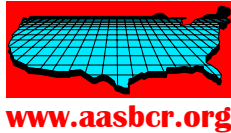


Association of Ameritech /SBC Retirees, Inc



Bruce Beckman President
Carole Lovell Vice President
Ray Sternot Vice President
Chet Przybyslawski Vice President
Richard Runge Secretary
Ralph Kolderup Treasurer
James Kempe Attorney - Agent

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From the President's Note Pad:

As you know, every organization that is dynamic and seeks to be responsive to the members needs must by its very nature evolve. Our association is not any different. Recently, we have changed the structure and strategy of our Board to focus upon the key elements that will make us more successful.



Bruce studying an agenda item

management is motivated primarily by three factors when dealing with most issues. They are Legislation, Contract Law and Litigation.

We must seek ways to gain leverage with AT&T where it can be found. One large area is being a Shareholder. As a Shareholder, the Association has certain rights that the AT&T Board of Directors must respect. Those "rights" form essentially a contract between us and the AT&T Board. It is essential that we leverage this form of contract as effectively as possible for our own benefit. We must become owners of the business.

It has become apparent that AT&T senior

The Board has chosen to move forward with a commitment we made to you by filing a Shareholder Proposal with AT&T. This was done after much soul searching because it will change the complexion of our relationship with AT&T. Our relationship will add some adversarial elements

In addition, I must applaud the work that our VP Legislation, Ray Sternot, has done with our elected officials; moving forward with key legislative issues. Through Ray's work with the NRLN, we have been able to define 8 key legislative issues and had queried all Congressional candidates in the "home" five state region. To our surprise we were able to receive a 25% response. Six responding candidates were elected to Congress. We, in cooperation with the NRLN, plan to help these Congressmen formulate legislation that will be a benefit to Retiree Health initiatives. This may be a major step forward.

As the new Consumer Driven Health Plan was unveiled last year, our VP-AT&T Relations, Ralph Kolderup, had taken on a project to monitor the effect this new plan has had on the amount we all pay

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for our coverage. Many of you voluntarily cooperated in this venture and some the results have been shocking. Ralph has put the finishing touches on his analysis. We are sharing this information with the membership, AT&T, our legislative allies and the appropriate members of the press. We will keep you informed.

As you know, Carole Lovell has done a tremendous job in building our membership base. We have seen our membership triple in the last year. Carole and I have been working to find alternative ways of building this base; more to come in this area.

Also, I hope your holiday season is a merry one.

Bruce Beckman
President, AASBCR, Inc.

Help Us Help You

Several months ago, I had asked all members to research whether they might have saved old Blue or Yellow bulletins; primarily from the periods of 1990 till 1999. There is serious question whether the existing high deductible health plan is in conflict with commitments made to Ameritech's employees prior it's acquisition by SBC (AT&T). However, to take even the smallest step, there must be tangible evidence and it is our belief that these bulletins may contain the information.

Our attorneys had advised us that the statute of limitations is probably two years from the date of inception of the current health plan. We believe that date is June 1, 2005 and so we may have only six months remaining.

I ask that when you retrieve your Holiday Decorations, you also look to see if you still have these old company documents stored away in the basement or attic. Please contact me (pres@asbcr.org) or the VP-AT&T relations, Ralph Kolderup (vp3@asbcr.org) if you believe you might have found something.

Bruce Beckman, President, AASBCR, Inc.

Blue Bulletins

One of the suggestions from last summer's membership survey was a shorter form of communication. In memory of the Ameritech HR Blue and Yellow Bulletins of the early '90's, the AASBCR Blue Bulletin was created. We would make every effort to keep the length to one page. If more pages were needed, the entire article would be on the AASBCR web site (www.aasbcr.org), with a link in the Bulletin. **Because of this the Bulletins are only distributed via e-mail.** Many Bulletins are time-sensitive. Any Bulletins still meaningful will be included in the next US Mail Newsletter.

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Planning Session

In October the Board held its annual planning meeting. The Board got together for an all-day face to face review of the past year and discussion of where to go now. While we would like to be all things to all members, we have a small cadre of **VOLUNTEER** members and have to limit our scope. We settled on 4 areas of involvement:

Healthcare; Legislative Affairs; Membership; and Communication.

Healthcare:

Individual members take their individual problems to UHC, Caremark, Hewitt, etc. for resolution. Ralph is working on a process to take Association concerns (survey results, etc.)



Rich, Chet, and Ray following the discussion

directly to AT&T. If we cannot get satisfaction, escalate the problem to the Press (Public Opinion) and Congress (Legislative Relief). The Survey is important to generate data, both factual (actual costs) and experiential.

Legislative Affairs:

We will continue to work closely with the National Retiree Legislative Network. Now that a Pension Protection Act has been passed, they are concentrating on Healthcare issues and we are very much in agreement with their direction. With the mid-term elections coming and the possibility of Change in the air, Ray will work on a questionnaire to members and candidates concerning their stand on Senior and Retiree issues.

