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16 **UNITED STATES DISTRICT COURT**
17 **NORTHERN DISTRICT OF CALIFORNIA**
18

19 Timothy Scott, Patricia Gilchrist, Karen Fisher,
Gerald Klein, Helen Maldonado-Valtierra, and
20 Dan Koval, on behalf of themselves and all
others similarly situated,
21

22 Plaintiffs,

23 vs.

24 AT&T Inc., AT&T Services, Inc., and the
AT&T Pension Benefit Plan,
25

26 Defendants.
27
28

Case No. 3:20-cv-07094-JD

**DEFENDANTS' MOTION TO
TRANSFER VENUE OR DISMISS THE
AMENDED COMPLAINT**

Date: April 8, 2021
Time: 10:00 a.m.
Judge: Hon. James Donato
Action Filed: October 12, 2020

1 **NOTICE OF MOTION AND MOTION TO TRANSFER VENUE OR DISMISS**
2 **THE AMENDED COMPLAINT**

3 PLEASE TAKE NOTICE that on Thursday April 8, 2021, at 10:00 a.m., or as soon
4 thereafter as the matter may be heard before the Honorable James Donato in the United States
5 District Court for the Northern District of California, Courtroom 11, located on the 19th Floor of
6 the United States Courthouse, 450 Golden Gate Avenue, San Francisco, California, or as otherwise
7 instructed by the Court, Defendants AT&T Inc., AT&T Services, Inc., and the AT&T Pension
8 Benefit Plan will and hereby do move the Court to transfer the action to the United States District
9 Court for the Northern District of Texas pursuant to 28 U.S.C. § 1404(a) or, in the alternative, to
10 dismiss certain of Plaintiffs' claims pursuant to Rule 12(b)(6) of the Federal Rules of Civil
11 Procedure. The motion is supported by the accompanying Memorandum of Points and Authorities,
12 the declarations of Rhonda Stone and Nancy G. Ross, and by such other written and oral argument
13 as may be presented to the Court.

14 Dated: January 14, 2021

Respectfully Submitted,

17 By: /s/ Nancy G. Ross

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18 Brian D. Netter
19 Abigail M. Bartine
Alexander Vitruk

20 Attorneys for Defendants

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MEMORANDUM OF POINTS AND AUTHORITIES

1
2 The AT&T Pension Benefit Plan (now known as the AT&T/Warner Media Pension Benefit
3 Plan and referred to hereinafter as the “Plan”) provides retirement benefits for the employees of
4 companies affiliated with AT&T Inc. The Plan is administered in Dallas, Texas, and is governed
5 by Texas law (except where preempted by federal law). Plaintiffs seek to challenge the actuarial
6 factors prescribed by the Plan for benefit conversions from a single-life annuity that covers only
7 the plan participant to a joint-and-survivor annuity that provides income to two beneficiaries.

8 Plaintiffs Timothy Scott, Patricia Gilchrist, Gerald Klein, Karen Fisher, Helen Maldonado-
9 Valtierra, and Dan Koval are former employees of AT&T subsidiaries and participants in the Plan.
10 Am. Compl. ¶¶ 28-33. Plaintiffs Scott, Gilchrist, Klein, and Fisher were all parties to an earlier
11 action in this District challenging the computation of benefits in the Plan. *Eliason v. AT&T Inc.*,
12 No. 3:19-cv-6232-SK (N.D. Cal.). That case was dismissed for lack of standing because the
13 original plaintiffs in that action had received benefits that were computed in precisely the manner
14 that the plaintiffs said was required. *Id.*, Dkt. No. 66.¹

15 Although they have now refiled their lawsuit, Plaintiffs’ Amended Complaint remains
16 littered with problems.² *First*, this Court is an unsuitable venue for Plaintiffs’ claims. All of the
17 Defendants and all of the material evidence are located in the Northern District of Texas. The only
18 connection to this forum is the residency of a few of the named Plaintiffs. Given that they represent
19 only a portion of the putative class, the convenience of those Plaintiffs is not a sufficient basis to
20 proceed in this District—particularly since the California Plaintiffs’ claims are time-barred or have
21 been waived.

22 ¹ In the *Eliason* matter, the parties consented to the jurisdiction of Magistrate Judge Kim. Although
23 this case is related to *Eliason*, Plaintiffs declined in this sequel to consent to the jurisdiction of a
Magistrate Judge.

24 ² Plaintiffs’ original Complaint in this action, like the two complaints they filed in *Eliason*, alleged
25 that the Plan’s use of “Early Retirement Factors” to convert a single-life annuity at normal
26 retirement age to an early-retirement annuity violated ERISA. *See, e.g.*, Dkt. No. 1, Count IV,
27 ¶¶ 175-188. Defendants moved to dismiss the original Complaint on the grounds, *inter alia*, that
28 Plaintiffs did not have standing to assert their claims regarding the application of the alleged Early
Retirement Factors. *See* Dkt. No. 26 at 9-10. In response to that motion, the parties entered into a
stipulation through which Plaintiffs voluntarily dismissed their claims that were related to the Early
Retirement Factors and filed the Amended Complaint that is currently before the Court. *See* Dkt.
Nos. 31-32.

1 *Second*, Plaintiffs have wrongly joined AT&T Inc. as a Defendant. AT&T Inc. is not the
2 Plan’s administrator and thus is not responsible for calculating Plaintiffs’ benefits.

3 *Third*, Plaintiffs’ challenge pertains to the Plan-prescribed method for computing benefits.
4 Among Plaintiffs’ theories is that the Plan’s administrator, AT&T Services, Inc., breached its
5 fiduciary duties by following the Plan’s terms. But a fiduciary breach can exist only when a party
6 wrongfully exercises its *discretion*. The computation of benefits is not a discretionary act and
7 following the Plan terms is not a fiduciary breach.

8 *Fourth*, Plaintiffs seek the remedy of equitable reformation. But such a remedy is available
9 only upon proof of fraud or mistake, neither of which is alleged here.

10 **I. BACKGROUND³**

11 The Plan is a defined benefit plan sponsored by AT&T Inc. and administered by AT&T
12 Services, Inc. (“AT&T Services”). Am. Compl., ¶¶ 34-38; Ross Decl. ¶ 2, Ex. A⁴ (AT&T Pension
13 Benefit Plan Document), §§ 3.1(87)-(88), 17.1. As administrator, AT&T Services is responsible
14 for “the general administration of the Plan” and is conferred “complete and absolute discretion to
15 interpret the Plan and all matters of fact with respect to such duties and obligations.” Ex. A, §§
16 17.1, 17.2. As the sponsor, AT&T Inc. established the Plan but is not responsible for its
17 administration or interpretation. *Id.*, § 19.1.

