions which would allow employees to choose whether or not to become represented in a fully informed and uncoerced manner. In these cases, charges of NCE violations must be submitted to the Company and the TPN within 7 days of the claimed violation. It being understood that both parties will endeavor to resolve any and all disputes as soon as possible. In the event the TPN finds such a severe violation of the NCE, the Union shall provide the required show of interest cards to the AAA during the 90 day period. The Company shall then provide to the AAA its *Excelsior* list of unit employees within three business days of the date the Company is notified of receipt of such cards by the AAA. If there is a dispute as to the composition of the unit it shall be referred to the TPN. After receipt and verification by the AAA, if the majority support has been provided, the Union will be recognized at that location.

(SS) AT&T BUSINESS OPERATING UNITS AND DIVISIONS

ATTACHMENT 1

ANS Customer Service Operations (previously Business Customer Care)
AT&T Consumer Services (previously Consumer Markets)
AT&T Labs (including previously AT&T Solutions)
Brand Strategy/Marketing Communications
Business Service Enterprises (previously Business Markets and including AT&T Solutions)
Chief Financial Officer Organization
Controller Division
Global Real Estate
Human Resources
International Ventures Organization
Law and Government Affairs
Packet & Optical Network Services (previously Network and Computing Services)
Public Relations & Employee Information
Supplier Management Division
ATTSCO
GRCI
Local Network Services
Web Hosting

(h) Ergonomics

The Company and the Union are encouraged to meet at the Business Operating Unit level, or suitable alternative, to explore human factors issues involved in the design of work and the work environment. Where these joint efforts are initiated, Union and Company representatives are encouraged to notify the joint National Safety Advisory Committee of their efforts.

(v) Article 37 Scheduling

The parties agree to continue scheduling call servicing employees, covered by Article 37, on a two-week interval instead of a weekly scheduling process. Scheduling in this manner will continue for the term of the current collective bargaining agreement unless either party provides the other with sixty (60) days written notice of termination.

Other Agreements

(cc) Designated Holidays

During the term of the 2002 Agreement, the Local Unions which were entitled under the terms of the AT&T Communications Agreement, shall continue to be eligible to designate a holiday under the same terms, conditions, procedures, and requirements as were applicable under the terms of Paragraph (z)(5) of the 1992 Settlement Memorandum.

Designations of all holidays falling within the term of the Agreement must be made within 90 days of the effective date of the Agreement.

NEW 2002 PROVISIONS

The following new provisions set forth below are included in the 2002 Agreement:

(A1) CONSTRUCTIVE RELATIONSHIP COUNCIL

The Constructive Relationship Council shall meet on a quarterly basis. The CRC will consist of an equal number of management and union representatives. At each quarterly meeting at least one member of the senior leadership team of the Company's business units shall participate in a CRC meeting. At the meeting, the Business Unit leader will review with the Union's leadership the state of the business, technological developments and projected contracting initiatives which are expected to take place. The Union will be provided the opportunity to suggest and recommend alternatives to the anticipated contracting and to discuss the impact of these technological developments upon employees the Unions represent and the Company agrees to give serious consideration to the Unions' suggestions and recommendations. The discussions are not intended to preclude the Company from sub-contracting but allow the parties the opportunity to conduct open and thorough dialogue in understanding both the Company's business needs and the Unions' institutional needs. The parties may agree to schedule additional meetings with individuals in Business Units to discuss issues raised in the meeting.

The parties agree to share such information as is necessary and appropriate but because such information will in most cases be confidential and competitively sensitive, the Union agrees that information disclosed at or in connection with the CRC shall not be released or disclosed beyond the individuals participating in the meeting without the express written consent of the Company. Any questions or disputes about the adequacy or relevance of any information provided or requested at the meeting shall be addressed exclusively by the participants in the meeting, and shall not be subject to the grievance procedure nor the basis for litigation or NLRB proceedings.

Nothing contained in this letter shall be deemed to authorize the submission of contracting disputes or the Company's decision to introduce new or enhanced technology to arbitration. Notwithstanding, the goal of the parties will balance the needs of customers, the provision of excellent service, economic factors and the needs of bargaining unit employees for employment security.

(B1) SUBCONTRACTING COMMITTEE

A challenge to an effective union-management relationship is the on-going debate about the need to respond efficiently to competitive market conditions and customer demand while recognizing the importance of employment security and job opportunities for current and future employees. Issues around contracting out of work have been particularly difficult to resolve to the satisfaction of both the Union and the Company.

The Union and the Company agree that each has a responsibility to suggest and consider solutions for enabling the use of bargaining unit employees for work most effectively done by employees. To be successful, this requires a good faith effort by both parties.

To accomplish this, the Constructive Relationship Council will form a Committee to discuss AT&T's contracting out initiatives. This committee will be made up of three (3) IBEW representatives, a staff person from the CWA Communications and Technologies Office, two (2) Local Officers appointed by the Vice-President of that office and three (3) representatives of AT&T. Additional people may be brought in as "subject-matter-experts," when necessary, upon mutual agreement by the parties.

The Committee shall, under the direction of the CRC, discuss current and future contracting initiatives. In the case of new initiatives, the Company will provide as much notice as reasonably possible to facilitate discussions on alternatives to subcontracting. The Company will provide to the members of this Committee information necessary to fully examine the current and future contracting initiatives. This may include, but is not limited to, a list of all contractors, their function, the Business Units they work for, the number of hours/days they worked that month, the particular work location, the hourly rate and the total cost of the contract, economic factors, the skills necessary to perform the work and the impact such subcontracting may have on employment security.

The purpose of these discussions is for the parties to understand the specific conditions that have influenced the Company's decision to contract work out and provide the Union an opportunity to discuss alternatives that would meet our common goals of balancing the needs of the customers, economic factors, the provisions of excellent service, and the needs of the bargaining unit employees for employment security.

This agreement in no way changes the intent and meaning of Article 30 and G23 and the Bahr/Williams letter.

The Constructive Relationship Council will provide oversight and direction to the Committee and, if necessary, may amend the above.

(C1) STANDING JOINT SUBCOMMITTEE ON TESTING

AT&T, CWA and IBEW agree to have the Standing Joint Subcommittee on Testing meet to discuss those issues raised during the 2002 contract negotiations.

The subcommittee will endeavor to establish a procedure whereby it may be involved upfront in the process and in so doing will be provided such information as:

1. The reason a test is being changed or developed;
2. An overview of the test development plan;
3. Feedback as the test or change is being developed.

The subcommittee will also determine what data, if any, is necessary to help the subcommittee answer questions about issues around current tests.

(D1) AT&T RESOURCE CENTERS (ARC)

AT&T, CWA and IBEW agree to establish a Joint ARC Steering Committee to discuss the AT&T Resource Centers (ARC). The Committee will include two (2) members from the IBEW and the CWA and four (4) from the Company.

