



TO: **AT&T Management and Bargained Employees**
 RE: Year 2012 – 1st Quarter Lump Sum Pension Update
 DATE: December 1, 2011

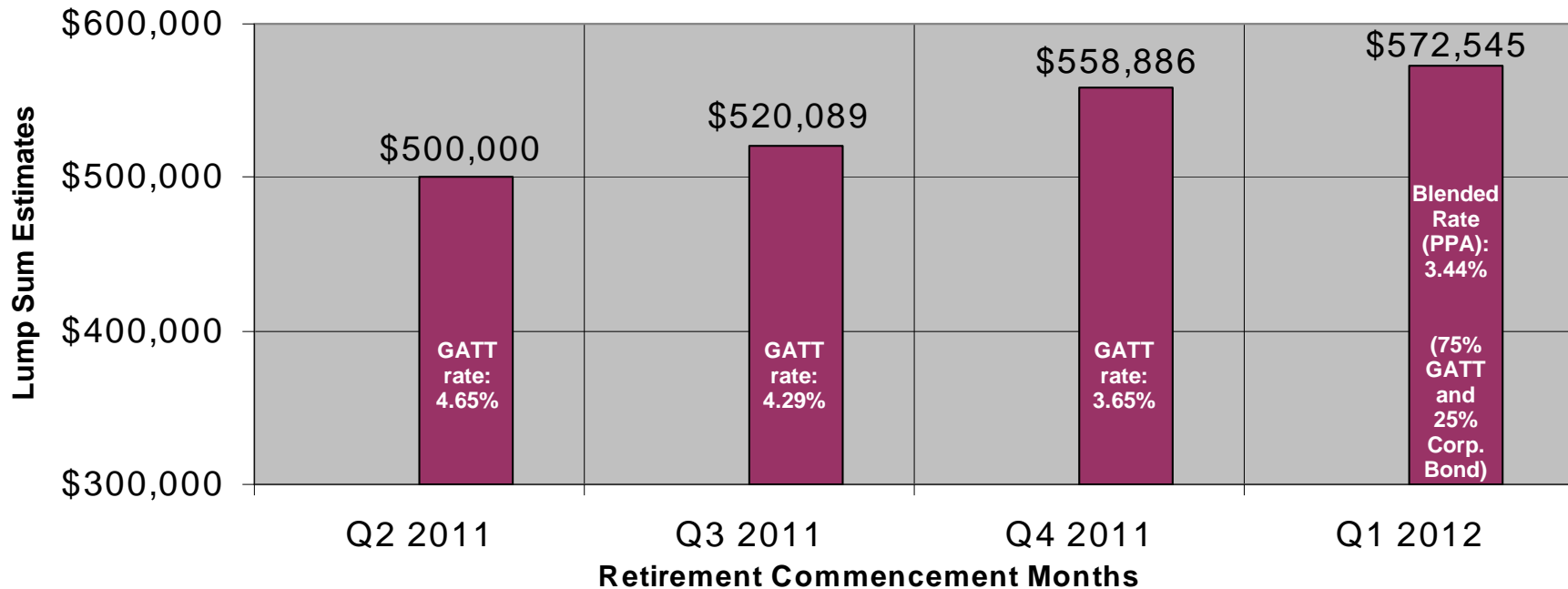
Below are **hypothetical** examples which are not necessarily reflective of your pension figures and do not factor in employees eligible for the CAM.
 For help with or questions about your specific pension figures, call us for an appointment.

(214) 752-1000 or (817) 336-2000

Sample Manager Age 55 w/ 30 Years Service

Lump Sum Pension Estimates by Quarter

If Monthly Pension (Single Life Annuity) is \$2,674, then Lump Sum estimate is:



(please see reverse for changes in Bargained pensions)

The interest rate used to calculate a Manager's pension changes quarterly, and is based upon a combination of the GATT rate (30-Year Treasury Bond) and Corporate Bond Rate as follows for 2012 retirement commencements: 75% GATT - 25% Corporate Bond. Rates are based upon the middle month of the calendar quarter immediately preceding retirement commencement. Example above illustrates the trend of the Lump Sum Pension calculation on a quarterly basis throughout the year, reflecting only a change in interest rate, and not a change to life expectancy or the underlying pension (Single Life Annuity).

