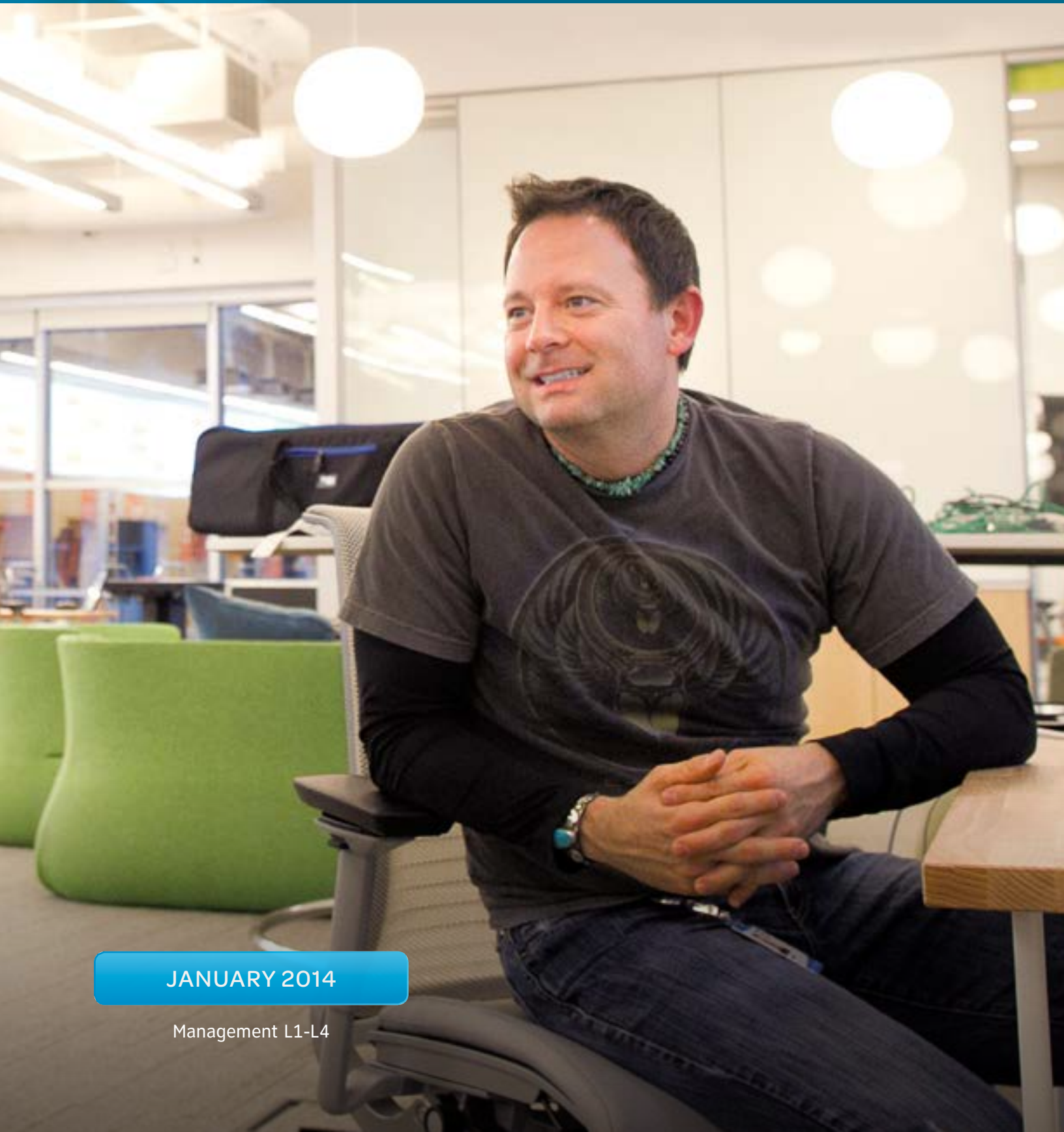


Benefits Overview



JANUARY 2014

Management L1-L4

Here at AT&T, we care about each other – inside and outside of work. We also invest in our people and support them in meaningful ways. One way is by offering 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 families.

