AT&T Non-Management Tuition Aid Policy - Pre-Merger SBC Represented Employees

Effective Date: January 1, 2007

Table of Contents

1.0 SCOPE................................................................................................................................................. 2
2.0 POLICY.................................................................................................................................................. 2
3.0 DEFINITIONS........................................................................................................................................... 2
4.0 ELIGIBILITY............................................................................................................................................. 2
5.0 POLICY DETAILS .................................................................................................................................... 4
  5.1 Approved Degree Programs ................................................................................................................... 4
  5.2 School / Institution Requirements ........................................................................................................ 4
  5.3 Non-Traditional Education for College Credit ...................................................................................... 5
  5.4 Required Approvals .............................................................................................................................. 5
  5.5 Tuition Payment ................................................................................................................................... 5
  5.6 Tax Implications ................................................................................................................................... 6
6.0 ADMINISTRATIVE GUIDELINES ......................................................................................................... 7
  6.1 Application Process ............................................................................................................................... 7
  6.2 Course Completion Documentation ..................................................................................................... 9
  6.3 Repayment Procedures ......................................................................................................................... 9
  6.4 Employee Responsibilities ................................................................................................................... 10
  6.5 Other Repayment Requirements / Suspensions of Participation: ..................................................... 10
7.0 ADDITIONAL INFORMATION ............................................................................................................... 11
1.0 SCOPE

The policy applies to all pre-merger SBC non-management bargained employees of any AT&T company except employees in SBC Messaging Customer Care Operations (CCO) located in SBC West.

2.0 POLICY

The AT&T Non-Management Tuition Aid Policy provides financial assistance for employees who are working to attain academic degrees that are beneficial for the employee and the Company.

Administration of this policy is the responsibility of the AT&T Tuition Assistance Center. All programs, forms and payments made or reviewed for classes fall under this policy.

This policy supersedes and replaces any previous policy regarding tuition aid for Legacy “S” non-management bargained employees.

The Company reserves the right to amend, change, or cancel this policy or any part of it, or reduce, modify, or suspend its terms at its sole discretion.

Individual Business Units may not modify this policy.

Participation in this program is neither a contract nor a guarantee of future compensation or employment.

3.0 DEFINITIONS

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>CLEP</td>
<td>College Level Examination Program</td>
</tr>
<tr>
<td>DANTES</td>
<td>Defense Activity for Non-Traditional Education Support</td>
</tr>
<tr>
<td>NCS</td>
<td>Net Credited Service</td>
</tr>
<tr>
<td>TAC</td>
<td>Tuition Assistance Center</td>
</tr>
</tbody>
</table>

4.0 ELIGIBILITY

All regular full-time non-management bargained employees are eligible for Tuition Aid after completing 12 months of NCS.

The following do not qualify for Tuition Aid:

- Courses that begin before the employee completes 12 of NCS
- Courses that end after the employee voluntarily separates from the Company
- Temporary, Term, or part-time employees (except as mandated by the CWA Contract at SBC West)
• Employees on disability or leave of absence at the time course(s) begin (except employees on an Educational Leave of Absence)
• Employees repaying the Company for tuition aid until full payment has been received
• Any course(s) that does not result in credit hours or units toward one of the degree programs listed in Section 5.0 of this policy
• Courses not passed with a grade of “C-” or above, or “Pass”/“Complete”
• Courses for which Tuition Aid has previously been paid
• Programs which result in a certification or certificate of completion (except for those programs established through bargaining or that are a requirement of a specified degree program)
• Course-specific fees not included on an application prior to the course end date
• Applications received in the Tuition Assistance Center after the course has ended

Consistent progress in a degree program should be maintained. Consistent progress is defined as successful completion of one course during each calendar year. Documentation of completion of a course must be submitted within 60 calendar days regardless of the final grade.