The Committee will look at the roles of the current ARC's in AT&T and where possible, review ways to enhance the role of the AT&T Resource Centers to more closely follow the model of the Employee Resource Centers. The Committee will review the services provided by the ARC's which may include the following:

- education and training;
- career and personal counseling;
- resource data for local area jobs and skills required;
- interface with AT&T Transfer and Rehire System (ATS/ARS) and the Alliance;
- assistance and referral concerning benefit programs;
- other services and counseling deemed to be appropriate by the Joint ARC Steering Committee.

(E1) CARD CHECK

The Company will neither help nor hinder efforts by the Union to organize and represent occupational employees in the Company's Dual Party Relay Centers, provided, however, that the Company is not precluded from responding to employee's inquiries related to the issue of union representation.

When the Union claims that at least sixty five per cent (65%) of such employees have signed authorization cards designating the Union as their exclusive bargaining agent in an appropriate unit, the Company will recognize the Union as the bargaining agent of such employees without an NLRB-supervised election, provided the following conditions are satisfied:

- (a) The Company and the Union have mutually agreed that the bargaining unit in which the Union seeks recognition is an appropriate bargaining unit; and
- (b) The Company and the Union have mutually agreed upon the number and identity of the employees eligible for representation in such a unit; and
- (c) The Union submits to a mutually selected third party signed authorization cards from at least sixty five per cent (65%) of the employees in the agreed-upon bargaining unit, all of which expressly state that by signing the card the employee designates the Union as his/her exclusive bargaining representative, and further, understands that if a majority of the employees in the unit also sign such cards, the Company will recognize the Union without an NLRB-supervised election; and
- (d) The Union's majority status in the agreed-upon bargaining unit is confirmed by the mutually selected third party. If the Company and Union fail to agree upon either of the conditions set forth in paragraphs (a) and (b) above, the matter may be referred to the NLRB for determination.
- (e) The Union has notified the Company of its intent to conduct an organizing drive before it begins. The campaign will begin following receipt of the notice and the entire campaign must be concluded within ninety (90) days from receipt of the notice. No authorization cards may be solicited or signed before the Union provides the required notice to the Company. If the Union does not present cards from the requisite number majority of the employees in the agreed upon unit within the ninety (90) day period, the Union will not initiate another organizing effort (nor continue the existing one) for a period of twelve (12) months after the expiration of the ninety (90) day period.

Other Agreements

(F1) ATS TRIAL: AT-RISK CANDIDATES DECLINING ATS JOB OFFERS

Mr. R. V. Maly, Vice President, CWA

Mr. R. F. Morrison, Chairman, System Council T-3, IBEW

Gentlemen:

Re: ATS Trial: At-Risk Candidates Declining ATS Job Offers

The Unions and the Company, recognizing that unforeseen circumstances may result in the need for an At-Risk employee to decline an ATS job offer, agree to conduct a trial for one year in which, under the circumstances described below, At-Risk employees may decline one (1) ATS job offer without loss of their Surplus status.

The provisions of this article will allow for At-Risk employees to decline one (1) ATS job offer without loss of their surplus indicator. Upon declination of a second job offer, the employee will lose their surplus indicator and must meet the Career eligibility requirements in order to participate in ATS.

The staffing office will track all such declinations and provide the ATS/ARS Oversight and Review Board with a report on a monthly basis.

The Joint ATS/ARS Review Board will evaluate the results of the trial and will report the results to the Unions and the Company at the end of the trial.

Very truly yours,

/s/ F. N. Murray

Labor Relations, V.P.

Concurred:

/s/ R. F. Morrison

Chairman, System Council T-3, IBEW

/s/ R. V. Maly

Vice President, CWA

(G1) ATS/ARS COORDINATOR

Mr. R. V. Maly, Vice President, CWA
Mr. R. F. Morrison, Chairman, System Council T-3, IBEW

Gentlemen:

Re: ATS/ARS Coordinator

The Unions and the Company agree to continue, for the term of this agreement, the position of ATS/ARS Coordinator.

Very truly yours,

/s/ F. N. Murray
Labor Relations, V.P.

Concurred:

/s/ R. F. Morrison
Chairman, System Council T-3, IBEW

/s/ R. V. Maly
Vice President, CWA

(H1) MILEAGE REIMBURSEMENT (PERSONAL VEHICLE)

Employees who are entitled to reimbursement for mileage under the terms of this Agreement shall be reimbursed at the highest allowable IRS rate for business travel which does not require inclusion of the amount in the employee's gross income.

(kk) Hawaii Information Transfer (HITS) System Provisions

The following items were agreed to in 2002 bargaining and will continue in accordance with their original terms:

- (1) HITS Center Employee Holidays
- (2) Service Attendant-HITS Work Scheduling
- (3) HITS Network Communications Technician Force Adjustment

Other Agreements

(1) HITS Center Employee Holidays

April 1, 1999

Mr. Jerome U. Klimm
Administrative Assistant to the Vice President

This will confirm our agreement that in regards to the Holiday Article 23.1, the HITS Center Employees will substitute President's Day for the Day after Thanksgiving. This substitution is required to better align the work center with the federal holidays that are observed by the customer.

Sincerely,

/s/ L. J. Smith
Labor Relations, Staff Manager

Concurred:

/s/ Jerome U. Klimm
Administrative Assistant to the Vice President

(2) Service Attendant-HITS Work Scheduling

April 1, 1999

Mr. Jerome U. Klimm
Administrative Assistant to the Vice President

This letter will confirm our agreement reached regarding the employees in the Service Attendant-HITS title in the HITS Center. These employees will adhere to the following changes regarding posting of schedules and changes in schedules:

Posting Schedules

- (1) Holiday schedules shall be posted at least two (2) weeks prior to the holiday and subsequent changes shall be kept at a minimum.

Changes in Schedules

(1) Changes in scheduled and non-scheduled days for the following week may be made provided the employee is notified personally of the change at or before 5:00 PM Thursday of the current week. After 5:00 PM Thursday of the current week an employee shall not be required to change his or her scheduled and non-scheduled day; provided, however, that if an employee is called in on a non-scheduled Sunday and works the equivalent of a full tour, that Sunday shall become a scheduled day and the Company may designate one of the employee's scheduled days in the week as a non-scheduled day by notifying the employee of such designation before the end of the Sunday work.

Sincerely,

/s/ L. J. Smith
Labor Relations, Staff Manager

Concurred:

/s/ Jerome U. Klimm
Administrative Assistant to the Vice President

(3) HITS Network Communications Technician Force Adjustment

April 1, 1999

Mr. Jerome U. Klimm
Administrative Assistant to the Vice President

Force Adjustments originating with the title of Network Communications Technician-HITS will be considered to include the title of Communications Technician for the purposes of job claiming. The title of Communications Technician will be included in the creation of job claiming lists for the applicable Force Adjustment Region. A Network Communications Technician-HITS may claim a job of a Communications Technician provided the Network Communications Technician-HITS has the basic qualifications to perform the Communications Technician job and provided the Network Communications Technician-HITS has greater seniority than the Communication Technician.