18 **A. Legal Framework**

19 ERISA supplies a uniform, national regulatory framework for employer-sponsored
20 retirement plans. This case concerns one type of retirement plan: a defined benefit plan, sometimes
21 called a “pension plan.” In these plans, participants earn the right to receive a specified periodic
22 benefit starting at the age of retirement.

23 Such plans may authorize plan participants to convert their vested pension benefit—a

24 _____
25 ³ This background information is based on the allegations in the Amended Complaint, which are
26 presumed true solely for purposes of this motion, and documents incorporated by reference in the
27 Amended Complaint. *See Brown v. Elec. Arts, Inc.*, 724 F.3d 1235, 1247 (9th Cir. 2013) (citation
28 omitted); *United States v. Ritchie*, 342 F.3d 903, 908 (9th Cir. 2003).

⁴ The Plan and its Programs, discussed further below, are incorporated by reference throughout the
Amended Complaint. *See* Am. Compl. ¶¶ 12 n.2, 60, 69-71. These documents are also central to
and “form[] the basis of” Plaintiffs’ claims and are therefore properly considered on a motion to
dismiss. *Ritchie*, 342 F.3d at 908.

1 stream of future payments, referred to as an annuity—into a different form of benefit. Although
2 ERISA sets the default pension benefit as a single-life annuity (29 U.S.C. § 1054(c)(3)), plans may
3 authorize lump-sum cash-outs (*id.* § 1055(g)). In addition, plans must provide joint-and-survivor
4 annuities to vested participants with a spouse. *Id.* § 1055(a). In a joint-and-survivor annuity, if the
5 participant’s spouse outlives the participant, the spouse continues to receive a benefit (equal to at
6 least 50% of the original benefit) for life. *Id.* § 1055(d).

7 Naturally, when a plan participant alters the form of her benefit, the amount of the monthly
8 payment will also change. As relevant to this case, an annuity that pays out for the duration of a
9 single-life will pay a larger monthly benefit than an annuity that pays out for the longer of two
10 lives.

11 The Internal Revenue Code specifies the formula that must be used when a plan converts
12 an annuity benefit into a lump sum. *See* I.R.C. § 417(e)(3) (requiring a present value calculation
13 using a specified interest rate and mortality table). But for conversions to other optional forms of
14 benefit, ERISA provides only that the amount of the benefit “shall be the actuarial equivalent” of
15 the normal form of benefit. 29 U.S.C. § 1054(c)(3).

16 **B. The AT&T Pension Plan**

17 The Plan provides eligible AT&T employees with certain retirement, disability, death, and
18 other benefits. Ex. A, § 1.1. The Plan’s benefits are provided under various “Component Pension
19 Programs” (“Programs”). *Id.* § 1.4. Each Program establishes the particular rules governing the
20 benefits that are offered under the Plan for a defined population of eligible employees, although
21 they are expressly incorporated into the Plan and are subject to the Plan’s general terms and
22 conditions. *Id.*⁵

23 Relevant to this case, each Program offers eligible employees a “Program Pension Benefit,”
24 which is a company-paid retirement benefit that they receive at a specified retirement age. Ex. A.,
25 § 3.1(97); *see also, e.g.*, Ross Decl. ¶ 3, Ex. B (Southwest Program), § 7.1. Under most

26 _____
27 ⁵ This motion will cite relevant provisions from some of the Programs in which the named Plaintiffs
28 participated: Nonbargained Program (Gerald Klein) and Southwest Program (Helen Maldonado-
Valtierra). Am. Compl., ¶¶ 30, 32.

1 circumstances, these monthly payments begin at age 65, which is referred to throughout the Plan
2 and Programs as the “Normal Retirement Age.” *See, e.g.*, Ex. A, § 3.1(73); Ex. B, § 3.1(21); Am.
3 Compl., ¶¶ 3, 62. The applicable Program explains the form of the benefit that the participant
4 receives.

5 In accordance with ERISA’s requirements, the Plan sets the default pension benefit as a
6 single-life annuity (29 U.S.C. § 1054(c)(3)), but requires vested participants who are married to
7 receive their benefits in the form of a joint-and-survivor annuity unless waived by the spouse. *See*
8 Ex. B, § 13.1; Ross Decl. ¶ 4, Ex. C (Nonbargained Program), § 13.1; 29 U.S.C. § 1055(a). In a
9 joint-and-survivor annuity, if the participant’s spouse outlives the participant, the spouse continues
10 to receive a benefit for his life. Generally, the monthly benefit for a joint-and-survivor annuity will
11 be less than the monthly benefit for a single-life annuity, because there are more expected payments
12 in the case of the former. The spouse’s benefit will not necessarily be 100% of the original benefit.
13 *See* 29 U.S.C. § 1055(d). Although the types offered varies among the Plan’s different Programs,
14 the Plan offers several permutations, including 50%, 75%, and 100% joint-and-survivor annuities.
15 *See* Ex. B, §§ 13.2.2- 13.2.3; Ex. C, §§ 13.2.2. Each of these forms of payment is calculated
16 pursuant to a set of actuarial assumptions provided by Plan terms.

17 **II. ARGUMENT**

18 **A. This Case Should Be Transferred to the U.S. District Court for the Northern 19 District of Texas**

20 For starters, the parties’ dispute should not be litigated in California. It belongs in Texas,
21 where the Plan is administered and relevant witnesses and evidence are located.

22 A district court may transfer venue under two circumstances: (1) when the plaintiff has filed
23 suit in an unauthorized venue (28 U.S.C. § 1406(a)); or (2) when the plaintiff has filed suit in an
24 authorized venue, but “the convenience of the parties and witnesses, in the interest of justice”
25 warrants a different venue (*id.* § 1404(a)). In view of ERISA’s broad venue provision (29 U.S.C.
26 § 1132(e)(2)), this motion seeks a transfer of venue based on the inconvenience of Plaintiffs’ chosen
27 forum, not its outright unlawfulness.

28 “Section 1404(a) is intended to place discretion in the district court to adjudicate motions
for transfer according to an ‘individualized, case-by-case consideration of convenience and

1 fairness.” *Stewart Org., Inc. v. Ricoh Corp.*, 487 U.S. 22, 29 (1988) (quoting *Van Dusen v.*
 2 *Barrack*, 376 U.S. 612, 622 (1964)). Its purpose is to “prevent the waste of time, energy, and
 3 money and to protect litigants, witnesses and the public against unnecessary inconvenience and
 4 expense.” *Van Dusen*, 376 U.S. at 616 (internal quotation omitted). Transfer is appropriate where
 5 the case could have been brought in a different forum and transfer serves the “convenience of [the]
 6 parties and witnesses” and is in the “interest of justice.” 28 U.S.C. § 1404(a).