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

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2014 Benefits Overview

YOUR HEALTH

Medical As an AT&T management employee, you can choose medical coverage through the consumer-driven health plan (CDHP) option of the AT&T Medical Program or a Fully-Insured Managed Care option (where available). Your health care options are determined by your home ZIP code on file with AT&T, and can be viewed when you log on to the AT&T Benefit Center website.

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

CarePlus CarePlus is a supplemental benefit program that helps cover the cost of certain medical treatments not usually covered by AT&T medical program options. You don't need to be enrolled in a separate AT&T medical program to sign up.

Here are examples of some of the services currently covered by CarePlus:

- ▶ Coverage for emerging treatments for cancer and other severe, life-threatening diseases
- ▶ Certain preventive cancer screenings:
 - Digital Mammography for breast cancer
 - Reflectance Confocal Microscopy and MelaFind for melanoma
 - Confocal Endomicroscopy for esophageal cancer
- ▶ Xolair for acute allergy attacks
- ▶ Fragile X testing for Autism
- ▶ Occupational therapy and speech therapy for the treatment of Autism, Down syndrome, Rett syndrome, Klinefelter syndrome, Turner syndrome, and other genetic disorders

Dental Our dental coverage helps pay for necessary dental care, including routine cleanings, oral exams, fluoride treatments and X-rays, as well as many basic and major restorative services, such as orthodontia. The PPO plan option has thousands of in-network providers that offer significant savings on your costs compared to your costs by using a non-network provider.

Vision Our vision coverage helps pay for eye exams, eyeglasses, contact lenses and frames. EyeMed, the vision administrator, also offers a list of providers who offer discounted laser vision-correction procedures.

Disability If you are absent from work as a result of an 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.

AT&T Employee Assistance Program This company-paid benefit provides you and your family with professional and confidential assessments, referrals and short-term intervention to help with personal issues that may impact work performance. These can include, for example, 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 Program, you also can participate in Teladoc. This program gives you 24-hour access (online or by phone) to a nationwide network of doctors when your primary care physician is unavailable.

See page 6 for more information about Teladoc.

YOUR MONEY MATTERS

It's your future, and Your Money Matters.

AT&T believes in promoting your financial wellness. That's why we developed the *Your Money Matters* program, to help you understand the resources and savings vehicles available to you as an AT&T employee:

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

Savings Eligible employees may immediately enroll in the AT&T Retirement Savings Plan (ARSP). This 401(k) plan allows you to save for retirement through payroll deductions into the ARSP and provides a very generous Company match. To maximize your Company match, you should consider contributing 6 percent of your salary as a basic contribution. The Company will match 80 percent of your basic contribution. 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). **If you are a newly hired, rehired or transferred into the ARSP, you may be automatically enrolled into the plan after 60 days. A before-tax basic contribution of 3 percent of your salary will be deducted from your paycheck if you are automatically enrolled. During this 60-day period, you may stop the automatic enrollment and make your own enrollment decisions, or you may elect not to be enrolled.**

Health savings accounts If you enroll in the AT&T Medical Program, you may elect to 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 health care expenses in years to come in a tax-efficient manner. Learn more about HSAs on page 8.

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 on page 9.

YOUR HOME AND WORK

Adoption reimbursement policy This policy reimburses you up to \$5,000 for certain costs associated with adoption, such as agency fees, legal and court fees, and foreign-adoption fees.

Commuter benefit policy This policy 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 struggle with managing daily responsibilities. The experts at LifeCare provide educational materials, personalized referrals, and an interactive website to help you achieve balance in your life for issues including:

- ▶ 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, LifeCare offers their online discount center, LifeMart, for great savings on a wide variety of 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 Mercer PersonalPlans at group rates. Offerings include:

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

The offerings available through Mercer 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.

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 & offers

AT&T products and services: 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. These include wireline voice, wireless, high-speed Internet, AT&T U-verse (portfolio of IP based services: digital TV, high speed Internet and voice), Digital Life and AT&T | DIRECTV cable and satellite TV.

OneStopShop: An eMarketplace, powered by Next Jump, Inc. and co-branded by AT&T where you have access to over 30,000 national and local merchants that provide discounts across 28 shopping categories.