Membership:

We have gotten a lot of recruiting help from the Ohio and Michigan Pioneers. But that does not come close to reaching all eligible members. We felt advertising is way too costly and the audience is far too broad. We are encouraging our current membership to recruit their retired friends. Carole is working on an offer to extend a member's enrolment for every new



Carole monitors the discussion

member referred by that member. We are also greatly expanding the number of keywords associated with our web site. This should generate a lot more hits from search engines (Google hits). Recruitment is one phase of Membership. Retention is the other. Carole, with help from a couple of volunteers, has raised the retention rate to close to 80% by calling past-due members to ask if they are allowing their membership to lapse and, if so, why. She could use help on this from anyone who has free long distance and time to call. (E-mail her at vp1@aabcr.org.)

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Communications:

There was unanimous approval of the Blue Bulletin format. This will continue as a



Chet checks his data

viable means of getting “The Word” out to the electronically connected membership in

a hurry. Wherever possible, the format of a one-page document with links to any necessary supporting documentation on the web site will remain.

We will keep 4 quarterly newsletters – via e-mail and US Postal Service. In 2007 we will begin accepting a limited amount of advertising to cover the costs of postage and printing. This advertising will (hopefully) be of use to our members. (E-mail newsletter@asbcr.org for information.)

All Blue Bulletins and all Newsletters will be accessible on the AASBCR web site (www.asbcr.org).

We will continue to create and distribute press releases as opportunities arise. And we will continue to work with columnists to present the views of the retiree.

With the morphing of the company to AT&T, the Board did a lot of questioning and searching for our identity. Are we AT&T? Ameritech? Illinois (etc.) Bell? We decided we represent people who retired from “The Phone Company”, whether Ohio (etc.) Bell, Ameritech, SBC, or AT&T and worked in the “5 state” Ameritech region. Carole coined our motto. We think it says it all:

Proudly representing retirees from the new AT&T Midwest Region, SBC Midwest Region, Ameritech, as well as the five Bell Companies in Illinois, Indiana, Michigan, Ohio, and Wisconsin

Medical Plan Survey

Your Board of Directors conducted a survey asking for your input regarding the 2006 AT&T Medical plan. The objectives of the survey include the following:

- To make every attempt to influence AT&T Sr. Management to change or modify the new consumer driven plan to a more even distribution of premium costs for all retirees and employees.
- To send a message to AT&T that the administrative problems in dealing with UHC are not acceptable and must be improved.
- Provide the Board with factual data that will be used to represent the views of retirees to AT&T and the US Congress and ask for fairness with regards to health care coverage.

The questions were related to your overall medical charges from the medical providers, what the AT&T plan paid for, and what expenses were self paid. The survey asked if the plan was

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worth the expense. And, the survey asked for specific problems when dealing with UHC or Caremark.

Over 12% of the membership responded to the survey. The following issues are the key points that were highlighted in the survey.

- UHC must improve its administrative routines in dealing with the retiree and the medical provider. Specific complaints and issues will be presented to Sr. AT&T Management.
- AT&T has implemented a medical plan that has created classes of retiree costs based on age, date of retirement and salary levels at retirement.
- The AT&T plan paid 56% of medical provider charges for Non-Medicare eligible retirees. (The non-Medicare Retiree picked up the remainder or about 44%).
- The AT&T plan paid 9.5% of medical provider charges for Medicare eligible retirees. (Medicare paid 51% and the Medicare retiree paid 39.5%)
- 90% of the survey participants did not feel that they were receiving a fair return for their annual AT&T premium costs (defined as a contribution by AT&T).

Your Board thanks those members for taking the time to respond to the survey. We will continue to bring the key issues that we share as retirees to AT&T. We will continue to make our views be known in the US Congress. And we intend to let our views be known in the major news media across the Midwest.

Shareholder Proposal

The Association of Ameritech/SBC Retirees, Inc. has filed a Shareholder Proposal with AT&T to be presented at the Annual Shareholders Meeting to be held in April, 2007.

The proposal is as follows:

“RESOLVED, the shareholders of AT&T Inc. hereby request that the Board adopt a policy that includes, as a voting item in the proxy statement for each annual meeting, an advisory resolution, proposed by AT&T’s management, to approve the compensation of the named executive officers (“NEOs”), as set forth in the proxy statement’s Summary Compensation Table (the “SCT”), and the accompanying narrative disclosure of material factors provided to understand the SCT. The policy should ensure that shareholders fully understand the vote is advisory and will not abrogate any employment agreement.”

It is our belief that the shareholders have a right to understand the compensation packages of our senior executives and be provided a means to demonstrate to the Board of Directors their preferences. At a time when companies are reducing benefits and dramatically increasing their health plan charges to management retirees, companies such as AT&T are building special plans for their senior executives to guard them from the very restraints they place on management retirees. As an example, Mr. Whitacre will be paid over \$5 million dollars a year when he retires next year plus receive a bonus of \$15 million along with a special health plan package that will permit him to have essentially free lifetime medical coverage

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This filing marks a major step up in our seeking the attention of AT&T senior management. Once the final version of the Proxy is negotiated with AT&T, we plan to acknowledge the support of AT&T's largest activist shareholders such as CALPERS. Thank you for your support through the years. We will be asking for your proxy vote on this item once more details become available.