7 **i. This Case Could Have Been Brought in the Northern District of Texas**

8 Generally, the only limitation on a court’s discretion to transfer a case under § 1404(a) is
 9 the requirement that the new forum be a “district or division where [the case] might have been
 10 brought.” 28 U.S.C. § 1404(a). Under ERISA’s venue provision, an action “may be brought in the
 11 district where the plan is administered, where the breach took place, or where a defendant resides
 12 or may be found.” 29 U.S.C. § 1132(e)(2). The Plan is administered in Dallas, Texas, where AT&T
 13 Inc. and AT&T Services reside. Stone Decl., ¶¶ 2, 3, 5-7. So, the action could have been brought
 14 in the Northern District of Texas.

15 **ii. Transfer Serves the Convenience of the Parties and Witnesses and Is
 16 in the Interest of Justice**

17 The balance of interests in this case favors transfer. This forum lacks any material
 18 connection to Plaintiffs’ claims that AT&T Services improperly calculates pension benefits in
 19 violation of ERISA.

20 To evaluate the convenience of the parties and witnesses and the interests of justice, courts
 21 make an “individualized, case-by-case” determination based on several relevant factors. *Earth*
 22 *Island Institute v. Quinn*, 56 F. Supp. 3d 1110, 1117 (N.D. Cal. 2014) (citing *Jones v. GNC*
 23 *Franchising, Inc.*, 211 F.3d 495, 498 (9th Cir. 2000)). A court may consider: “(1) the location
 24 where the relevant agreements were negotiated and executed, (2) the state that is most familiar with
 25 the governing law, (3) the plaintiff’s choice of forum, (4) the respective parties’ contacts with the
 26 forum, (5) the contacts relating to the plaintiff’s cause of action in the chosen forum, (6) the
 27 differences in costs of litigation in the two forums, (7) the availability of compulsory process to
 28 compel attendance of unwilling non-party witnesses, and (8) the ease of access to sources of proof.”
Jones, 211 F.3d at 498-99. These factors militate in favor of a transfer:

1 *First*, the relevant agreement—the Plan document—has its situs in Texas. Ex. A, § 22.9.
2 *Second*, the Plan specifies that Texas law governs where federal law does not, and Texas courts are
3 most familiar with Texas law. *See infra* at 8 n.6. *Third*, although Plaintiffs have chosen the
4 California forum, Plaintiffs’ forum choice is “of minimal value” in the class action that Plaintiffs
5 seek to bring. *Italian Colors Rest. v. Am. Express Co.*, 2003 WL 22682482, at *5 (N.D. Cal. Nov.
6 10, 2003). “[W]here there are hundreds of potential plaintiffs, all equally entitled voluntarily to
7 invest themselves with the . . . cause of action and all of whom could with equal show of right go
8 into their many home courts, the claim of any one plaintiff that a forum is appropriate merely
9 because it is his home forum is considerably weakened.” *Koster v. Lumbermens Mut. Cas. Co.*,
10 330 U.S. 518, 524 (1947); *accord Belzberg, Lou v. Belzberg*, 834 F.2d 730, 739 (9th Cir. 1987)
11 (“[W]hen an individual . . . represents a class, the named plaintiff’s choice of forum is given less
12 weight.”). *Fourth*, the parties’ contacts are more closely associated with the Northern District of
13 Texas. Although a subset of the named Plaintiffs resides in California, and presumably receives
14 their benefit payments there, all parties (including all of the absent class members) are connected
15 to Dallas, where the Plan is administered and interpreted, and the benefit formulas being challenged
16 were developed. Ex. D (Nonbargained Program Summary Plan Description) at 46-47; Stone Decl.
17 ¶¶ 7-8.

18 *Fifth*, all of the decisions that are relevant to resolving Plaintiffs’ claims took place in the
19 Northern District of Texas. AT&T Inc. is incorporated in Delaware and headquartered in Dallas,
20 Texas. Stone Decl., ¶¶ 2-3. AT&T Inc. is a holding company that conducts no business directly
21 with the public, including in California. *Id.*, ¶ 3. AT&T Inc. has officers and a board of directors,
22 but it has no employees in California or elsewhere. *Id.* AT&T Inc.’s involvement in its subsidiaries
23 is limited to stock ownership. *Id.*, ¶ 4. The Plan operates entirely through the Plan Administrator,
24 AT&T Services, which is headquartered in Texas. *Id.* ¶¶ 5, 7-9. Because the Plan is administered
25 there, the Northern District of Texas has a stronger interest in the litigation, because it is concerned
26 with the long-term, ongoing administration of the Plan within its district and how that
27 administration affects Plan participants, as opposed to the Northern District of California’s limited
28 interest in only the claims of Scott, Gilchrist, Klein, and other resident putative class members. *See*

1 *Vu v. Ortho-McNeil Pharmaceutical, Inc.*, 602 F.Supp.2d 1151, 1157 (N.D. Cal. 2009) (the forum
2 with the greater interest in the litigation is the forum where the events at issue took place).

3 As for the remaining factors, the parties' expenses will be materially lower in the Northern
4 District of Texas than if the case were to remain in this forum given the closer proximity to the
5 evidence. A court sitting in the Northern District of Texas would have easier access to the sources
6 of proof that will be relevant in this case. Substantially all of the evidence that will be probative of
7 Plaintiffs' claims is located in Dallas. Stone Decl., ¶¶ 5-9. For example, the Plan Administrator
8 and Plan-related documents reside in Dallas, Texas. Transferring this case to a courthouse within
9 a few miles of AT&T's headquarters will undoubtedly be more convenient for the Plan's witnesses
10 and will allow the parties, whose counsel are located throughout the nation, to more efficiently take
11 testimony of those witnesses. *See Deputy v. Long-Term Disability Plan of Sponsor Aventis*
12 *Pharmaceuticals*, 2002 WL 31655328, at *3 (N.D. Cal. Nov. 21, 2002) (travel for potential
13 witnesses is a relevant consideration on a motion to transfer). As a result, litigating in Defendants'
14 home district would be significantly more convenient and cost effective for both parties. *See Italian*
15 *Colors*, 2003 WL 22682482, at *5 ("the cost of litigation will be substantially lessened if the action
16 is venued" in the same district as the defendants' principal place of business and "litigation costs
17 are reduced when venue is located near most of the witnesses expected to testify or give
18 depositions"). Moreover, Plaintiffs can be represented conveniently in the Northern District of
19 Texas by Lawrence, who resides there, as well as by one set of Plaintiffs' counsel who practice out
20 of Washington, D.C.