Employees do not lose eligibility for Tuition Aid if they are prevented from completing a course because of:

• Separation as a result of a formal surplus or under the Non-Management Severance Payment Guidelines
• Company-initiated transfer to another city which requires relocation
• Unexpected Company business requiring increased travel
• Unexpected service demands such as those caused by natural disasters
• Unexpected increase in job responsibilities
• Company-initiated change in scheduled work hours
• Approved Disability
• Approved FMLA absence
• Approved Surplus Leave of Absence (SBC Southwest only)
• Approved Military Leave of Absence
• Pre-approved Educational Leave of Absence

Within 60 calendar days from the course end date on record, the employee must obtain written documentation of any of the above conditions from his/her supervisor and submit that documentation to the Tuition Aid Center. Courses must begin prior to the above listed conditions and the participant must provide documentation that payment was made to the institution and that the institution will not refund tuition and fees. Courses beginning after an above listed condition occurs will be subject to all rules within the policy and will not be eligible for payment.
5.0 POLICY DETAILS

5.1. Approved Degree Programs

<table>
<thead>
<tr>
<th>Degree Program</th>
<th>Approved Degree Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Art (Not History)</td>
<td>Human Resources</td>
</tr>
<tr>
<td>Accounting</td>
<td>Industrial Psychology</td>
</tr>
<tr>
<td>Business</td>
<td>Information/Computer Systems</td>
</tr>
<tr>
<td>Communication/Mass Media</td>
<td>Labor Studies</td>
</tr>
<tr>
<td>Computer Science</td>
<td>Management</td>
</tr>
<tr>
<td>Economics</td>
<td>Marketing</td>
</tr>
<tr>
<td>Electronics</td>
<td>Mathematics</td>
</tr>
<tr>
<td>Engineering</td>
<td>Organizational Behavior</td>
</tr>
<tr>
<td>Finance</td>
<td>Organizational Development</td>
</tr>
<tr>
<td>Geographical Information Systems</td>
<td>Telecommunications</td>
</tr>
</tbody>
</table>

Degree programs listed above can include focus in specific areas of study such as supply chain management, purchasing, logistics, or real estate management. Art is only available as a degree program for applicable business units that have positions requiring these skills and background.

- Continuing education / workforce development courses that offer college credit are not eligible for tuition assistance unless the individual provides proof of enrollment at the school as a degree-seeking student in an approved degree program that will recognize those courses

- Accepting gifts such as laptops, MP3 players, or other items of monetary value in return for course enrollment or completion is strictly prohibited. If such a gift is accepted, the course is not eligible for tuition assistance and all payments made to the employee are required to be repaid

5.2. School / Institution Requirements

Courses that are a part of an approved degree program listed in Section 5.1 must be completed at one of the following:

- A college, university, business school, technical school or secondary school that meets the U.S. Department of Education’s requirements for an eligible program and has been assigned a program code on the Free Application for Federal Student Aid (FAFSA)
- An institution accredited by the Distance Education and Training Council (DETC)
5.3. **Non-Traditional Education for College Credit**

Fees for taking CLEP or DANTES examinations are eligible for reimbursement.

Fees for obtaining college credit for previous learning and work experience through the Portfolio Review process, including the cost of the portfolio review as well as the cost of posting earned credits to the transcript are eligible for reimbursement.

5.4. **Required Approvals**

Reimbursement for undergraduate degree programs requires the approval of the business unit general manager or above. Courses which are part of an approved undergraduate degree program listed in Section 5.1 (which meet all eligibility requirements of this policy) must be approved.

Reimbursement for graduate degree programs requires the approval of the business unit senior manager or above (5th level manager).

Graduate degree programs may be denied by the required approval authority for valid business reasons including budget and job relatedness. The specific denial reason must be documented on the tuition reimbursement application.

Applications for doctorate degree programs must include a statement from the senior manager verifying that the degree is a requirement of the employee’s current position.

**NOTE:** Approvals or denials must go up the chain of command unless a signed delegation is on file.

5.5. **Tuition Payment**

Eligible tuition expenses will be reimbursed upon successful completion of all requirements listed in the Administrative Guidelines section.

The Company will pay eligible expenses for approved courses for amounts not to exceed $3,500 in a calendar year. The annual cap is based on the calendar year in which the course begins. Unused amounts under the annual cap will not rollover into the next year, nor can amounts be borrowed from the following year’s cap for the current year.

During employment at AT&T, the Company will reimburse eligible expenses for:

- **One** approved undergraduate degree for an amount up to, but not to exceed a lifetime cap of **$20,000.** (This cap also applies to rehires.)

- **One** approved graduate degree for an amount up to, but not to exceed a lifetime cap of **$25,000.** (This cap also applies to rehires.)
NOTE: The annual and lifetime program caps do not apply to the NACTEL associates degree, however funds provided in connection with the NACTEL associates degree program will count against the annual and lifetime program caps indicated above if the employee pursues any other degree program.