Sincerely,

/s/ L. J. Smith
Labor Relations, Staff Manager

Concurred:

/s/ Jerome U. Klimm
Administrative Assistant to the Vice President

(II) Telecommuting

May 12, 2002

Ralph V. Maly, Jr.
Vice President – CWA
Communications & Technologies
501 Third Street, NW – 2nd Floor
Washington, D.C. 20001

The parties agree that they may engage in program trials which include telecommuting for employees covered by the 2002 collective bargaining agreement. No program should be initiated until the requisite CRC approval has been obtained. This agreement is intended to consider telecommuting options to address legitimate business requirements, and not intended to be used by managers or employees to address individual or personal needs.

A minimum of one month prior to the implementation of any telecommuting trial, a proposal will be submitted to the CRC, to obtain approval. Included in the proposal should be the signatures of the local parties, the name of the Employee and Labor Relations Staff Manager involved, and the business unit and location to which the proposal will apply. The Company will ensure that financial review and funding has been authorized prior to submittal to the CRC.

Additionally, these considerations would normally apply, unless otherwise set forth in the proposal:

- If during the trial an employee is expected to report to work at their regular reporting location for their normal work tour, time required to travel to their regular reporting location will not be paid.
- An employee required to travel, other than their normal commute, during their normal work hours will be reimbursed for personal vehicle mileage or the expenses associated with the preferred mode of transportation as defined by the Company.
- Compensation and benefits are not affected by the telecommuting trial. Employees will be paid according to the wage zone at their normal AT&T work location, even though their home or telecommuting location may be in a different wage zone. Special allowances will apply only when the employee actually reports to their normal work location as defined in Appendix 2.
- Employee's schedule is unaffected by telecommuting, and will be established by management as specified in the collective bargaining agreement.

Other Agreements

- AT&T's policy for safeguarding proprietary information must be followed. Supervisors will review the policy with the employee(s) before any trial commences.
- Performance evaluation criteria will be the same as would be in place at the employee's normal work location.
- Employee reimbursable expenses will be consistent with established corporate expense guidelines.
- Workers Compensation liability for job-related injuries and illnesses and eligibility for benefits continue during the employee's approved work schedule/assignment throughout the duration of the trial in accordance with applicable law and the term of the program.
- AT&T is not liable for any injuries to family members, visitors, and others in the employee's home or telecommuting location.
- A Teleworker's Agreement, as defined in the Company's policy regarding telework, will be developed, reviewed, and mutually agreed to, by all employees prior to their participation in the trial. A copy of this agreement will be retained in the employee's personnel file.

Additionally, the proposal must include the following:

- The criteria that will be used to identify and/or select the participants in the trial.
- Options for employee withdrawal from participation in the telecommuting trials will be defined.
- Identify what equipment will be provided and the procedures that will be applicable if that equipment is Company provided and/or employee provided in regards to maintenance, repair and replacements and any associated expenses.
- Appropriate work environment and Company access to that work area will be defined in each proposal going to the CRC for approval.

Termination of any telecommuting trial may be done by either the Company or the Union with a minimum of 15 days notice in writing.

Sincerely,

/s/ Frederick N. Murray, Vice President
Employee and Labor Relations

Concurred:

/s/ Ralph V. Maly, Jr.
Vice President – CWA

(mm) Article 9 – Grievance Procedure

May 12, 2002

Mr. Jerry Klimm
Assistant to Vice President
Communications Workers of America
501 Third Street NW
Washington, DC 20001

Dear Jerry,

This is to confirm our understanding of discussions during the 2002 contract negotiations related to improvements to the grievance process as specified in Article 9 – Grievance Procedure.

Approximately six (6) weeks after the date of contract ratification, representatives of the company, at least one of which will be a representative of Employee and Labor Relations, shall meet with the union, at least one of which will be a representative of the National CWA office, to identify specific problem areas and/or work locations where corrective action should be focused.

Regards,

/s/ Stephen J. Moore, District Manager
Employee and Labor Relations

Other Agreements

(nn) Article 10 – 60 Day Review

May 12, 2002

Mr. Jerry Klimm
Assistant to Vice President
Communications Workers of America
501 Third Street NW
Washington, DC 20001

Dear Jerry,

This is to confirm our understanding of discussions during the 2002 contract negotiations related to Article 10 – Arbitration.

In an effort to avoid incurring unnecessary expense associated with last minute cancellation of arbitration hearings, a representative of the Company will endeavor to meet with a representative of the Union 60-days prior to the scheduled hearing date. During such meeting, the parties will review the merits of the grievance, consider any new information and explore the possibility of a resolution. If the parties are unable to mutually agree on a resolution, the grievance shall proceed to arbitration as previously scheduled.

Regards,

/s/ Stephen J. Moore, District Manager
Employee and Labor Relations

(oo) Article 10 – Twelve (12) Month Review

May 12, 2002

Mr. Jerry Klimm
Assistant to Vice President
Communications Workers of America
501 Third Street NW
Washington, DC 20001

Dear Jerry,

This is to confirm our understanding of discussions during the 2002 contract negotiations related to adherence to timelines as specified in Article 10-Arbitration.

The Union recognizes that it is the moving party throughout the grievance and arbitration process and carries the burden of timely submitting a written appeal to the next step.

The parties agree that for a twelve (12) month period following the date of ratification, a designated representative of both the Union and the Company will meet once per quarter to discuss any issues that arise concerning appeal deadlines and take corrective action on a case-by-case basis. This letter does not modify Article 10 in any respect.

Regards,

/s/ Stephen J. Moore, District Manager
Employee and Labor Relations

Other Agreements

(pp) Joint Job Evaluation

May 12, 2002

Mr. Ralph V. Maly, Jr., Vice President
Communications Workers of America
501 Third Street NW
Washington, DC 20001

Dear Ralph,

The Company agrees to perform a joint job evaluation of the Customer Service Specialist (CSS)/Help Desk job function as discussed during contract negotiations in 2002. The work location will be determined at a later date by mutual agreement of the parties. The methodology for the job evaluation will be consistent with the process as specified in Article 17 of the Collective Bargaining Agreement and will be completed within thirty (30) days of ratification.

Regards,

/s/ Frederick N. Murray, Vice President
Employee and Labor Relations

(qq) VRCP Change Notification

May 12, 2002

Mr. Ralph V. Maly, Jr., Vice President
Communications Workers of America
501 Third Street NW
Washington, DC 20001

Dear Ralph,

This is to confirm the agreement reached during 2002 bargaining that when the Call Servicing Business Planning organization is approached to consider changes to the VRCP platform, or if the Call Servicing Business Planning members themselves meet to develop changes they will immediately notify the appropriate National CWA Staff Representative.