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.

AT&T Medical Program: Getting the most from consumer-driven health care

This information is specific to the consumer-driven option of the AT&T Medical Program. It does not pertain to any other options that may be available to you, such as Fully-Insured Managed Care options.

In the sections that follow, you'll see how consumer-driven health care differs from traditional health care by putting you in control of your health care dollars. AT&T's consumer-driven health plan is a high-deductible option that combines lower employee contributions, medical, prescription, and mental health/substance abuse coverage, and access to a wealth of tools and resources, including eligibility to establish a Health Savings Account (HSA). This combination ensures you are fully equipped and empowered to make informed healthcare decisions.

Whether you're searching for a low-cost, quality provider, interested in researching treatment options or looking for a wellness program that fits your lifestyle, you'll find the latest information and customized solutions at your fingertips through the *Your Health Matters* online portal.

The *Your Health Matters* portal is your single entry point to all things health and wellness. It features personalized health reminders and information, a health library to search health topics, health and wellness tools and a Health Questionnaire. Go to the portal first to find resources and wellness programs to help you maintain your health, manage your weight, stay active, quit tobacco, manage a condition and more.

With the exception of preventive services, all eligible expenses that you incur from network providers related to medical/surgical services, prescription drugs and mental health/substance abuse services apply to an annual network deductible. (You can also use non-network providers if you choose by paying a separate non-network deductible, but you will be responsible for a greater percentage of eligible charges, and some services may not be covered.)

2014 Annual Deductibles for Participants in the AT&T Medical Program			
	Individual	Individual +1 Dependent	Individual +2 or More Dependent
Network	\$1,250	\$2,500	\$2,500
Non-Network	\$3,750	\$7,500	\$7,500

As a participant in the consumer-driven option of the AT&T Medical Program, after meeting your network annual deductible, you will pay for 20 percent of your eligible medical/surgical and mental-health/substance abuse network expenses as well as a copayment for eligible prescription drugs until you reach your network annual out-of-pocket maximum. If you choose to use non-network providers, you will pay for 50 percent of your eligible non-network expenses once you meet your separate non-network annual deductible. Once you meet your network annual out-of-pocket maximum, the plan pays 100 percent of your eligible expenses for the remainder of the year. You have the option of paying a higher monthly contribution to reduce your network annual out-of-pocket maximum.

2014 Network Out-of-Pocket Maximums and Contributions						
	Individual		Individual +1 Dependent		Individual +2 or More Dependent	
	Out-of-Pocket Maximum	Monthly Contribution	Out-of-Pocket Maximum	Monthly Contribution	Out-of-Pocket Maximum	Monthly Contribution
Option 1	\$4,125	\$11	\$6,188	\$64	\$8,250	\$119
Option 2	\$2,750	\$96	\$4,125	\$229	\$5,500	\$365

2014 Non-Network Out-Of-Pocket Maximums			
	Individual	Individual +1 Dependent	Individual +2 or More Dependent
Option 1	\$16,500	\$33,000	\$33,000

Preventive care when you use network providers The AT&T Medical Program covers preventive care services at no cost to you when you use network providers. Preventive care services are those services which are determined by the benefits administrator to provide preventive care and are included in the benefits administrator's preventive care policy. Examples of preventive care generally include annual routine physicals, pap smears, immunizations, routine mammograms and well-baby and well-child care. For more information regarding covered preventive care services, contact UnitedHealthcare.

Participate in Teladoc As a participant in the AT&T Medical Program, you can participate in Teladoc — a benefit that gives you 24-hour access to a nationwide network of doctors who can diagnose, recommend treatment and prescribe medication (as appropriate) for many non-emergency medical conditions via telephone or online video for just \$40 per consult.

SHOP AROUND FOR THE BEST PROVIDERS

We're all used to going online and shopping for the best prices on big-ticket items such as cars and flat-screen TVs. As a participant in the AT&T Medical Program, you can do the same thing with medical services and providers. You'll have access to myuhc.com, a powerful website developed by our plan's benefits administrator, UnitedHealthcare (UHC). UHC's myHealthcare Cost Estimator tool allows you to search for network specialists based on health conditions and procedures. The site also allows you to compare network providers by cost and quality to help ensure you get the best care and value.

