Benefits Overview

AT&T’s Management Employee Benefits
Here at AT&T, we’re all about connecting people with their world. One of the most meaningful connections we make with our employees is providing them with access to a comprehensive, competitive package of benefits. Our benefits give employees the flexibility and choices they need in the areas that matter most — their health, finances and family.

Just as important as having access to benefits is understanding them and knowing how to use them wisely. AT&T provides employees with the right tools, information and resources they need to get the most out of their benefits.

What’s Inside

2012 Benefits Overview ................................................................. 3
The AT&T Medical Plan: Getting the Most From Consumer-Driven Health Care ........................................ 8
Saving Money with Health Savings Accounts and Flexible Spending Accounts ................................. 12

⚠️ This document was written to make it easier to read. So, sometimes it uses informal language, like “AT&T employees,” instead of precise legal terms. Also, this is only a summary, and your particular situation could be handled differently. More specific details about AT&T employee benefits, including eligibility rules, are in the summary plan descriptions (SPDs), summaries of material modifications (SMMs) or the plan documents. The plan documents always govern, and they are the final authority on the terms of AT&T employee benefits. AT&T reserves the right to terminate or amend any and all benefits plans, and AT&T employee participation in the plan is neither a contract nor a guarantee of future employment.
2012 Benefits Overview

Your Health

Medical
As an AT&T management employee, you can choose medical coverage through AT&T’s consumer-driven health plan option or, where available, another option, such as a fully-insured managed care option. Your health care options are determined by your home ZIP code on file with AT&T, and will be shown on your enrollment materials.

A consumer-driven health plan differs from a traditional plan in the way care is paid for and how services are received. You’ll find more information about AT&T’s consumer-driven health plan option, referred to as the AT&T Medical Plan, starting on page 8.

In addition to medical/surgical benefits, your medical coverage also includes access to prescription drug and mental health/substance abuse benefits.

CarePlus
If you want additional coverage beyond what’s offered through your medical plan, you can sign up for CarePlus. CarePlus is an optional supplemental medical program, offering you protection from the high cost of certain treatments and procedures not covered by many health plans. Highlights include:

- Coverage for emerging treatments for cancer and other severe, life-threatening diseases.
- 100 percent reimbursement for approved procedures by network providers.
- Online second opinions through eCleveland Clinic.
- Occupational therapy and speech therapy for the treatment of autism.
- Genetic testing to test for blood clotting sensitivity and prescription drug metabolization.
- Nitric Oxide Breath testing for diagnosis and management of asthma.
- Outpatient mobile telemetry device to manage cardiac arrhythmia.

Distribution: Distributed to candidates interested in a management position with AT&T (excluding AT&T Technical Services Company, Inc., AT&T Government Solutions, Inc., YellowPages.com and international employees).
**Dental**
Our dental coverage helps pay for necessary dental care, including routine cleaning, oral exams, fluoride treatments and X-rays, as well as many basic and major restorative services, such as orthodontia.

**Vision**
Vision coverage helps pay for eye exams, eyeglasses, contact lenses and frames. Our coverage also includes referrals to providers who offer discounted laser vision-correction procedures.

**Disability**
If you are absent from work as a result of a qualifying illness or injury, you may receive company-paid short- or long-term disability benefits as a continuing source of income. You’ll also have the option of enrolling for supplemental long-term disability benefits.

**Long-Term Care**
This optional participant-paid benefit helps you pay for qualified expenses related to nursing-home care, qualified assisted-living facilities, home health care and adult day care for those suffering from an extended illness or disability.

**AT&T Employee Assistance Plan**
This company-paid benefit provides you and your family with professional and confidential assessments and referrals to help with personal and family issues, such as alcohol and drug abuse, emotional difficulties and stress-related problems.

**Teladoc Medical Services**
If you participate in AT&T’s consumer-driven option of the AT&T Medical Plan, you also can participate in Teladoc, which gives you 24-hour access (online or by phone) to a nationwide network of doctors when your primary care physician is unavailable. See page 10 for more information about Teladoc.
Your Finances

Pension
You’ll be eligible to participate in the AT&T Pension Benefit Plan — Management Cash Balance Program, which helps provide retirement benefits. The program is funded entirely by the company.