Regards,

/s/ Frederick N. Murray, Vice President
Employee and Labor Relations

Other Agreements

(rr) VRCP Winback Commitment

May 12, 2002

Mr. Ralph V. Maly, Jr., Vice President
Communications Workers of America
501 Third Street NW
Washington, DC 20001

Dear Ralph,

This is to confirm the agreement reached during 2002 bargaining that if or when the Call Servicing organization activates the proposed Winback prompt on the VRCP Platform, no Operator will be dismissed for failure to meet Winback targets for the 6-month period following activation.

Regards,

/s/ Frederick N. Murray, Vice President
Employee and Labor Relations

(ss) Operator Services Committee

The Company and the Union agree to establish a joint Committee to explore new work opportunities for Operators (covered under Article 37) consistent with the Company's business needs. The committee will be national in scope and must be in place thirty (30) days after ratification of this agreement.

If the Company and the Union are able to agree in the Committee to a means to expand such work opportunities for Operators, then the Committee shall be empowered to facilitate the implementation of the agreed upon initiative(s).

(tt) AT&T Consumer Unlimited Plan

It is AT&T's intent to service Unlimited Plan customers via our internal customer care centers throughout the life of the 18-month collective bargaining agreement. However, if business conditions dictate, AT&T must maintain flexibility. AT&T will commit to maintaining a level of call volume in the internal centers that is equivalent to the level of call volume generated by Unlimited Plan customers for the life of the 18-month collective bargaining agreement.

(uu) CSSC/L3 Term Proposal

The parties agree to continue to explore the CWA proposal including a discussion of maintaining a percentage/watermark of total employees for each center.

Other Agreements

(vv) June 28, 2001 Addendum to Agreement

Mr. R. V. Maly, Jr.
Vice President – CWA
Communications & Technologies
501 Third Street, NW – 2nd Floor
Washington, D.C. 20001

This will confirm our agreement during 2002 negotiations that the Memorandum of Agreement (copy attached) dated 6/28/01 will be extended through the life of this Agreement.

/s/ Frederick N. Murray, Vice President
Employee and Labor Relations

Addendum to Agreement

AT&T and CWA

June 28, 2001

Preamble

In support of the overarching objectives of the parties to establish a more constructive relationship; to maximizing employment opportunities for CWA members within AT&T; to address the Company's competitive concerns; and to address the Union's concern about movement of work outside the bargaining unit, the following recommendations, issued by C. Richard Barnes, are hereby adopted.

Section 1

Arbitrators & Process

The Company and Union to agree to expedite the consideration of the issue of management performing bargaining unit work into an accelerated fact based arbitration process described herein.

The parties have developed a list of criteria to define occupational work for non-supervisory employees performing technical, clerical/administrative and customer contact work. The criteria, job evaluation standards described in Appendix A, shall be used to make the determination if work currently being performed by A-1 through A-3¹ managers in core represented AT&T Business Operating Units and work groups should be performed by occupational employees, considering AT&T historical practices, and agreements of excluding, for example, Executive Secretaries, Legal Secretaries and Confidential Employees.

To accelerate resolution of these issues, the parties agree to identify a special panel of qualified arbitrators with job classification experience from the existing panel of arbitrators for A-2/A-3 disputes. The Company and the Union shall each identify five Arbitrators who will be available to work within the expedited timeframes described in the following sections. The selected Arbitrators shall constitute a special panel of ten Arbitrators who will rotate assignments, in order, based on their availability. If the parties can not identify a sufficient pool of arbitrators by July 31, 2001, they shall ask the Director of the FMCS to identify and choose ten from the available pool of the FMCS. The Director of FMCS will notify the parties of the persons selected as Special Arbitrators and will forward copies of their biographical sketches as well as the

¹ Throughout this Agreement, when the parties refer to "A" level titles or work, the reference refers to S, SGSA, TCP and all other classification systems used to describe people in a similar management class.

Other Agreements

initial order of assignments. The parties will each be responsible for fifty percent (50%) of the cost of the Arbitrators' fees, including daily per diem and travel expenses.

To accelerate the evaluation of the A-1 employees, the FMCS Chairman shall identify one qualified arbitrator who can hear the case in a manner consistent with the timetable identified below.

Section 2

A-1 Employees

The company shall complete its evaluation of all A1 jobs no later than May 18, 2001 and shall communicate to the Union the list of jobs that it believes are occupational and should be included within a bargaining unit and those that it determines are A1 management or occupational non-represented positions and should be excluded. The Union shall review the Company determinations and if the Company and Union are in agreement with those positions evaluated as excluded, those positions will remain status quo. Where the Company and Union agree that a position is occupational and included, and further agree on the bargaining unit to which that position should be assigned, then that position will be immediately included in the bargaining unit.

By June __, 2001 the Union shall communicate to the Company the jobs from the Company's "excluded" list that the Union believes are inappropriately classified as management and should be included in a bargaining unit. Within three days, the Union and Company shall discuss the Union objections. If there remain jobs in dispute, they shall be immediately assigned to a Special Arbitrator, selected by the FMCS Chair, who shall make a final and binding decision no later than July __, 2001. This decision will be based on written submissions (i.e., job descriptions, score sheets and the parties contentions) from the Company and Union. Jobs determined by the Arbitrator as inappropriately classified as management and otherwise belonging within a bargaining unit shall be immediately included in the appropriate bargaining unit.

Section 3

A-2/A-3 Employees

The Company shall commence an immediate review of A-2/A-3 positions and immediately as available provide the information it collects to the Union for positions the company determines to be occupational. The Company shall communicate the evaluations as soon as they are available and shall provide the results of their review of no less than 800 jobs per month. No later than September 15, 2001, the Company shall have completed its review and provided to the Union a full list of the jobs in classes A-2 and A-3 that in the Company's

determination of the jobs that it believes are occupational and should be included in a bargaining unit. The Company shall provide its review including a list of the numbers of jobs in each title and their location, job descriptions and the scoring sheet for each classification. This list shall be provided in paper and electronic formats.

Where the Company and Union agree that a position is occupational and included in a bargaining unit, then the position will be immediately included in the appropriate bargaining unit. Where the Union disputes the Company's findings regarding work assigned to particular A-2/A-3 management positions, the Company shall meet with the Union to discuss the claim and provide the Union with sufficient information to investigate its claim. Disputes around information requests shall be submitted to a mutually agreed upon special master.