The Company will pay only eligible tuition and fees that are required by the school to attend the course. Books are not eligible for payment. The Company will not pay for any eligible tuition and fees that are covered by grants or scholarships. Funds received from grants and scholarships must be disclosed on the application and will be deducted from the tuition assistance paid. Employees do not have to report funds received from the Montgomery G.I. Bill or from student loans. Only Company paid tuition and fees will apply toward the respective annual and lifetime program caps.

The tuition expenses are charged to the employee's organization at the time payment is made.

5.6. Tax Implications

Company paid tuition assistance is regulated by the U.S. Federal Income Tax Code 127. Employees will not be subject to federal income tax on the amount received from AT&T up to $5,250 as part of the AT&T Non-Management Tuition Aid Policy. However, AT&T will report as income and withhold applicable taxes on tuition exceeding $5,250 if the education does not maintain or improve the employee’s skills needed for his/her current position.

For employees who reside in New Jersey or Alabama, if the education does not maintain or improve the employee’s skills needed for his/her current position, Tuition Reimbursement will be taxed. For employees who reside in Pennsylvania, all Tuition Reimbursement will be taxed. For employees who reside in other states, the state rules are generally the same as those for federal income tax.
6.0 ADMINISTRATIVE GUIDELINES

6.1. Application Process

The AT&T Non-Management Tuition Aid Policy application form (ATT1027-NM) must first be completed on the [www.acclaris.net](http://www.acclaris.net) website and submitted online for departmental approval. Applications may be submitted online as early as forty-five (45) calendar days prior to the start of the course but no later than the last day of the course. Following departmental approval, the application will be electronically forwarded to the AT&T Tuition Assistance Center and the employee will be advised by email that it has been submitted. Supporting documentation must be provided within five (5) business days and include:

1. The preprinted Acclaris Fax Cover Sheet for the relevant application (generated from [www.acclaris.net](http://www.acclaris.net) > Accounts > Applications > App ID > Print Cover Sheet)
2. A copy of the institution’s current rate sheet (i.e., the rate schedule from the college or university detailing the tuition and fee costs for the courses being taken), an itemized student account summary, or an itemized invoice

School documentation must include student name, student number, and school information or logo. Include ATTUID on the fax cover sheet and on all other documents if not already indicated.

All items must be faxed together to: AT&T Tuition Assistance Center
FAX: 1-813-849-6336

A substitute/change application is required when there is any change to a course on an already approved application. Substitute applications must be received prior to the original course end date on record. Examples of when a substitute application would be required include but are not limited to:

- A course originally applied for is not available at registration, i.e. the course is full or has been cancelled by the school/institution
- The start date and/or the end date of the course originally applied for changes
- There is a change in the course name and/or course number
- The requested dollar amount increases or decreases. If the tuition/fee amount increases, a rate sheet or itemized invoice must be submitted with the substitute application

In these cases, the “Change” box must be checked on the substitute/change application and updated information provided for the course. If the course number changes, indicate the original course number in the “Substitute for” field under the new course number.
An Acclaris Fax Cover Sheet must be submitted to cancel any applications that have been approved. Please include a note on the Cover Sheet requesting cancellation of the application and reference the applicable course number(s). If payment has already been received for a course, see Section 6.3 Repayment Procedures.

The following will not be accepted:

- Applications received after the last day of a class
- Substitute applications received after the last day of the class originally applied for
- Incomplete applications
- Applications with incomplete supporting documentation

If the application contains more than one course, the timeframe applies to each course individually.

**CLEP/ DANTES Examinations**

- Applications for reimbursement for successfully completed CLEP or DANTES examinations must be received by the AT&T Tuition Assistance Center within 60 calendar days of the date of the examination in order to be eligible for reimbursement. Documentation of the successful completion and proof of payment must be provided within ten (10) business days of submission of the application.

**For completion of the application:**

- **Course Name:** Indicate CLEP or DANTES, as applicable
- **Course Number:** Insert course number, acronym or abbreviation
- **Course Start Date:** Insert the date of the examination
- **Course End Date:** Insert 60 calendar days from the date of the examination
- **Course Credits/Hours:** Insert the number of credits or hours awarded

- An application for reimbursement of Portfolio Review fees must be received by the AT&T Tuition Assistance Center within 60 calendar days of the date that the results were issued by the school. Documentation of the results and proof of payment must be provided within ten (10) business days of submission of the application.