21 Thus, the question is whether this case should be litigated in the forum selected by the
22 putative class representatives or the forum in which all of the relevant conduct took place. On that
23 score, one additional consideration bears mention—AT&T has individual defenses to each of the
24 California Plaintiffs that makes them unsuitable to serve as class representatives. When Klein left
25 his employment with AT&T in March 2019, he signed a release of claims, including "any and all"
26 ERISA claims except those relating to "vested pension . . . benefits." Stone Decl. ¶¶ 12-13, Ex.
27 AA at 7; Ex. BB. The release's carve-out for claims for vested pension benefits under the terms of
28 the benefit plan does not apply to Klein's claims that Defendants violated ERISA and/or their

1 fiduciary duties. *See Stanley v. George Washington Univ.*, 394 F.Supp.3d 97, 107-09 (D.D.C.
2 2019), *aff'd*, 801 F. App'x 792 (D.C. Cir. 2020); *In re SunTrust Banks, Inc. ERISA Litig.*, 2016 WL
3 4377131, at *2 (N.D. Ga. Aug. 17, 2016). Thus, Klein has waived all of the claims he asserts in
4 the Amended Complaint.

5 As for the other two California residents—Scott and Gilchrist—their claims are time-
6 barred. For the claims that Defendants violated ERISA's actuarial equivalence and anti-forfeiture
7 rules, the most analogous state law statute of limitations applies. *See Laurenzano v. Blue Cross &*
8 *Blue Shield of Mass., Inc. Ret. Income Tr.*, 134 F. Supp. 2d 189, 205 (D. Mass. 2001); *Carollo v.*
9 *Cement & Concrete Workers Dist. Council Pension Plan*, 964 F. Supp. 677, 688 (E.D.N.Y. 1997).
10 Under Texas law,⁶ the applicable limitations period is four years. *See Laurenzano*, 134 F. Supp.
11 2d at 206 (applying breach of contract statute of limitations period); *B. Mahler Interests, L.P. v.*
12 *DMAC Construction, Inc.*, 503 S.W.3d 43, 49 (Tex. Ct. App. 2016) (breach of contract claims
13 subject to four-year statute of limitations under Texas law). The claim of an alleged statutory
14 violation under ERISA begins to accrue, at the latest, when the participant commences his benefit.
15 *See Laurenzano*, 134 F. Supp. 2d at 208; *Carollo*, 964 F. Supp. at 689. Both Scott and Gilchrist
16 commenced their pension benefits more than four years before filing this lawsuit, thus barring their
17 claims that Defendants violated ERISA in applying the Joint and Survivor Annuity Factor to their
18 benefits. Am. Compl. ¶¶ 28-29 (Scott commenced in August 2015 and Gilchrist commenced in
19 October 2012). Their remaining claims, for breach of fiduciary duty, are likewise barred by
20 ERISA's three-year limitations period for such claims. 29 U.S.C. § 1113(1). Before a participant
21 can elect an optional form of benefit, ERISA requires the disclosure of the relative value of each
22 alternative. 29 C.F.R. § 1.417(a)(3)-1. As the Amended Complaint alleges, retiring plan
23 participants receive disclosures that describe the relative values of optional forms under the Plan.
24 *E.g.*, Am. Compl. ¶ 96. If Scott and Gilchrist wanted to challenge their annuity payments because
25 they were not identical to the single-life annuity, they had three years to do so upon review of the

26 ⁶ The Plan contains a choice of law provision requiring that “[a]ll provisions of the Plan will be
27 construed in accordance with the laws of the State of Texas (excluding any conflict of law principals
28 A, § 22.9. The application of another state's law favors transfer to that venue. *See Ming Hsu v.*
VTEX Energy, Inc., 2007 WL 1232056, at *3 (N.D. Cal. Apr. 26, 2007).

1 relative-value notice. *See Sulyma v. Intel Corp. Investment Policy Comm.*, 909 F.3d 1069, 1076
2 (9th Cir. 2018), *aff'd*, 140 S. Ct. 768 (2020) (“the [three-year] limitations period begins to run once
3 the plaintiff has sufficient knowledge to be alerted to the particular claim”). But, again, they filed
4 this action far too late.

5 **B. Plaintiffs Fail to State a Claim Against AT&T Inc.**

6 On the merits, AT&T Inc. should be dismissed as a Defendant because none of Plaintiffs’
7 claims is properly raised against the plan sponsor.

8 To bring AT&T Inc. into the lawsuit, Plaintiffs invoke Section 502(a)(3) of ERISA, which
9 allows a party to enjoin or seek appropriate equitable relief for alleged violations of ERISA or plan
10 terms. 29 U.S.C. § 1132(a)(3). Neither ERISA nor the case law defines the universe of actors who
11 may be subject to liability under § 502(a)(3). *See Harris Trust & Sav. Bank v. Salomon Smith*
12 *Barney, Inc.*, 530 U.S. 238, 247 (2000). Instead, whether a § 502(a)(3) claim has been properly
13 asserted against a defendant must be determined based on the misconduct alleged and the
14 availability of “appropriate equitable relief.” *Id.*; *see also CGI Techs. & Solutions, Inc. v. Rose*,
15 2010 WL 11684296, at *2 (W.D. Wash. Oct. 21, 2010).

16 Plaintiffs allege no facts suggesting that AT&T Inc. was involved in the calculation of their
17 pension benefits. Nor could they, as AT&T Inc. is a holding company that conducts no business
18 and has no employees. *See Stone Decl.* ¶ 3. Rather, Plaintiffs’ allegations focus on the Plan
19 Administrator’s (AT&T Services) calculation of their pension benefits based on allegedly deficient
20 Joint & Survivor Annuity Factors. *See, e.g., Am. Compl.* ¶¶ 67-69, 81. Specifically, Plaintiffs
21 allege that “[t]he Joint and Survivor Annuity Reduction Factors that *AT&T Services* used to
22 calculate these benefits penalize participants for being married, compared to those who are single
23 at retirement.” *Id.* ¶ 81 (emphasis added). Plaintiffs also allege that it was *AT&T Services*, as Plan
24 Administrator, that “impermissibly pa[id] Plan participants less than the actuarial equivalent of
25 their ERISA-protected retirement benefits” and “caused . . . Plan participants to forfeit their ERISA-
26 protected benefits.” *Id.* ¶¶ 116, 127. Such claims challenging plan administration may not be
27 brought against a plan sponsor. *Cf. Spinedex Physical Therapy USA Inc. v. United Healthcare of*
28 *Ariz., Inc.*, 770 F.3d 1282, 1297-98 (9th Cir. 2014) (claims concerning the administration of a plan

1 must be brought against the plan administrator or similar plan fiduciary); *see also* Ex. A, §§ 17.1
 2 (“The Plan Administrator is responsible for the general administration of the Plan.”), 17.2 (“The
 3 Plan Administrator will have all powers necessary or appropriate to accomplish its respective duties
 4 and obligations including, without limitation, complete and absolute discretion to interpret the Plan
 5 and all matters of fact with respect to such duties and obligations.”).