The parties agree to accelerate the contractual process and focus the grievance/arbitration process on the key questions. The Union and Company shall meet within 30 days of the Union filing a national level grievance. The Union shall present the Company with its claim and evidence. If the parties can not resolve their dispute, then the Company will commit to the contractual expedited arbitration process, subject to arbitrator availability within 30 days without argument of exclusivity for certain generic functions performed by both management and the bargaining unit employees such as operating a laptop, answering telephones, accessing databases. This does not mean however, that neither the Company nor the Union is prevented from presenting evidence that the work in question has also been performed by employees or managers inside or outside the bargaining unit. The jobs in dispute shall be immediately assigned to selected arbitrators from the special panel who will make a final and binding decision no later than 30 days from the conclusion of the hearing. The dispute shall be submitted as a third step national level grievance, to be heard no later than 14 days from the union's notice of disagreement. If the evaluation of the position remains in dispute, the Company will commit to hear the arbitration, subject to arbitrator availability within 30 days. The jobs in dispute shall be immediately assigned to selected Arbitrators from the special panel who will make a final and binding decision no later than 30 days from the conclusion of the hearing. The issue placed before the arbitrator shall be whether the jobs in dispute are inappropriately classified as management and otherwise belong in the bargaining unit and the arbitrator shall make his decision based on the jointly agreed criteria described in Appendix A. Jobs determined by the Arbitrator as belonging within the bargaining unit shall be immediately included in an appropriate bargaining unit.

Other Agreements

The parties believe that there may be some instances when there is a mix of bargaining unit and management functions, which are being performed by a worker or a group of workers classified as management. In such a case, the parties shall determine if the bargaining unit function can be separated from the management function and the work reorganized and returned to the bargaining unit. In such a case, the work will be divided proportionately between appropriately classified management work and appropriately classified bargaining unit work and the bargaining unit work assigned to the bargaining unit. If the parties disagree on the allocation of work between management and the bargaining unit, this issue may be placed before the arbitrator for a final and binding decision by either party as a part of the hearing described above.

Section 4

A-4/A-5 Employees

Where the union alleges that the Company has assigned work performed or could be performed by bargaining unit employees to A4 and A5 managers, the Company shall provide the Union with sufficient information to investigate its claims. This shall include, but is not limited to, job titles, job descriptions, location, employment history, for all A-4 and A-5 employees which the Union believes are performing bargaining unit work. The information shall be provided in paper and electronic formats. Disputes around information requests shall be submitted to a mutually agreed upon special master.

The parties agree to accelerate the contractual process and focus the grievance/arbitration process on the key questions. The Union and Company shall meet within 30 days of the Union filing a national level grievance. The Union shall present the Company with its claim and evidence. If the parties can not resolve their dispute, then the Company will commit to proceed to the contractual process, subject to arbitrator availability within 30 days, without argument of exclusivity for certain generic functions performed by both management and the bargaining unit such as operating a laptop, answering telephones, accessing databases. This does not mean however, that neither the company nor the union is prevented from presenting evidence that the work in question has also been performed by employees or managers inside or outside the bargaining unit. The jobs in dispute shall be immediately assigned to selected Arbitrators from the special panel who will make a final and binding decision no later than 30 days from the conclusion of the hearing.

The parties believe that there may be some instances when there is a mix of bargaining unit and management functions, which are being performed by a worker or a group of workers classified as management. In such a case, the parties shall determine if the bargaining unit function can be separated from the management function and the work reorganized and returned to the bargaining unit. In such a case, the work will be divided proportionately between appropriately classified management work and appropriately classified bargaining unit work and the bargaining unit work assigned to the bargaining unit. If the parties disagree on the allocation of work between management and the bargaining unit, this issue may be placed before the arbitrator for a final and binding decision by either party as a part of the hearing described above.

Section 5

Existing Occupational Work, Web Hosting, LNS,

And other non-represented/CNRP

The April 10, 2001 Memorandum of Understanding is specific in its call for establishing a method to address issues concerning competitiveness, a more constructive relationship, movement of work outside the bargaining unit and assignment of work that could be performed by bargaining unit personnel. Understanding that these are complex and difficult matters that will require a significant investment of time and resources to resolve, and that the current CBA will expire on May 10, 2002, the Company and the Union agree to engage in early contract negotiations on these matters. If the parties agree, they may elect to utilize the FMCS to facilitate such early negotiations.

In recognition of rapidly evolving technologies, the company shall discuss the assignment of new work similar to the technical, customer contact and administrative/clerical work currently performed by the bargaining unit to the bargaining unit. If such work is assigned to the bargaining unit, then in accordance with the contract the parties shall negotiate appropriate titles, wages and working conditions for these new positions.

Section 6

Classification of Future Positions

Where the Union alleges the Company has assigned work traditionally performed by bargaining unit employees to A-2/A-3 positions in the future, the parties agree to utilize the provisions of Section 3, A-2/A-3 Employees, above, to investigate the Union's claim and if necessary, grieve and arbitrate the dispute.

Section 7

Sub-Contracting

Recognizing the complexity of this issue and the potential impact of specific language in the existing collective bargaining agreement, I am scheduling another meeting of the respective representatives to facilitate a discussion on the issues of sub-contracting, consistent with the provisions of Article 30 of the agreement. This meeting will be held on mutually available dates in June at the offices of FMCS in Washington, DC. It will be the responsibility of the parties to have their resource personnel present at this meeting. The Company and the union may contract with a Union selected adviser to support this process and shall share equally fees and expenses of the adviser. The parties shall agree on a scope of work and monitor expenses.

Section 8

Voluntary Termination Payments

The parties have worked to sort the current outstanding VTP disputes into similar categories and have reached agreement on combining these issues into three cases.

These cases shall be expedited and the parties shall instruct that hearings be scheduled within fourteen days of this agreement and final and issued to later than forty-five days after the hearing.

For the Communication Workers
of America:

For the AT&T Corporation:

Ralph V. Maly
Vice President

Frederick N. Murray
Vice President – Employee and Labor
Relations

ADDENDUM

**CUSTOMER NETWORK
SERVICE CENTER
(CNSC)**

**By and Between
Certain
Business Operating Units and Divisions
of
AT&T CORP.
- and -
Communications Workers of America**

CNSC MODIFIED 1998 SETTLEMENT MEMORANDUM PROVISIONS

The provisions of the 1998 Agreement set forth below are continued with the following modifications:

ARTICLE B – DEFINITIONS

1 Definitions Relating to Hours of Work

(c) Normal Work Week

A normal work week for a full-time employee may consist of four (4) or five (5) tours totaling forty (40) scheduled hours during a calendar week of Sunday through Saturday, inclusive.

ARTICLE E - UNION ACTIVITIES

1 **Bulletin Boards**

The Company agrees that it will furnish and mount bulletin boards to be used exclusively by the Union at each office or facility location, except at locations in buildings not owned by the Company where the landlord or owner objects. The location, number, size and construction of such bulletin boards shall be subject to the approval of the Company. The use of such bulletin boards shall be considered proper when confined to factual notices and announcements of the Union.

Material to be posted shall not contain anything of a controversial nature, anything derogatory to the Company or employees, or anything that will detrimentally affect Company operations. If the Company objects to any posted material, the Union shall remove the objectionable material immediately.