Savings
Eligible employees may immediately enroll in the AT&T Retirement Savings Plan, our company’s 401(k) savings plan. Our plan allows you to save for retirement through payroll deduction. If you do not take action to enroll in the AT&T Retirement Savings Plan, you will automatically be enrolled in the plan and a 3 percent before-tax basic contribution will be deducted from your paycheck beginning the first full pay period after the 60th day of your employment. You can choose from a wide range of investment options, and you’ll have the choice of contributing on a before- or after-tax basis (including after-tax Roth contributions). You can save up to 50 percent of your salary — 6 percent as a basic contribution and 44 percent as a supplementary contribution. The company will match 80 percent of your basic contribution.

Flexible Spending Accounts
Participating in a health care and/or dependent-care flexible spending account (FSA) is an easy way to reduce your taxes and increase your spendable income. FSAs allow you to pay for eligible health care and dependent-care expenses with funds not subject to payroll taxes. You can learn more about health care FSAs starting on page 12.

Health Savings Accounts
If you participate in our company’s consumer-driven health plan, you also can generally contribute to a health savings account (HSA). Like a flexible spending account, you can use the funds in an HSA to pay for qualified medical expenses. You can also use HSAs to save for medical expenses in years to come. You can learn more about HSAs starting on page 12.
Your Home and Work

Adoption Reimbursement Program
This program reimburses you up to $5,000 for certain costs associated with adoption, such as agency fees, legal and court fees, as well as foreign-adoption fees.

Commuter Benefit
This program lets you pay for certain costs associated with public transportation, van pools and work-related parking with before-tax funds.

Life Insurance
You’re automatically covered for employer-paid basic life and accidental death and dismemberment insurance in the amount equal to your annual rate of pay and $10,000 seat-belt incentive insurance. You may elect to purchase additional coverage for yourself and/or your dependents.

LifeCare
There are moments in life when we could all benefit from having a little expert help from someone in the know. The experts at LifeCare provide free kits and educational materials, personalized referrals and an interactive Web site to assist with:

- Child care and parenting.
- Adult care and aging.
- Education.
- Health and wellness.
- Financial and legal concerns.
- Pet care.
- Relocation.
- Home improvement and more.

In addition to providing expertise and assistance, LifeCare also includes a discount program for hundreds of brand-name products and services.
Voluntary Benefits

In addition to your company-sponsored benefits, you’re eligible to participate in a group of voluntary benefits offered by Marsh PersonalPlans at group rates. Offerings include:

- Auto and homeowners insurance.
- Group legal services.
- Accident insurance.
- Veterinary pet insurance.
- Cancer insurance.
- Financial-planning services.

Other

Leaves of Absence

AT&T offers leaves of absence, subject to advance approval, for certain needs, including family care and personal leaves.

Tuition Aid

At AT&T, we’re all about making sure you have the tools you need to deliver for our customers and grow professionally. One of those tools is tuition aid. Up to $5,250 is available annually for eligible full-time employees to help cover education costs that have been approved by the company. Program participants may be reimbursed up to a maximum of $20,000 for courses leading to an approved undergraduate degree and up to $25,000 for courses leading up to an approved graduate degree.

Employee Discounts

AT&T Products and Services: Here at our company, we believe the more you understand and use our products and services, the more you’ll recommend them to your family and friends. You may be eligible for discounts on popular AT&T-branded products and services, where available, such as wireless services, highspeed Internet services, AT&T U-verse TV and voice services, AT&T | DirecTV cable and satellite TV service, as well as local and long distance telephone services.

Employee Preferred Customer Discounts: Additionally, AT&T’s top customers provide discounts on their products and services through the AT&T Preferred Customer Discount Program.

The offerings that are available through Marsh PersonalPlans are not AT&T-sponsored employee benefits plans nor are they subject to ERISA. Other than offering payroll deductions, AT&T has no responsibility for these services. The availability of these products should not be considered an endorsement.
The AT&T Medical Plan: Getting the Most From Consumer-Driven Health Care

Delivering our customers the best services at the best possible price — that’s what our company is all about. These same principles are also at the heart of the AT&T Medical Plan. In addition to the quality health care coverage you need, you’ll have access to the tools and resources you need to take charge of your health. Whether you’re looking into the latest treatment options or you’re looking for the weight management or exercise program that fits your lifestyle, you’ll find the latest information and customized solutions at your fingertips through the Your Health Matters online portal.

In the sections that follow, you’ll see how our consumer-driven plan differs from traditional health care and how you can get the most out of the plan.