6 Additionally, Plaintiffs’ claims against AT&T Inc. in Count Three are nothing more than
 7 formulaic recitations of legal claims that flunk the pleading requirements of *Twombly* and *Iqbal*.
 8 Without pointing to any conduct by AT&T Inc. that purportedly violates ERISA, Plaintiffs assert
 9 that they “seek all available and appropriate equitable relief against AT&T Services *and AT&T*
 10 *Inc.*” under ERISA § 502(a)(3) for violations of ERISA § 205. Am. Compl. ¶ 143 (emphasis
 11 added). These barebones allegations do not suffice to state a plausible claim against AT&T Inc.

12 **C. Plaintiffs Fail to State a Fiduciary Breach Claim Against AT&T Services**

13 The Amended Complaint asserts a bevy of breach of fiduciary duty claims against AT&T
 14 Services in its role as Plan Administrator. In Count Four of the Amended Complaint, Plaintiffs
 15 allege that AT&T Services engaged in various fiduciary breaches related to their calculation of
 16 pension benefits in applying the Plan’s reduction factors that Plaintiffs claim run afoul of ERISA.⁷
 17 Additionally, Plaintiffs include superficial allegations in each of Counts One through Three seeking
 18 relief under ERISA Section 502(a)(2), allegedly for fiduciary breaches, but with no explanation of
 19 the purported breaches.

20 To be found liable for a breach of fiduciary duty under ERISA, a party must act in a
 21 fiduciary capacity. *See Wright v. Oregon Metallurgical Corp.*, 360 F.3d 1090, 1101 (9th Cir. 2004).
 22 To determine whether a party is acting as an ERISA fiduciary, the relevant inquiry is whether the
 23 party exercised “discretionary authority or discretionary control” as to the management or
 24 administration of a plan. 29 U.S.C. § 1002(21)(A). While the Ninth Circuit has not addressed
 25 whether benefit calculations invoke fiduciary status, other Circuit courts, as well as the Department
 26 of Labor, the agency tasked with enforcement of ERISA, have instructed that “merely calculating
 27 benefits, without more, does not establish fiduciary status under ERISA.” *Lebahn v. Nat’l Farmers*

28 ⁷ This motion does not challenge the sufficiency of Count Four’s allegation at Paragraph 152(C).

1 *Union Uniform Pension Plan*, 828 F.3d 1180, 1186 (10th Cir. 2016); *see* 29 C.F.R. § 2509.75-
2 8(D)(2) (the “[c]alculation of benefits” is a “purely ministerial function[]” when the benefit plan
3 has a “framework of policies, interpretations, rules, practices and procedures made by other
4 persons”). In particular, the Department of Labor has reasoned that an individual calculating
5 benefits pursuant to plan terms “does not have discretionary authority or discretionary control
6 respecting management of the plan, does not exercise any authority or control respecting
7 management of the plan, and does not render investment advice.” *Id.*

8 Such is fatal to Plaintiffs’ fiduciary breach claims in Count Four regarding the calculation
9 of benefits, because “[w]ith no fiduciary function involved, there can be no breach of fiduciary
10 duty.” *Livick v. Gillette Co.*, 524 F.3d 24, 30 (1st Cir. 2008). Plaintiffs’ Count Four, the only count
11 providing any explanation of how AT&T Services allegedly breached its fiduciary duties, is derived
12 principally from AT&T Services’ responsibility to calculate Plaintiffs’ pension benefits. But
13 Plaintiffs plead no evidence of AT&T Services’ discretion. Accordingly, Count Four’s breach of
14 fiduciary duty claim against AT&T Services with respect to the calculation of benefits has no
15 foundation.

16 The superficial allegations of fiduciary breach against AT&T Services in Counts One
17 through Three fail for the additional reason that they are nothing more than formulaic recitations
18 of ERISA. Counts One through Three seek an equitable remedy for Defendants’ alleged violations
19 of ERISA’s actuarial equivalent and anti-forfeiture claims through Section 502(a)(3) of ERISA,
20 which allows “a participant, beneficiary, or fiduciary” to obtain equitable relief for alleged
21 violations of ERISA or plan terms. 29 U.S.C. § 1132(a)(3). In addition, Plaintiffs claim that they
22 are also entitled to a remedy against AT&T Services under 502(a)(2) of ERISA, which allows “a
23 participant, beneficiary, or fiduciary” to bring an action for breach of fiduciary duty. 29 U.S.C. §
24 1132(a)(2); *see* Am. Compl. ¶¶ 120-122, 131-133, 144-146.

25 Nowhere, however, do Plaintiffs attempt to allege facts in Counts One through Three
26 establishing how AT&T Services was acting as a fiduciary or how that conduct failed to satisfy
27 ERISA’s requirements that a fiduciary act prudently and solely in the best interests of Plan
28 participants. Instead, these allegations are no more than threadbare recitals of a Section 502(a)(2)

1 fiduciary breach claim. Taking Count One as an example, Plaintiffs merely allege that: (1) Section
2 502(a)(2) of ERISA “authorizes a participant or beneficiary to bring a civil action ‘for appropriate
3 relief under section 1109 [Section 409] of this title’”; (2) that Section 409(a) of ERISA “mandates
4 that ‘[a]ny person who is a fiduciary with respect to a plan who breaches any of the responsibilities,
5 obligations, or duties imposed upon fiduciaries by this subchapter shall be personally liable to make
6 good to such plan any losses to the plan resulting from each such breach, and to restore to such plan
7 any profits of such fiduciary which have been made through use of assets of the plan by the
8 fiduciary, and shall be subject to such other equitable or remedial relief as the court may deem
9 appropriate, including removal of such fiduciary’”; and (3) that Plaintiffs seek relief against AT&T
10 Services under Sections 502(a)(2) and 409(a) “to redress violations of ERISA § 204(c)(3), 29
11 U.S.C. § 1054(c)(3) as described herein.” Am. Compl. ¶¶ 120-122. These cookie-cutter allegations
12 of statutory text are repeated in Counts Two and Three. *See id.* ¶¶ 131-133, 144-146.

13 But Plaintiffs allege no grounds for these additional fiduciary breach claims against AT&T
14 Services and their “formulaic recitation of the elements of a cause of action will not do.” *Bell Atl.*
15 *Corp. v. Twombly*, 550 U.S. 544, 555 (2007). To the extent Plaintiffs base these fiduciary breach
16 claims on the factual allegations contained elsewhere in the Amended Complaint, then those claims
17 fail to the extent that they are directed at AT&T Services’ calculation of benefits, which, as
18 discussed above with respect to Count Four, is not a fiduciary act. Plaintiffs also do not explain
19 how the conclusory fiduciary breach allegations against AT&T Services in Counts One through
20 Three differ from the fiduciary breach allegations contained in Count Four. *See Biggar v.*
21 *Prudential Ins. Co. of Am.*, 274 F. Supp. 3d 954, 972 (N.D. Cal. 2017) (citing *Wise v. Verizon*
22 *Commc’ns, Inc.*, 600 F.3d 1180, 1190 (9th Cir. 2010)) (dismissing claim for equitable relief under
23 ERISA where it is duplicative of breach of fiduciary duty claim). For these reasons, the Section
24 502(a)(2) fiduciary breach claims contained in Counts One through Four should be dismissed.