Subject to Company intranet registration criteria, the Company would not object to the establishment of a local CWA site. This site would be subject to the same content limitations described above.

The appropriate AT&T Intranet manager will facilitate the implementation of the above, upon request by the local Union.

ARTICLE I - TITLES AND WAGES**4 General Wage Schedule Increases**

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 2.0% on the Maximum Rates and by 2.0% on the Minimum Rates in effect on May 11, 2002. The initial general wage increase shall be effective on Sunday, May 12, 2002.

(b) Second Wage Increase

Effective November 10, 2002, wage schedules shall be increased by 2.0% on the Maximum Rates and by 2.0% on the Minimum Rates in effect on November 9, 2002.

(c) Third Wage Increase

Effective May 11, 2003, wage schedules shall be increased by 2.0% on the Maximum Rates and by 2.0% on the Minimum Rates in effect on May 10, 2003.

The progression step increases in the wage schedules between the zero (0) month step and the twenty-four (24) month step will be computed on an exponential basis. The progression steps beyond the twenty-four (24) month step will be increased based on the wage rate in effect May 11, 2002, at each respective step plus 2.0% for the initial wage increase, 2.0% for the second wage increase, and 2.0% for the third wage increase.

ARTICLE L – WEEKLY WORK SCHEDULES AND HOURS OF WORK

2 Weekly Work Schedules

- (a) The normal work week may consist of four (4) or five (5) tours totaling forty (40) scheduled hours in one (1) calendar week of Sunday through Saturday, inclusive.

ARTICLE N – ABSENCE

3 Payment for Other Absence

(f) Death or Funeral

- (2) Any employee who requests an absence to attend the funeral of a more distant relative or a very close friend may be excused for such time as is necessary under the circumstances but not to exceed three (3) scheduled regular tours or their equivalent with pay.

ARTICLE X – FORCE ADJUSTMENT

1 Layoffs and Part-timing

(c) Whenever such force adjustments are accomplished by layoffs, such layoffs shall be among those regular employees covered by this Addendum having the same job title, in the GCA. Layoffs shall be by inverse order of seniority, by group, in the following sequence:

- (1) Group One: Employees who currently possess a "less than satisfactory" Performance Appraisal (exclusive of attendance) and who have received three or more consecutive quarterly "less than satisfactory" Performance Appraisals (exclusive of attendance).
- (2) Group Two: Employees who currently possess a "satisfactory" or better Performance Appraisal (exclusive of attendance).

Each group will be depleted before proceeding to the next group.

CNSC REPLACED 1998 SETTLEMENT MEMORANDUM PROVISIONS

The following provisions of the 1998 Addendum are hereby replaced in their entirety:

ARTICLE K - NEW JOB TITLES, CLASSIFICATIONS AND WAGE RATES

- 1 Whenever the Company determines it appropriate to create a new job title or job classification in the bargaining unit, or to restructure or redefine an existing one, it shall provide advance notice of that action to the Union. Such notice shall include the job title or classification, a job description of the duties for such job title or classification, and the initial Standard Rates and wage schedule for such job title or classification. The Company may proceed to staff such job title or classification after thirty (30) days from such notice.
- 2 Within thirty (30) days from receipt of such notice, the Union may initiate negotiations concerning the initial Standard Rates or wage schedules which the Company has established for the new or restructured job title or classification.
- 3 If negotiations are not so initiated, the initial Standard Rates and wage schedules set by the Company shall remain in effect.
- 4 If agreement is reached between the parties within sixty (60) days following the Union's receipt of notice from the Company concerning the initial Standard Rates and wage schedules, the agreed upon Standard Rates and wage schedules shall be implemented as of the date of such agreement.
- 5 If negotiations are initiated pursuant to Paragraph 2, above, and if the parties are unable to reach agreement on a schedule of Standard Rates for the new or restructured job title or classification within sixty (60) days following the Union's receipt of notice from the Company, the Union may, within thirty (30) days of the expiration of the sixty (60) day period for negotiations, demand that the issue of an appropriate schedule of Standard Rates for the new or restructured job title or classification be submitted for resolution to a neutral third party, to be selected by mutual agreement from among those who possess acknowledged expertise in the area of job evaluation. The parties may submit all evidence deemed relevant to the issue to the neutral third party. At the request of either party, a hearing shall be held to receive such evidence. Any such meeting or hearing shall be held within thirty (30) days after the matter is referred to the neutral third party, who shall render a written decision as to an appropriate schedule of Standard Rates for the new or restructured job title or classification within sixty (60) days of the date that the matter is first referred for resolution. In the event the neutral third party determines that a different schedule of rates is appropriate, the new schedule shall be placed in effect as of the date of the neutral third party's decision.
- 6 The procedures set forth herein shall also apply when the Company creates a new job or re-evaluates a position or function held by an employee resulting in a reduction in the employee's Standard Rate or level. The Union will be given the opportunity to perform its own job evaluation within thirty (30) days of notification as described in Paragraph 1.

Article K

- 7 The procedures set forth in Paragraph 5, above, shall be the exclusive means by which the Union may contest the schedule of Standard Rates which the Company sets for any new or restructured job title or classification or the decision of the Company in re-evaluating a function or position held by an employee resulting in a reduction in the employee's Standard Rate or level.

ARTICLE Z - SAFETY

- 1 Safety and health is of mutual concern to the Company and the Unions. Together we recognize the need for a work environment in which safe, ergonomically correct operations can be achieved in all phases of work. We all recognize the need to promote better understanding and acceptance of safety, health and ergonomics principles by all employees for their own safety and health, and that of their fellow employees, customers and the general public.
- 2 To achieve these safety objectives, the Company and the Unions agree to a Corporate/Union Safety Advisory Committee on safety principles at the Headquarters level. The Committee shall consist of not more than four (4) representatives each from the Company and the Unions (to be appointed by the Company and the Unions respectively). The Co-chairpersons will jointly determine when meetings are required and the most appropriate format (face-to-face, conference call, etc.) for the meeting, but at least three (3) face-to-face meetings will be held annually. In addition, the Committee Co-chairpersons will jointly develop the meeting agendas. The primary role of the corporate-wide committee shall be to discuss safety issues that are national in scope and to act as a clearinghouse of information on regional and local activities.
- 3 AT&T Business Operating Units and Divisions will encourage and approve employee participation in safety awareness through the creation of local safety committees. The National Safety Advisory Committee will also continue to discuss internal safety issues. Local Safety Committees will forward their meeting minutes to the National Safety Advisory Committee on a regular basis, after every meeting.
- 4 In support of its commitment, the Company also outlines the following four (4) step strategy to address ergonomic concerns in the workplace:
 - (a) New hires, and employees not previously trained, who use VDTs and keyboards at least four (4) hours per day will be offered the program within the first six (6) months of their employment. The Company will also continue its support for the need for scientific research to further evaluate Very Low Frequency and Extremely Low Frequency ranges that may be emitted by VDTs.
 - (b) In order to further promote safe work environments, AT&T's Environment Health and Safety Organization will continue to develop with AT&T's Health Affairs Organization Medical Management Programs designed to promote accurate record keeping of cumulative trauma disorders, and to promote the early recognition of such disorders. The Company will share the status of these programs with the Corporate/Union Safety Advisory Committee annually.
 - (c) After ratification and annually thereafter for the term of this agreement, at least one (1) Corporate/Union Safety Advisory Committee meeting will focus on ergonomic and VDT issues. During the term of this Agreement, one (1) of these meetings will be an Ergonomic Conference.