<table>
<thead>
<tr>
<th>Option</th>
<th>Individual</th>
<th>Individual +1 Dependent</th>
<th>Individual +2 or More Dependents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Option 1</td>
<td>$10</td>
<td>$59</td>
<td>$112</td>
</tr>
<tr>
<td>Option 2</td>
<td>$84</td>
<td>$201</td>
<td>$328</td>
</tr>
</tbody>
</table>

One of the differences between a consumer-driven health plan and a traditional health plan is that except for preventive services from network providers, you must first meet a network annual deductible before the plan begins to pay for 90 percent of eligible network expenses or you are charged only a copayment for eligible prescription drug purchases. The annual deductible is considered a combined deductible — meaning all eligible expenses related to nonpreventive care, medical/surgical services, prescription drugs and mental health/substance abuse services that you incur apply to your annual deductible. If you use non-network providers, the plan will pay for 60 percent of your eligible expenses once you meet your separate non-network annual deductible. If you choose to use a non-network provider, you may incur a significant out-of-pocket expense.

This information is specific to the consumer-driven option of the AT&T Medical Plan. It does not pertain to any other options that may be available to you, such as fully-insured managed care options.
As a participant in the consumer-driven plan, after meeting your network annual deductible, you will pay for 10 percent of your eligible medical/surgical and mental-health/substance abuse expenses and a copayment for eligible prescription drugs until you reach your annual out-of-pocket maximum. (You will pay for 40 percent of your eligible non-network expenses once you meet your separate non-network annual deductible.) You have the option of paying a higher monthly contribution to reduce your network annual out-of-pocket maximum. Once you meet your annual out-of-pocket maximum, the plan pays 100 percent of your eligible expenses for the remainder of the year.

<table>
<thead>
<tr>
<th></th>
<th>Individual</th>
<th>Individual +1 Dependent</th>
<th>Individual +2 or More Dependents</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Network</strong></td>
<td>$1,200</td>
<td>$2,400</td>
<td>$2,400</td>
</tr>
<tr>
<td><strong>Non-Network</strong></td>
<td>$3,600</td>
<td>$7,200</td>
<td>$7,200</td>
</tr>
</tbody>
</table>

Don’t Miss Out!

Programs and Resources Available When You Enroll in the AT&T Medical Plan

When you participate in the AT&T Medical Plan, you have access to wellness programs and treatment decision resources, helping you take advantage of all that Your Health Matters has to offer.

Programs include Consumer’s Medical Resource (CMR), Weight Management, Tobacco Cessation, Stress Management coaching programs (online or by phone) and the Dossia personal health record.
Preventive Care When You Use Network Providers The AT&T Medical Plan offers preventive care services at no cost to you when you use network providers. Preventive care services are those generally linked to routine wellness exams and visits. Examples of preventive care include annual routine physicals, pap smears, immunizations, well-adult visits, mammograms, and well-baby and well-child care. For more information regarding preventive care services, refer to the Preventive Care Guidelines at myuhc.com.

You Can Participate in Teladoc
As a participant in the AT&T Medical Plan, you can participate in Teladoc, a service that gives you 24-hour access to a nationwide network of doctors when your primary-care physician is unavailable. Teladoc doctors can diagnose and treat routine, nonemergency medical issues via the telephone or online and can provide short-term prescriptions, excluding DEA controlled substances, when appropriate.

You Can Shop Around for the Best Providers
We’re all used to going online and shopping around for the best prices on big-ticket items such as cars and flat-screen TVs. As a participant in the AT&T Medical Plan, you can do the same thing with medical services and procedures. You’ll have access to myuhc.com, a powerful website developed by our plan’s claims administrator, UnitedHealthcare. This site allows you to search for network specialists based on health conditions and procedures. The site also allows you to compare network providers.

You can preview the website at any time by visiting myuhc.com. Some site features, however, are available only to active plan participants.
You Can Learn About Your Options

The more you know about a particular medical condition, the more likely you are to make an informed decision about your care. The myuhc.com website features an extensive electronic library of research tools and medical journals that will allow you to learn in detail about conditions and treatment options.

You Can Develop a Plan for Wellness with Your Health Matters

We all want to look and feel our best, but sometimes it’s hard to know where to start. Whether you want to learn more about living a healthier lifestyle or find tips on better nutrition, Your Health Matters programs can help you take that first step. You can also take an online health assessment to see whether you have any health areas needing attention.