25 **D. Plaintiffs Fail to Allege Facts Warranting Reformation**

26 Plaintiffs’ claims additionally warrant dismissal under Rule 12(b)(6) because they fail to
27 state a claim for the equitable remedy of reformation, the remedy Plaintiffs seek for the ERISA
28 violations they allege. “[R]eformation is proper only in cases of fraud and mistake.” *Skinner v.*

1 *Northrop Grumman Retirement Plan B*, 673 F.3d 1162, 1166 (9th Cir. 2012) (citation omitted); *see*
2 *also Morales v. Intelsat Global Serv. LLC*, 554 F. App'x 4, 5 (D.C. Cir. 2014); *Cross v. Bragg*, 329
3 F. App'x 443, 454 (4th Cir. 2009). The Amended Complaint does not allege facts that state such a
4 claim.

5 Presumably to support their reformation demand, Plaintiffs allege that the Plan
6 Administrator applied reduction factors that would result in alternative forms of benefits that were
7 not actuarially equivalent without disclosing that to participants, which saved the Plan Sponsor
8 money. Am. Compl. ¶¶ 66-68. Despite Plaintiffs' attempt to label this conduct "equitable fraud or
9 inequitable conduct," *id.* ¶ 66, these are not allegations of mistake or fraud, and they certainly do
10 not satisfy the heightened pleading standard of Rule 9(b). *Concha v. London*, 62 F.3d 1493, 1503
11 (9th Cir. 1995) (holding that Federal Rule of Civil Procedure 9(b) applies to ERISA claims based
12 on fraud). Plaintiffs provide no specific facts showing the "who, what, when, where and how" of
13 the alleged fraud. *Cafasso, United States ex rel. v. Gen. Dynamics C4 Sys., Inc.*, 637 F.3d 1047,
14 1055 (9th Cir. 2011) (internal citation omitted).

15 Instead, Plaintiffs maintain the presence of such conduct only to bolster their dispute over
16 whether the mortality tables and interest rates used to calculate Joint & Survivor Annuity benefits
17 were appropriate. Put another way, this alleged "fraud" merely represents the parties' disagreement
18 over whether the Plan's terms satisfy ERISA's actuarial equivalence requirement, as opposed to
19 "intended deception or . . . gross negligence as to amount to constructive fraud," which is what the
20 reformation remedy requires. *Pearce v. Chrysler Grp. LLC Pension Plan*, 893 F.3d 339, 348-49
21 (6th Cir. 2018). Without a plausible theory of fraud or mistake, Plaintiffs' request for reformation
22 must be dismissed.

23 **III. CONCLUSION**

24 For all of the reasons set forth above, Defendants respectfully request that the Court transfer
25 the case to the Northern District of Texas pursuant to 28 U.S.C. § 1404(a). In the alternative,
26 Defendants ask the Court to dismiss Plaintiffs' Amended Complaint pursuant to Federal Rule of
27 Civil Procedure 12(b)(6).
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Dated: January 14, 2021

Respectfully Submitted,

By: s/ Nancy G. Ross

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16 **UNITED STATES DISTRICT COURT**
17 **NORTHERN DISTRICT OF CALIFORNIA**

19 Timothy Scott, Patricia Gilchrist, Karen Fisher,
20 Gerald Klein, Helen Maldonado-Valtierra, and
21 Dan Koval, on behalf of themselves and all
22 others similarly situated,

22 Plaintiffs,

23 vs.

24 AT&T Inc., AT&T Services, Inc., and the
25 AT&T Pension Benefit Plan,

26 Defendants.

Case No. 3:20-cv-07094-JD

**DECLARATION OF NANCY G. ROSS
IN SUPPORT OF DEFENDANTS'
MOTION TO TRANSFER VENUE OR
DISMISS THE AMENDED
COMPLAINT**

Date: April 8, 2021
Time: 10:00 a.m.
Judge: Hon. James Donato
Action Filed: October 12, 2020

1 I, Nancy G. Ross, hereby declare as follows:

2 1. I am an attorney with the law firm of Mayer Brown LLP, attorneys of record for
3 Defendants in the above-captioned matter. If called upon as a witness, I could and would
4 competently testify to the facts set forth below, as I know them to be true based on my own
5 personal knowledge.

6 2. Attached as Exhibit A is a true and correct copy of the AT&T Pension Benefit
7 Plan¹, amended and restated effective as of December 1, 2016.

8 3. Attached as Exhibit B is a true and correct copy of the Southwest Program of the
9 AT&T Pension Benefit Plan.

10 4. Attached as Exhibit C is a true and correct copy of the Nonbargained Program of
11 the AT&T Pension Benefit Plan.

12 5. Attached as Exhibit D is a true and correct copy of the Summary Plan Description
13 of the Nonbargained Program of the AT&T Pension Benefit Plan.

14 I declare under penalty of perjury that the foregoing is true and correct to the best of my
15 knowledge and belief. Executed on January 14, 2021.

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/s/ Nancy G. Ross
Nancy G. Ross
Attorney for Defendants

¹ As noted in Defendants' motion to transfer venue or dismiss the Amended Complaint (dkt. no. 36 at 1), the Plan is now known as the AT&T/Warner Media Pension Benefit Plan, but Defendants continue to refer to it as the AT&T Pension Benefit Plan for purposes of their motion.

Exhibit A

AT&T Pension Benefit Plan

**AMENDED AND RESTATED
EFFECTIVE AS OF DECEMBER 1, 2016**

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I.
PURPOSE AND SIGNATURE PAGE

- 1.1 PURPOSE AND STRUCTURE OF PLAN.** The purpose of the Plan is to provide Eligible Employees of Participating Employers with retirement, disability, death, and certain other ancillary benefits under the terms of the Plan.
- 1.2 TYPE OF PLAN.** The Plan is a defined benefit pension plan.
- 1.3 QUALIFIED STATUS OF PLAN.** The Plan is intended to be a qualified plan within the meaning of section 401(a) of the Code with its Pension Fund exempt from tax under section 501(a) of the Code, and all provisions of the Plan are to be construed in accordance with such intent.
- 1.4 INCORPORATION OF COMPONENT PENSION PROGRAMS.** The benefits under the Plan are provided under the Component Pension Programs. The Component Pension Programs are listed on Supplement 1, as Supplement 1 may be updated and amended from time to time. Each Component Pension Program is evidenced by a written document setting forth the terms of such program. Each Component Pension Program in its entirety, as it may be amended from time to time, is incorporated by reference into and made part of the Plan and is subject to all terms and conditions of the Plan. All references herein to the Plan include each Component Pension Program except (1) as otherwise indicated and (2) references in this document or in any Component Pension Program document to particular Sections, provisions, or definitions in "the Plan" refer to Sections of this Plan document. The signature that represents execution of this document applies to all Component Pension Programs, and such Component Pension Programs are not executed separately.

