



## AT&T to sell incumbent local exchange operations in Connecticut to Frontier Communications

### FREQUENTLY ASKED QUESTIONS

#### TRANSITION

1. When will I learn if I am one of the affected employees to be transferred to Frontier at Close?

##### **Management and Union Represented Employees**

*Due to strict confidentiality during the pre-sign negotiations with Frontier, we anticipate it will take some time to fully identify and/or confirm each employee to transfer to Frontier at Close. Once all affected employees have been confirmed, you will be notified if you will transfer to Frontier or remain with AT&T at Close.*

2. When can we expect the Close to occur?

##### **Management and Union Represented Employees**

*The deal must receive regulatory approval before it can close, which we expect to occur in the second half of 2014. Until Close, AT&T will continue to operate business as usual, delivering the great service our customers expect. Accordingly, you will remain on AT&T's payroll and benefit systems until Close.*

#### COMPENSATION

3. Will Frontier honor current wages of employees who are transferred to Frontier?

##### **Union Represented Employees:**

*For union represented employees, the applicable collective bargaining agreements, which provide for compensation and benefits, will be assumed by Frontier.*

##### **Management Employees**

*With respect to management employees, the agreement between AT&T and Frontier provides that for the twelve month period after Close, base salary and incentive opportunities (e.g., annual bonus) will be at least equal to that provided by AT&T immediately prior to the Close.*

4. Will I receive a pro-rated 2014 bonus from AT&T for the period between January 1, 2014 and the date of Closing?

##### **Management Employees**

*No. Frontier will be responsible for the 2014 calendar year annual bonus awards which would be payable in the first quarter of 2015.*



## PAYROLL

### **5. Will anything about my payroll change prior to the time my employment is transferred to Frontier?**

*No. You will continue to be paid by elink until such time that you are moved to Frontier's payroll system.*

## HEALTH AND WELFARE BENEFITS

### **6. Will Frontier recognize my AT&T service?**

#### **Management and Union Represented Employees**

*For all transferring employees, Frontier has agreed to give full credit for service recognized by AT&T at closing for purposes of eligibility, vesting and benefit accrual in Frontier's employee benefit plans, policies and programs (including pension plans, savings plans, paid time off, severance, sick leave and health and welfare benefits).*

### **7. How will my health and welfare benefit coverage change?**

#### **Union Represented Employees:**

*At the Close, your participation in the AT&T health and welfare benefit plans will end. The applicable collective bargaining agreements, which cover compensation and benefits, will be assumed by Frontier at Close. Decisions regarding ongoing health and welfare plans after the Close will be made by Frontier, subject to bargaining and union contract obligations.*

*At the Close, your eligibility for the retiree and retirement provisions of the AT&T health welfare benefit plans will also end. Retiree health and welfare obligations will also transition to Frontier at the time of Close. Following the Close, affected employees will no longer be eligible to participate in the retiree coverage provisions of the AT&T health and welfare benefit plans under any circumstances. The terms of the Frontier benefit plans will govern in all cases after the Close.*

#### **Management Employees**

*At the Close, your participation in the AT&T health and welfare benefit plans will end. After the Close, Frontier will determine the benefits available to management employees. Frontier has agreed to provide certain benefit protections for a twelve month period following the Close.*

*At the Close, your eligibility for the retiree and retirement provisions of the AT&T health welfare benefit plans will also end. Retiree health and welfare obligations will also transition to Frontier at the time of Close. Following the Close, affected employees will no longer be eligible to participate in the retiree coverage provisions of the AT&T health and welfare benefit plans under any circumstances. The terms of the Frontier benefit plans will govern in all cases after the Close.*



**Note:** Only actively employed **Management and Union Represented Employees** who transfer to Frontier will be impacted by the transaction with Frontier. Previously retired employees are out of scope and will not be impacted by the transaction. Specifically, this means that AT&T is not transferring pension and retiree medical benefits and obligations to Frontier with respect to employees who have previously retired prior to the Close. For these employees, their pension and retiree health and welfare benefits will remain with AT&T and remain subject to the terms and provisions of the AT&T benefit plans.

## **PENSION AND SAVINGS**

### **8. What will happen to my pension benefits at Close?**

#### **Union Represented Employees**

Affected employees' participation in the AT&T Pension Benefit Plan (AT&TPBP) will end at the Close. However, your accrued vested benefit in the AT&TPBP will not be reduced as a result of the transaction. Union represented pension plans will be sponsored by the new owner and pension fund liabilities and assets will be transferred to Frontier by the AT&T pension trust around the time of closing. Thereafter, pension provisions will be subject to the terms of the Frontier pension program and applicable collective bargaining agreements.

#### **Management Employees**

Affected employees' participation in the AT&T Pension Benefit Plan (AT&TPBP) will end at the transaction close. Your accrued vested AT&T pension benefit in the AT&TPBP will not be reduced as a result of the transaction. Management pension programs will be sponsored by the new owner and pension fund liabilities and assets will be transferred to Frontier by the AT&T pension trust.

### **9. What will happen to my 401(k) savings at Close?**

#### **Management and Union Represented Employees**

Frontier will be responsible for all savings plan benefits after the Close for all transferring employees. Your existing account balances (including outstanding loans) will be transferred to the Frontier savings plans. Your participation in the AT&T 401(k) plan(s) will end at the Close. Thereafter, the provisions of the Frontier plan(s) will govern.



## **SEVERANCE BENEFITS**

### **10. Will Frontier offer any type of severance program following Closing?**

#### **Union Represented Employees**

*For union represented employees, Frontier is assuming the applicable collective bargaining agreements.*

#### **Management Employees**

*For management employees, Frontier has agreed to provide (for the twelve month period after Close) a severance payout no less favorable than that provided by AT&T for employees who are subject to a severance event after closing.*

*Note: The Closing of the transaction and transfer of employment to Frontier will not give rise to severance benefits for either management or union represented employees who are transferred to Frontier.*

## **OTHER BENEFITS AND POLICIES**

### **11. Where can I get answers to my general AT&T benefits questions?**

*Within the next 30-60 days, a website will be deployed where you can submit general HR questions.*

The preceding information summarizes certain AT&T and Frontier benefit plan, program and policy provisions. This is a high level summary of these provisions. In all cases, the terms of the official plan documents will govern notwithstanding anything contained in this summary. To be clear, Frontier's plans, policies and programs will govern compensation and benefits for transferred employees after Closing. This document should not be considered or deemed a plan document or an amendment to an existing plan document. Both AT&T and Frontier reserve the unilateral right to amend, modify or terminate any of their plans, policies or programs at any time for any reason. Nothing in this document should be construed as a guarantee of employment.