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

DON'T MISS OUT!

Programs and resources available when you enroll in the AT&T Medical Program

When you participate in the AT&T Medical Program (excluding Fully-Insured Managed Care options), 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 and many other coaching programs (online or by phone).

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. Nurses are also available by phone to discuss certain conditions and treatment options and help direct you to network physicians or facilities.

DEVELOP A PLAN FOR WELLNESS WITH YOUR HEALTH MATTERS

Your Health Matters is committed to providing interactive, personalized resources that empower you to take control of your health and wellness. Through online tools, face-to-face conversations and live events, we aim to provide you and your family with the resources needed to achieve your health and wellness goals. Get started by taking the confidential Health Questionnaire to get a pulse on your current health status and determine your eligibility for any of the available health and wellness programs at no additional cost. Monitoring your health status over time is important, as it provides concrete information to help you see your progress and continue to make desired and/or necessary lifestyle changes. Another key resource *Your Health Matters* provides is our tSpace community, which is one of the largest and most active communities at AT&T. The community is a space to share tips, successes and challenges, and receive motivation to start — or stick with - your health and wellness goals.

Save money with health savings accounts and flexible spending accounts

Maximize your benefits and save for eligible health care costs by enrolling in a health savings account (HSA) or flexible spending account (FSA). While they differ, both accounts offer tax advantages that can help offset eligible expenses. You don't pay taxes on these contributions, leaving more money in your paycheck.

WHAT ARE ELIGIBLE HEALTH CARE EXPENSES?

If you have an HSA or a health care FSA, you may use the funds in your account to pay for "eligible health care expenses," those items defined by the Internal Revenue Service that taxpayers can claim on their taxes. That list includes:

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

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

HEALTH SAVINGS ACCOUNTS

If you enroll in the AT&T Medical Program (and meet all IRS requirements for HSA eligibility), you may elect to contribute to a health savings account (HSA).

An HSA can help pay for qualified health care expenses for you and your eligible dependents. The HSA is a special savings account offered by many financial institutions that you can use to pay for eligible health care expenses with funds that haven't been subject to federal tax.

Unlike the funds in an FSA, the funds remaining in an HSA at the end of the year are yours and will not be forfeited. The balance will roll over from year to year and earn interest or can be invested in financial instruments such as mutual funds. Establishing an HSA may be an attractive option if you wish to pay for health care expenses pre-tax today or to save for health care 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 out-of-pocket expenses such as office visits, prescription medications, and more.

Starting an HSA is easy. AT&T also allows you to contribute through payroll-deduction to an HSA established with Fidelity Investments.

Important

- ▶ You can sign up for an HSA at the AT&T Benefits Center or through the financial institution of your choice. The HSA offered by Fidelity Investments is not an AT&T-sponsored employee benefits plan nor is it subject to ERISA. It is your personal account established and maintained by Fidelity, and Fidelity is the trustee for your account.
- ▶ It is permissible to participate in both a health care FSA and an HSA. **Please note**, however, that if you do participate in both, your FSA will become “limited” and can only be used to pay eligible dental and vision expenses.

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 2014, you'll be able to set aside up to \$2,500 in a health care FSA and \$5,000 for a dependent care FSA. Your annual contribution will be deducted evenly from your paychecks throughout the year.

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 following chart shows how the tools are alike and how they differ

CAN YOU ESTABLISH AN HSA?

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

- ▶ You must be enrolled in the high deductible health plan option of the AT&T Medical Program 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.

	HSA	Health Care FSA
Maximum Election for 2014	\$3,300 for Individual Participants \$6,550 for those with eligible dependents	\$2,500
Funded with before-tax dollars	✓	✓
Total elected amount available on Jan. 1		✓
Funded via payroll deduction	✓	✓
Can be established at any financial institution	✓	
Loss of unused funds at the end of the year		✓
Long-term savings tool	✓	
Must be selected during annual enrollment		✓

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 at any time, for any reason, and AT&T employee participation in the plan is neither a contract nor a guarantee of future employment.