EXECUTED on this 26th day of October, 2016.

AT&T Inc.

By: _____



William A. Blase
Senior Executive Vice President — Human Resources AT&T Inc.

II. HISTORY AND RESTATEMENT OF PLAN

- 2.1 ORIGINAL NAME AND ORIGINAL EFFECTIVE DATE OF PLAN.** The Plan was originally adopted effective as of January 1, 1984, as the Southwestern Bell Corporation Management Pension Plan. The name of the Plan was changed to the SBC Pension Benefit Plan effective May 1, 1992, and to the AT&T Pension Benefit Plan effective November 18, 2005.
- 2.2 EFFECTIVE DATE OF THIS RESTATEMENT OF PLAN.** The Plan, including each of its Component Pension Programs, is amended and restated in its entirety as set forth in this document and the Component Pension Program documents, effective December, 1, 2016, except that (1) any other effective date for a particular provision as specified herein in a Component Pension Program will be the effective date for that provision, (2) any different effective date specified in a Component Pension Program will be the effective date for that Component Pension Program, and (3) any provision required by law to have an earlier effective date is effective as of such earlier date.
- 2.3 PRIOR RESTATEMENTS OF PLAN/IRS DETERMINATION LETTERS.**
- 2.3.1 The Plan received a favorable determination letter from the Internal Revenue Service confirming the qualified status of the original Plan on July 3, 1984.
- 2.3.2 The Plan received a favorable determination letter from the Internal Revenue Service confirming the qualified status of the Plan as restated effective January 1, 1985, on April 25, 1986.
- 2.3.3 The Plan received a favorable determination letter from the Internal Revenue Service confirming the qualified status of the Plan as restated effective January 1, 1987, January 1, 1988, June 1, 1988, April 1, 1989, January 1, 1989, and February 1, 1995, on November 4, 1996.
- 2.3.4 The Plan received a favorable determination letter from the Internal Revenue Service confirming the qualified status of the Plan, as restated effective January 31, 2002, February 28, 2002, January 1, 2009 and January 1, 2013, on June 10, 2014.
- 2.4 PLAN MERGERS.** The following plans have been merged with and into the Plan on or prior to the Restatement Effective Date.
- 2.4.1 **MERGER OF THE SBC PENSION PLAN.** The SBC Pension Plan was merged with and into the Plan effective May 1, 1992, and renamed the Bargained Program. Effective December 31, 2004, the Bargained Program was renamed the Southwest Program.

- 2.4.2 **MERGER OF PACIFIC TELESIS GROUP CASH BALANCE PENSION PLAN FOR SALARIED EMPLOYEES.** The Pacific Telesis Group Cash Balance Plan for Salaried Employees (the “PTG Cash Balance Plan”) was merged with and into the Plan effective January 1, 1999, and became part of the Nonbargained Program as of such date.
- 2.4.3 **MERGER OF SNET MANAGEMENT PENSION PLAN.** The SNET Management Pension Plan was merged with and into the Plan effective January 1, 2000, and became part of the Nonbargained Program as of such date.
- 2.4.4 **MERGER OF AMERITECH MANAGEMENT PENSION PLAN.** The Ameritech Management Pension Plan (the “AMPP”) was merged with and into the Plan effective December 31, 2004. The AMPP is now referred to as the Midwest Management Program. As of January 14, 2005, a portion of the Midwest Management Program was merged with and into the Nonbargained Program. The remaining portion of the Midwest Management Program was discontinued on June 30, 2007.
- 2.4.5 **MERGER OF AMERITECH PENSION PLAN.** The Ameritech Pension Plan was merged with and into the Plan effective December 31, 2004. The Ameritech Pension Plan is now referred to as the Midwest Program.
- 2.4.6 **MERGER OF PACIFIC TELESIS GROUP PENSION PLAN.** The Pacific Telesis Group Pension Plan (the “PTG Pension Plan”) was merged with and into the Plan effective December 31, 2004. The PTG Pension Plan is now referred to as the West Program.
- 2.4.7 **MERGER OF SNET PENSION PLAN.** The SNET Pension Plan was merged with and into the Plan effective December 31, 2004. The SNET Pension Plan is now referred to as the East Program.
- 2.4.8 **MERGER OF AT&T MANAGEMENT PENSION PLAN - US.** Following a spin-off from the AT&T Management Pension Plan, the AT&T Management Pension Plan - US was merged with and into the Plan effective December 31, 2006. The AT&T Management Pension Plan - US is now referred to as the AT&T Legacy Management Program.
- 2.4.9 **MERGER OF CINGULAR WIRELESS PENSION PLAN - US.** Following a spin-off from the Cingular Wireless Pension Plan, the Cingular Wireless Pension Plan - US was merged with and into the Plan effective December 31, 2006. The Cingular Wireless Pension Plan - US is now referred to as the Mobility Program.

- 2.4.10 **MERGER OF EMPLOYEES' PENSION PLAN OF AMERITECH PUBLISHING VENTURES, INC.** The Employees' Pension Plan of Ameritech Publishing Ventures, Inc. was merged with and into the Plan effective December 31, 2007, and is now referred to as the Midwest Publishing Ventures Program. The provisions of this program are contained in supplements to each of the Nonbargained Program and the Midwest Program.
- 2.4.11 **MERGER OF CINGULAR WIRELESS BARGAINED PENSION PLAN.** The Cingular Wireless Bargained Pension Plan was merged with and into the Plan effective December 31, 2007. The Cingular Wireless Bargained Pension Plan is now referred to as the Mobility Bargained Program.
- 2.4.12 **MERGER OF BELL SOUTH PERSONAL RETIREMENT ACCOUNT PENSION PLAN.** The BellSouth Personal Retirement Account Pension Plan was merged with and into the Plan effective November 1, 2008, and is now referred to as the Southeast Management Program.
- 2.4.13 **MERGER OF AT&T PENSION PLAN.** Following a spin-off from the AT&T Pension Plan, the AT&T Pension Plan – US was merged with and into the Plan effective November 1, 2008, and is now referred to as the AT&T Legacy Bargained Program.
- 2.4.14 **MERGER OF BELL SOUTH PENSION PLAN.** The BellSouth Pension Plan was merged with and into the Plan effective November 1, 2008, and is now referred to as the Southeast Program.
- 2.4.15 **MERGER OF DIRECTV PENSION PLAN.** The DIRECTV Pension Plan was merged with and into the Plan effective as of the close of the day (i.e., 11:59:59 PM Central Standard Time) on November 30, 2016, and is now referred to as the DIRECTV Program.