Non-Partisan Political Activity

The National Retirees' Legislative Network created a questionnaire for candidates for US Congress concerning the candidate's views on Senior issues from Prescription Drugs and Health Care to Pension and Benefit protection. The AASBCR sent an AASBCR modification of this survey to almost all of the 200 candidates for US House and Senate from the "5 State area". (We did not solicit unopposed candidates, nor those for whom we could find NO e-mail address.) We received 33 responses. (Red signifies winners.) Several were from independents. Some seemed grateful that we asked them.

Illinois:

District 07 – Danny Davis, Charles Hutchinson

District 13 – Joseph Shannon

District 14 – John Laesch

District 15 – David Gill

District 16 – Dick Auman

District 19 – Danny Stover

(Michigan – continued:)

District 09 – Nancy Skinner

District 10 – Candace Caveny, Robert Denison

District 11 – John Tatar, Tony Trupiano

District 12 – Lester Townsend

District 15 – Aimee Smith

Indiana:

Senate – Steve Osborn

District 1 – Charles Barman

District 4 – David Sanders

District 5 – Dan Burton, Katherine Carr

District 9 – Eric Schansberg

Ohio:

District 02 – Nate Noy

District 04 – Richard Siferd

District 10 – Dennis Kucinich

District 11 – Tub Jones

District 14 – Lew Katz, Steve LaTourette

District 16 – Tom Shaw

Michigan:

District 02 – Ronald Graesner, DO

District 03 – Jeff Steinport

District 06 – Kenneth Howe

Wisconsin:

Senate – Ben Glatzel, Robert Lorge

District 1 – Paul Ryan

We posted the candidates' answers on the web as they were received. We notified the membership of this with a Blue Bulletin and with a reminder Bulletin the weekend before the elections. We plan to re-poll the elected US Representatives and Senators from the "5 state area" next spring, after the new session of Congress has settled in. If anyone outside the "5 state area" wishes to contact his/her Representative and/or Senators, please contact Ray Sternot, VP Legislative Affairs (vp2@aabcr.org...)

Miscellaneous:

In order to resolve a scheduling conflict, AASBCR Board meetings have been changed from the first Wednesday of each month to the first Thursday. AASBCR Board meetings are open to any and all members of AASBCR. They are usually held in the Barrington Hills Village Office and begin at 7:00 p.m. But e-mail any board member a day or two before the meeting to be sure. (For instance, the January meeting is conference call only.) Any out-of-area

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member may attend by phone. However, our phone bridge requires a long-distance call to Atlanta. Most meetings last about 2 hours. So have free long distance or a lot of minutes on your cell phone. The meeting schedule is on the website Calendar (www.aasbcr.org).

Recognizing the burgeoning need for constant liaison with AT&T personnel the AASBCR Board has reorganized: The Vice-President, Technology (Chet Przybyslawski) has assumed the duties of the Treasurer and is now Vice-President – CFO; The former Treasurer (Ralph Kolderup) is now Vice-President, AT&T Relations. Vice-President, Membership (Carole Lovell) has assumed some of the duties of the Vice-President, Technology.

Membership

AASBCR extends our appreciation to the three members who paid their dues twice in 2006.
(Carole reminds us that the \$25 dues is only a floor. We will accept more!)

Membership Contest

WHO: Your AASBCR Board

WHAT: Membership contest.

WHEN: Starting now and running through the end of January.

WHY: To sign up more members to assist AASBCR in having a stronger voice with AT&T as well as with Congress as we work on benefit issues, especially healthcare.

HOW: Here is how it will work.

- AASBCR members send an email and pass on this Bulletin with the application to other retirees from the Bell System, Ameritech, SBC Midwest and AT&T Midwest who are not currently members of AASBCR. **No computer or email? Hand deliver or mail this information along with this application to your retiree friends.**

- You CC vp1@asbcr.org. That will copy the message to me, Carole Lovell, Vice President and Chairperson of Membership. Remember, have your friends use the attached application and put in your name on the REFERRED BY MEMBER line. **No computer or email? Mail to me:**

AASBCR - Carole Lovell / P.O. Box 30546 / Cleveland, OH 44130 or call me at 440-886-1575 and provide me the list of retiree friends with whom you shared this information.

- For each person who joins, we will give YOU, the member 3 months FREE membership.

- For each new member, they will receive 15 months for their 1st year dues of \$25.00. A win-win for all.

Thanks for your support, Carole Lovell AASBCR Vice President and Membership Chair

Merry Christmas and Happy New Year
To you and yours from The Board of Directors
And Staff of A.A.S.B.C.R.