Article Z

- | (d) AT&T will maintain the network of Environment and Safety Coordinators from Business Operating Units and Divisions throughout the life of the Agreement. One of their responsibilities will be to link Business Operating Unit/Division planning with Human Factors Analysis.
- 5 When employees express reasonable concerns about their personal safety in connection with assignments in localities in which it is reasonable for them to believe that they may be victims of assault or other criminal activity, the employees will not be required to work alone.

APPENDIX II

<u>Title</u>	<u>Step</u>	<u>05/12/02</u>		<u>11/10/02</u>		<u>05/11/03</u>	
		<u>Standard</u>	<u>High</u>	<u>Standard</u>	<u>High</u>	<u>Standard</u>	<u>High</u>
LSC	24 mos	\$374	\$411	\$381	\$419	\$389	\$427
	18 mos	\$360	\$396	\$367	\$404	\$374	\$412
	12 mos	\$346	\$382	\$353	\$389	\$360	\$397
	6 mos	\$334	\$368	\$340	\$375	\$347	\$383
	0 mos	\$321	\$355	\$327	\$362	\$334	\$369
Pension Band		101	101	101	101	101	101
LSA	24 mos	\$505	\$554	\$515	\$565	\$525	\$576
	18 mos	\$477	\$524	\$486	\$534	\$496	\$545
	12 mos	\$451	\$495	\$460	\$505	\$468	\$515
	6 mos	\$426	\$468	\$443	\$477	\$443	\$487
	0 mos	\$402	\$442	\$410	\$451	\$418	\$460
Pension Band		101	101	101	101	101	101
LSS I	24 mos	\$711	\$782	\$725	\$798	\$740	\$814
	18 mos	\$671	\$738	\$684	\$753	\$698	\$768
	12 mos	\$633	\$696	\$645	\$710	\$658	\$724
	6 mos	\$597	\$656	\$609	\$669	\$620	\$683
	0 mos	\$563	\$619	\$574	\$631	\$585	\$644
Pension Band		107	110	107	110	107	110
LSS II	24 mos	\$889	\$978	\$907	\$998	\$925	\$1018
	18 mos	\$851	\$936	\$869	\$955	\$886	\$975
	12 mos	\$815	\$897	\$832	\$915	\$848	\$933
	6 mos	\$781	\$858	\$797	\$875	\$812	\$893
	0 mos	\$748	\$822	\$763	\$838	\$778	\$855
Pension Band		114	118	114	118	114	118

Zone Identification

High Zone = Work Locations in the States of New York, New Jersey, and California

Standard Zone = All Other Work Locations

NEW PROVISIONS

The following new provisions set forth below are included in the 2002 Addendum:

(mm) Article G – Grievance Procedure

May 12, 2002

Mr. Jerry Klimm
Assistant to Vice President
Communications Workers of America
501 Third Street NW
Washington, DC 20001

Dear Jerry,

This is to confirm our understanding of discussions during the 2002 contract negotiations related to improvements to the grievance process as specified in Article G – Grievance Procedure.

Approximately six (6) weeks after the date of contract ratification, representatives of the company, at least one of which will be a representative of Employee and Labor Relations, shall meet with the union, at least one of which will be a representative of the National CWA office, to identify specific problem areas and/or work locations where corrective action should be focused.

Regards,

/s/ Stephen J. Moore, District Manager
Employee and Labor Relations

(nn) Article H – 60 Day Review

May 12, 2002

Mr. Jerry Klimm
Assistant to Vice President
Communications Workers of America
501 Third Street NW
Washington, DC 20001

Dear Jerry,

This is to confirm our understanding of discussions during the 2002 contract negotiations related to Article H – Arbitration.

In an effort to avoid incurring unnecessary expense associated with last minute cancellation of arbitration hearings, a representative of the Company will endeavor to meet with a representative of the Union 60-days prior to the scheduled hearing date. During such meeting, the parties will review the merits of the grievance, consider any new information and explore the possibility of a resolution. If the parties are unable to mutually agree on a resolution, the grievance shall proceed to arbitration as previously scheduled.

Regards,

/s/ Stephen J. Moore, District Manager
Employee and Labor Relations

(oo) Article H – Twelve (12) Month Review

May 12, 2002

Mr. Jerry Klimm
Assistant to Vice President
Communications Workers of America
501 Third Street NW
Washington, DC 20001

Dear Jerry,

This is to confirm our understanding of discussions during the 2002 contract negotiations related to adherence to timelines as specified in Article H - Arbitration.

The Union recognizes that it is the moving party throughout the grievance and arbitration process and carries the burden of timely submitting a written appeal to the next step.

The parties agree that for a twelve (12) month period following the date of ratification, a designated representative of both the Union and the Company will meet once per quarter to discuss any issues that arise concerning appeal deadlines and take corrective action on a case-by-case basis. This letter does not modify Article 10 in any respect.

Regards,

/s/ Stephen J. Moore, District Manager
Employee and Labor Relations

(f) CNSC PIP & Planning Committee

May 12, 2002

Mr. Ralph V. Maly, Jr., Vice President
Communications Workers of America
501 Third Street NW
Washington, DC 20001

Dear Ralph,

The CNSC Incentive and Planning Committee, formerly known as the Planning Council, will continue regular meetings to discuss topics including, but not limited to, the Performance Incentive Plan (PIP). The Incentive and Planning Committee will incorporate a discussion forum that allows the Union input in providing solutions to existing and emerging workplace issues.

The Performance Incentive Plan contains elements that include, among others, EVA, CVA and PVA, of which each employee may receive an annual bonus of up to five percent (5%) of their weekly standard rate with an additional lump sum of \$1000.00. All calendar year performance incentive plans will be agreed upon and finalized prior to February 15 of each year, with yearly payouts made by April 1 of each year for the prior year's performance.

Regards,

/s/ Frederick N. Murray, Vice President
Employee and Labor Relations

Article III
CNSC Letters of Agreement

(g) Joint Job Evaluation

May 12, 2002

Mr. Ralph V. Maly, Jr., Vice President
Communications Workers of America
501 Third Street NW
Washington, DC 20001

Dear Ralph,

The Company agrees to perform a joint job evaluation of the DSL Tier 1 Support job function as discussed during contract negotiations in 2002. Currently, DSL Tier 1 Support work is performed at the CNSC Kansas City location. The methodology for the job evaluation will be consistent with the process as specified in Article K and will be completed within thirty (30) days of ratification of the Collective Bargaining Agreement.