Source for historical 30-Year Treasury Bond rates is AT&T Pension & Retirement Services. Current rates are provided by the U.S. Department of Treasury and may not yet be published by AT&T. Due to rounding, AT&T and U.S. Department of Treasury rates may differ slightly. Lump Sum estimates calculated using the GAR-94 Life Expectancy factors which became effective for AT&T retirees beginning January 1, 2003. All examples and estimates are for illustrative purposes only and are not representative of a specific individual's pension. Individual results may vary.

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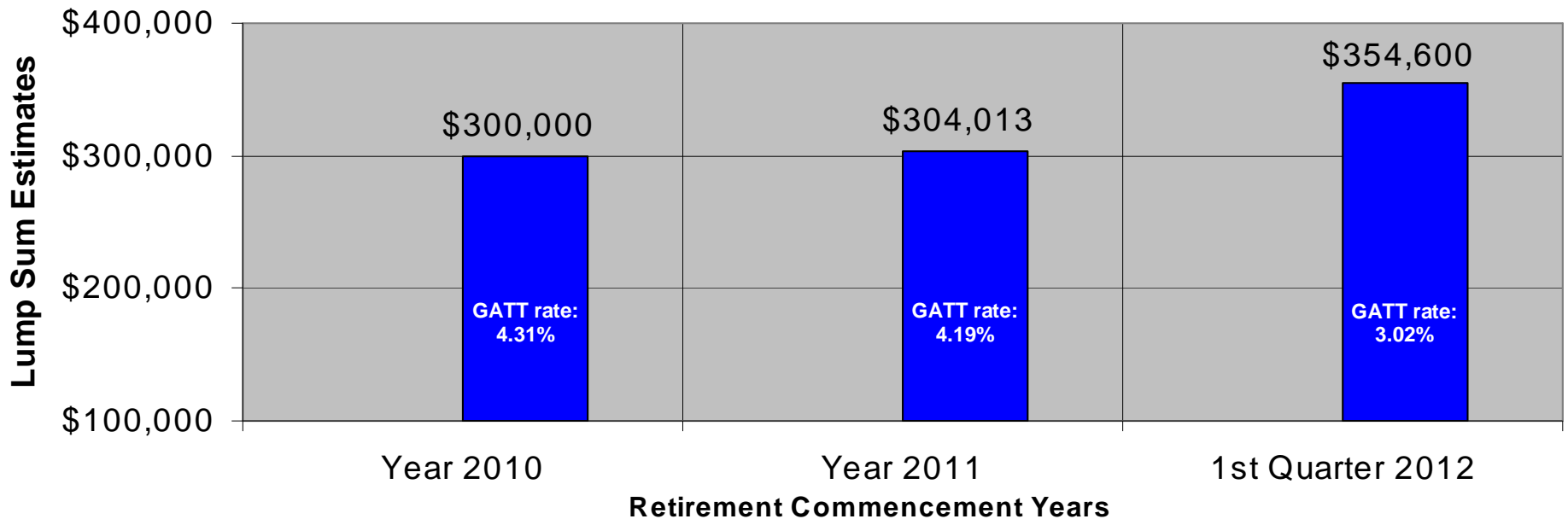
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Sample Bargained Employee Age 55 w/ 30 Years Service

Lump Sum Pension Estimates by Quarter

If Monthly Pension (Single Life Annuity) is \$1,577, then Lump Sum estimate is



(please see reverse for changes in Management pensions)

The interest rate used to calculate a Bargained-for employee's pension changes annually. From January 1, 2012 until March 31, 2012, the company will figure the lump sum pension using only the November GATT rate (30-year Treasury Bond) for anyone retiring during this three months only in 2012. For the remainder of 2012, the company will begin using the following blended rate: 75% GATT - 25% Corporate Bond. Example above illustrates the trend of the Lump Sum Pension calculation on an annual basis over a three year timeframe, reflecting only a change in interest rate and the 2% annual pension band increase under the CWA Final Bargaining Agreement, and not a change to life expectancy or the underlying monthly pension (Single Life Annuity).

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