You Can Create a Personal Online Health Record

An Online Health Record is a secure and private place to store all your medical records and health information, including medications, test results, physician visits, prescriptions, allergies, immunizations, surgery history and more. At AT&T, this tool is provided by Dossia, an independent, third-party company, so your information is kept completely confidential. You choose with whom you share your information — for example, your current physician or a new physician in the future. With your permission, your medical and prescription drug claims data can populate into your health record automatically, which allows you to keep your records up to date.
Saving Money with Health Savings Accounts and Flexible Spending Accounts

Here at AT&T, our employees may be eligible to participate in two money-saving tools that allow them to pay for eligible expenses with tax-advantaged dollars — flexible spending accounts and health savings accounts.

**Health Care Flexible Spending Accounts**

No matter which type of health coverage you have, you’ll be able to participate in a health care flexible spending account (FSA). FSAs can help you pay for eligible health care expenses with funds set aside through payroll deduction. You don’t pay taxes on the funds you contribute, so more money is available in your paycheck as disposable income. The money you put in an FSA must be used during the year you set it aside, or you’ll lose the funds.

In 2012, you’ll be able to set aside up to $10,000 in a health care FSA. Your annual contribution will be deducted evenly from your paychecks throughout the year, but you’ll have access to the full amount as soon as you open your account. This may be an attractive option if your priority is to receive reimbursement for expenses you know you’re going to incur during the calendar year.

**Health Savings Accounts**

If you participate in the consumer-driven option of the AT&T Medical Plan, you can generally contribute to a health savings account (HSA).

An HSA is essentially a savings account that you can use to pay for qualified medical expenses with funds that haven’t been subject to federal tax. Fees may apply when you make a withdrawal.

**What Are Qualified Medical Expenses?**

If you have an HSA or a health care FSA, you may use the funds in your account to pay for “qualified medical expenses” — a term used by the Internal Revenue Service to identify those items that taxpayers can claim on their taxes. That list includes:

- Doctor and hospital bills
- Chiropractor visits
- Prescription drugs
- Lab tests and much more

If you’d like to view a more complete list of qualified medical expenses, you can request a copy from the IRS or you can view it online at the IRS website.

*Not applicable to Puerto Rico Management employees.*
Unlike the funds in an FSA, the funds remaining in an HSA at the end of the year are not forfeited. They can roll over from year to year and earn interest, as well. Establishing an HSA may be an attractive option if you wish to save for medical expenses you will incur down the road.

You can use the funds in your HSA to meet your annual deductible with tax-advantaged dollars — using the funds to pay for such out-of-pocket expenses as office visits, prescription medications and more.

Starting an HSA is easy. You can set one up at any number of financial institutions. AT&T also allows you to contribute through payroll-deduction to an HSA established with OptumHealth Bank.

**Important**

- The HSA offered by OptumHealth Bank is not an AT&T-sponsored employee benefits plan nor is it subject to ERISA. It is your personal account established and maintained by OptumHealth Bank, the OptumHealth HSA trustee.

- If you participate in the consumer-driven option of the AT&T Medical Plan, it is permissible to participate in both a health care FSA and an HSA. Please note, however, that if you do participate in both, you must limit your FSA and, only dental and vision expenses can be reimbursed from your FSA.
Can You Establish An HSA?

If you meet the following requirements, you can generally contribute to an HSA:

- You must be enrolled in the consumer-driven option of the AT&T Medical Plan or a plan that meets the Internal Revenue Code (IRC) requirements for a high-deductible health plan.
- You cannot be covered by another medical plan that does not qualify as a high-deductible health plan or high-deductible health insurance according to IRS regulations.
- You cannot be enrolled in Medicare.
- You cannot be claimed as a dependent on someone else’s tax return.

Which is right for you?

Though both HSAs and FSAs allow you to set aside tax-advantaged dollars to pay for health care expenses, there are important differences between the two. The chart below shows how the tools are alike and how they differ.

<table>
<thead>
<tr>
<th>Maximum election for 2012</th>
<th>HSA</th>
<th>HEALTH CARE FSA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$3,050 for individual participants</td>
<td>$10,000</td>
</tr>
<tr>
<td></td>
<td>$6,150 for those with eligible dependents</td>
<td></td>
</tr>
<tr>
<td>Funded with before-tax dollars</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Total elected amount available on Jan. 1</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Funded via payroll deduction</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Can be established at any financial institution</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Loss of unused funds at the end of the year</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Long-term savings tool</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Must be selected during annual enrollment</td>
<td></td>
<td>✓</td>
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</table>