Regards,

/s/ Frederick N. Murray, Vice President
Employee and Labor Relations

EFFECTIVE DATES

The Company and the Union agree that the 2002 Memorandum of Agreement is, unless a different effective date is set forth in a particular item, effective on May 12, 2002, but only if it is ratified by the Union membership employed in the Business Operating Units and Divisions listed in Appendix 3 to the 2002 Agreement.

PARTIES' DEMANDS

All demands of either party not specifically covered or disposed of by this Memorandum of Agreement are hereby waived for the term of the 2002 Memorandum of Agreement, all such demands having been thoroughly discussed during the collective bargaining negotiations which are, by the execution of this Memorandum of Agreement, concluded. Neither party shall be obligated to bargain collectively during the term of this Memorandum of Agreement with respect to modification of their provisions or with respect to the demands of either party that have been the subject of the negotiations hereby concluded.

DURATION

This Memorandum of Agreement shall terminate, unless extended by mutual agreement, at 11:59 PM on Saturday, November 8, 2003.

SIGNATURES

The Communications Workers of America on behalf of the employees it represents, and the Company, having bargained in good faith and reached agreement as set forth in the Memorandum of Agreement applicable to its unit, sign through their duly authorized representatives as set forth below:

COMMUNICATIONS WORKERS OF AMERICA

/s/ Ralph V. Maly
Vice President, CWA

/s/ Lois J. Grimes
CWA Representative

/s/ Roy E. Jones
CWA Local 3450

/s/ LaNell Piercy
CWA Local 4252

/s/ Christine M. Woronkiewicz
CWA Local 2001

/s/ Jerome U. Klimm
Assistant to Vice President, CWA

/s/ Bridget D. Dick
CWA Local 13500

/s/ Mary Ellen Mazzeo
CWA Local 1152

/s/ Laura Unger
CWA Local 1150

APPROVED:

/s/ Morton Bahr
President, CWA

AT&T CORP.

/s/ Frederick N. Murray
Labor Relations, Vice President

/s/ Diane L. Bradley
District Manager, Labor Relations

/s/ Lori J. Smith
District Manager, Labor Relations

/s/ Will Harrison
Manager, Labor Relations

/s/ Joseph S. Macken
Manager, Labor Relations

/s/ John A. Alperti
Labor Relations, Director

/s/ Steven J. Leonard
District Manager, Labor Relations

/s/ Susan M. Evans
Manager, Labor Relations

/s/ R. Dean Jenkins
Manager, Labor Relations

/s/ Linda A. Miller
Manager, Labor Relations

APPROVED:

/s/ Christopher W. O'Flinn
Vice President, Compensation, Benefits, and
Employee & Labor Relations

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January 2003

Su	Mo	Tu	We	Th	Fr	Sa
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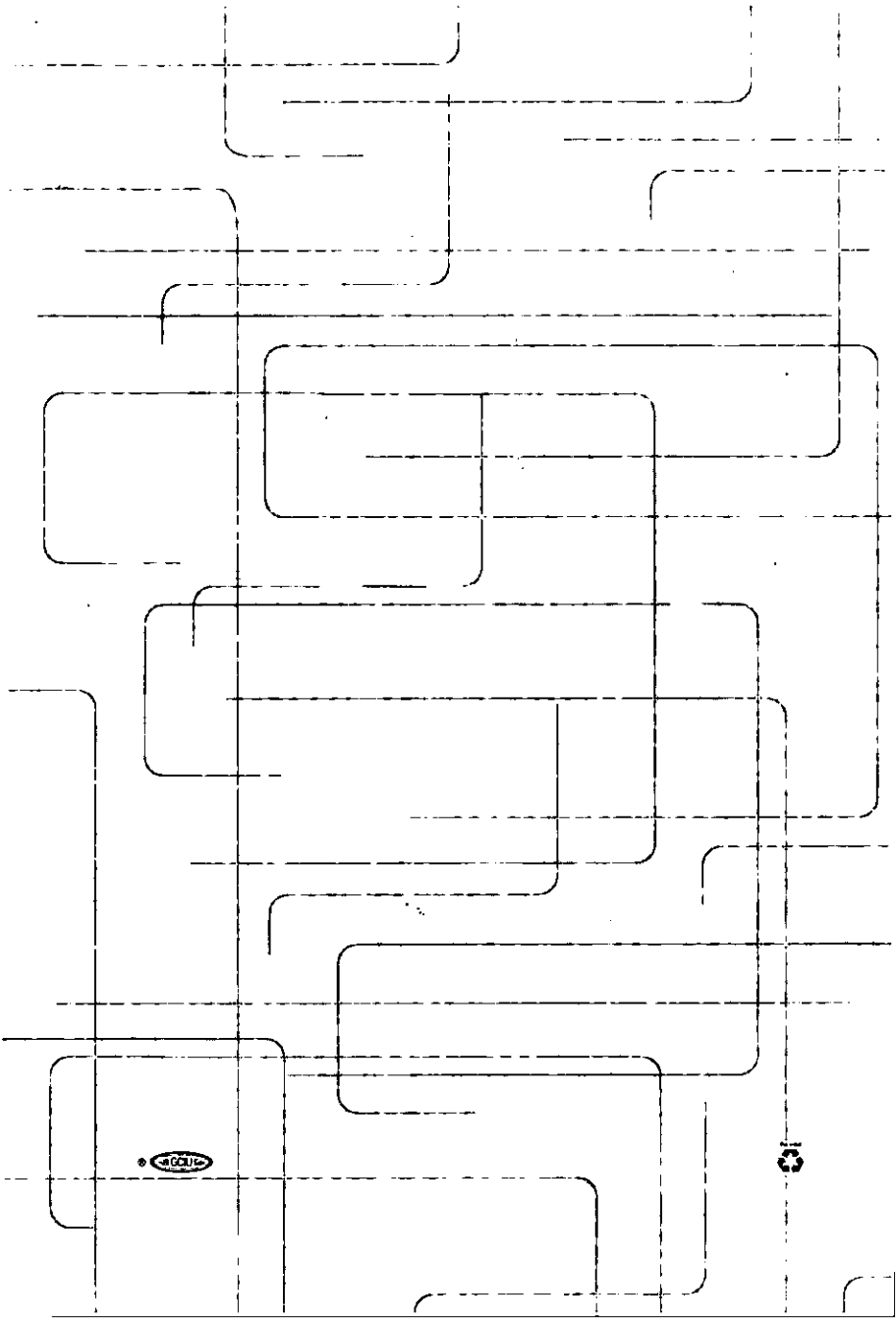
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December 2003

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