**For completion of the application:**

- **Course Name:** Indicate Portfolio Review, Lifetime Learning Assessment, etc., as applicable, based on the school’s terminology
- **Course Number:** Insert course number, acronym or abbreviation
- **Course Start Date:** Insert the date the results are issued by the school
- **Course End Date:** Insert 60 calendar days from the date the results are issued by the school
- **Course Credits/Hours:** Insert the number of credits or hours awarded

A paper application form (ATT1027-NM) can be obtained through AT&T Forms Management or through www.acclaris.net, under Forms on your account homepage.
6.2. Course Completion Documentation

Upon successful completion of a course, supporting documentation must be submitted by the employee via fax to the AT&T Tuition Assistance Center. Documentation must be faxed together and must include:

(1) the preprinted Acclaris Fax Cover Sheet for the relevant application (generated from www.acclaris.net > Accounts > Applications > App ID > Print Cover Sheet)
(2) an official grade report or school transcript
(3) proof of payment for each course and fee for which reimbursement is requested, i.e., an itemized student account summary reflecting such payments or an itemized paid invoice reflecting such payments

School documentation must include student name, student number, and school information or logo. Include ATTUID on the fax cover sheet and on all other documents if not already indicated.

All items must be faxed together to: AT&T Tuition Assistance Center
FAX: 1-813-849-6336

All documentation must be received by the AT&T Tuition Assistance Center within sixty (60) calendar days following the course completion date on record for the course to be eligible for reimbursement. Incomplete documentation and documentation received more than sixty (60) calendar days after the course completion date on record will not be accepted. If the application contains more than one course, the timeframe applies to each course individually.

6.3. Repayment Procedures

An employee will receive a Repayment Notification and will be suspended from further eligibility for tuition assistance until such repayment is made, for any course:

- Not satisfactorily completed, including incomplete, fail, non-satisfactory or a grade of less than “C-
- For which evidence of satisfactory completion has not been provided to the AT&T Tuition Assistance Center within sixty (60) calendar days of course completion date on record

If an incomplete grade (I) is received, that grade must be provided to the AT&T Tuition Assistance Center within 60 calendar days of the course completion date on record, and is valid for an additional 60 days. If a passing grade is not subsequently received within 120 days of the course completion date on record, the course is considered failed and is not eligible for reimbursement.

NOTE: See Section 4.0 regarding situations in which tuition funds may not be required to be repaid and the written documentation required to support such situations.
Repayment in Full:

If the employee has not paid the institution or cannot provide proof of payment to the institution, repayment in full is required. Submit a personal check, cashier’s check or money order payable to AT&T for the full amount or repayment due. The Company will request repayment by cashier’s check or money order for any checks returned for “insufficient funds”. Mail the check along with the course number and name for which the repayment is intended to the following address: AT&T Tuition Assistance Center, P.O. Box 25123, Lehigh Valley, PA 18002-5123.

Payroll Deductions:

If the employee does not provide proof of payment to the institution or does not submit payment in full by the required date, payroll deductions will be initiated to the extent allowed by law and the matter will be referred to Asset Protection for investigation of possible misuse of Company funds, a Code of Business Conduct violation. Payroll deductions will be made over 10 pay periods up to a maximum of 50% of gross pay per paycheck, or as permitted by applicable state law, until paid in full.

6.4. Employee Responsibilities

Confirmation of the receipt and the acceptance or rejection of tuition assistance documents sent to the AT&T Tuition Assistance Center is the employee’s responsibility. Employees can confirm that the AT&T Tuition Assistance Center received their documents and the status of those documents by viewing their account information on the website, or by contacting the AT&T Tuition Assistance Center at 1-866-918-9712. Obtaining a fax confirmation from the fax machine from which documents are sent does not relieve an employee of their responsibility to confirm document receipt and status.

6.5. Other Repayment Requirements / Suspensions of Participation:

Employees are required to return any funds that were paid for tuition expense immediately after it becomes known that the funds will not be used as intended. Any overpayment must also be refunded. Non-compliance with this provision could result in the matter being referred to Asset Protection for investigation of possible misuse of Company funds, a Code of Conduct violation.

Employees in the process of repaying the Company for a course due to overpayment or otherwise are not eligible to receive additional tuition money until they have cleared their account.
7.0 ADDITIONAL INFORMATION

For any additional information regarding this policy and tuition issues, please see the AT&T Tuition Assistance Center website at www.acclaris.net or the OneStop website AT&T OneStop > Your Career Matters > Tuition Aid. You may also contact the AT&T Tuition Assistance Center at 1-866-918-9712. Regarding courses that began in 2008, please contact OneStop at 888-722-1STP (888-722-1787) (speak “Tuition” at the initial prompt).