2.5 EFFECT OF RESTATEMENT ON PARTICIPANTS' ACCRUED BENEFITS. Notwithstanding any provision of the Plan or any Component Pension Program to the contrary, in determining the Accrued Benefit of each Participant who was a Participant prior to the Restatement Effective Date, the following provisions will apply:

- 2.5.1 **PRESERVATION OF ACCRUED BENEFIT.** Except as otherwise permitted or required by law or the applicable terms of the Plan as they existed prior to the Restatement Effective Date, each such Participant's Accrued Benefit will not be less under the terms of the restated Plan than such Participant's Accrued Benefit under the applicable terms of the Plan (including any plan merged into the Plan) prior to the Restatement Effective Date. Nothing in this Section will be construed as providing greater benefit rights than is required by section 411(d)(6) of the Code, section 204(g) of ERISA, and the regulations associated with those sections.

- 2.5.2 **ACCRUED BENEFIT OF FORMER EMPLOYEES.** Except as otherwise required by law or stated in the Plan, the Accrued Benefit of any such Participant who is a former Employee as of the Restatement Effective Date will be calculated under the applicable terms of the Plan (including any plan merged into the Plan) as such terms existed prior to the Restatement Effective Date.
- 2.5.3 **FROZEN ACCRUED BENEFIT.** Except as otherwise required by law or stated in the Plan, to the extent any portion of any such Participant's Accrued Benefit was frozen at any point prior to the Restatement Effective Date, such portion will remain frozen on and after the Restatement Effective Date.
- 2.5.4 **IN-PAY STATUS PARTICIPANTS.** Except as otherwise required by law or stated in the Plan, all benefit payments being made under the terms of the Plan as in effect prior to the Restatement Effective Date will continue to be made in the same amount and the same manner and under the applicable terms of the Plan as they existed prior to the Restatement Effective Date, and will not be affected by the terms of this restated Plan.
- 2.5.5 **RIGHTS TO BENEFITS.** An Employee's, Participant's, annuitant's, or beneficiary's right to a Pension Benefit, or other benefit under the Plan, will be based on the provisions of the Plan document in effect as of the Employee's Termination of Employment unless any subsequent amendment is made applicable to such individuals. No Employee or annuitant will have any right to any benefit under the Plan other than the amount to which the Employee or annuitant has theretofore become entitled under the terms of the Plan.

III. DEFINITIONS AND CONSTRUCTION

3.1 DEFINITIONS. For purposes of the Plan, each of the following terms when capitalized has the respective meaning set forth below except where otherwise modified or defined differently in any Component Pension Program for purposes of that Component Pension Program or where the context clearly indicates to the contrary:

- (1) **Accrued Benefit:** means the benefit (i) which a Participant has earned under the Plan as of any prior date, and (ii) which is more fully determined under Article VII of the applicable Component Pension Program.
- (2) **Actual Base Pay:** means, except as otherwise provided in a Component Pension Program, beginning January 1, 2005 a Participant's compensation that has actually been paid out by a Participating Employer on such Participant's behalf and that has been identified by such Participating Employer as base pay. Notwithstanding the immediately preceding sentence, a Participant who is on short-term disability on December 31, 2004, and who is eligible for actual base pay determined before reductions for workers' compensation, Social Security disability payments, and other payments made under law, will continue to use such actual base pay definition until the expiration of the Participant's short-term disability.
- (3) **Actuarial (or Actuarially) Equivalent:** means equality in value of the aggregate amounts expected to be received under different times and forms of payment using the Applicable Interest Rate and Applicable Mortality Table as provided in Supplement 9.
- (4) **Annuity Starting Date:** means the first day of the first period for which a Pension Benefit is payable under the Plan as an annuity or in any alternative form, determined in accordance with Section 12.1 subject to the following exception:
 - (a) With respect to the Mobility Program, Annuity Starting Date will mean the first day of any month coinciding with or following Termination of Employment, determined in accordance with Section 12.1.
 - (b) With respect to the AT&T Legacy Management Program, Annuity Starting Date will mean the first day of any month following Termination of Employment, determined in accordance with Section 12.1.

- (c) With respect to the AT&T Legacy Bargained Program, Annuity Starting Date will mean the first day of the first month for which a Pension Benefit is payable under the Plan as an annuity or in any alternative form, determined in accordance with Section 12.1. Notwithstanding the preceding, with respect to a Participant who terminated employment prior to July 1, 1998, and whose pension is determined under the Pension Band Formula, effective on and after January 1, 2009, the Annuity Starting Date shall be the earlier of the Participant's Normal Retirement Age or, with respect to a Participant who satisfies the requirements for commencement prior to Normal Retirement Age, the date as of which the Participant elects payments to commence.
- (d) With respect to the Midwest Program, Annuity Starting Date will mean the day of Termination of Employment, determined in accordance with Section 12.1.
- (e) With respect to the DIRECTV Program, Annuity Starting Date will mean the first day of any month coinciding with or following Termination of Employment, determined in accordance with Section 12.1.
- (5) **Applicable Interest Rate**: means the Applicable Interest Rate as determined under Supplement 9.
- (6) **Applicable Mortality Table**: means the Applicable Mortality Table as determined under Supplement 9.
- (7) **AT&T Controlled Group**: means each:
 - (a) Corporation that is a member of a controlled group of corporations within the meaning of section 414(b) of the Code of which the Company is a member;
 - (b) Trade or business (whether or not incorporated) with which the Company is under common control (as defined in section 414(c) of the Code);
 - (c) Organization (whether or not incorporated) that is a member of an affiliated service group (as defined in section 414(m) of the Code) that includes the Company; and
 - (d) Other entity required to be aggregated with the Company and treated as a single employer under section 414(o) of the Code.
- (8) **AT&T Controlled Group Member**: means each entity in the AT&T Controlled Group; provided, however, that for purposes of the annual limitation on benefits set forth in Section 11.1, AT&T Controlled Group Member will not include a member of an affiliated service group as defined in section 414(m) of the Code and will be determined by application of a more than fifty percent (50%) control standard in lieu of an eighty percent (80%) control standard.

- (9) **AT&T Inc.:** means AT&T Inc., a Delaware corporation, or its successor.
- (10) **AT&T Legacy Bargained Program:** means the AT&T Legacy Bargained Program of the AT&T Pension Benefit Plan, as amended from time to time.
- (11) **AT&T Legacy Management Program:** means the AT&T Legacy Management Program of the AT&T Pension Benefit Plan, as amended from time to time.
- (12) **Bargained Cash Balance Program:** means the Bargained Cash Balance Program of the AT&T Pension Benefit Plan, as amended from time to time.
- (13) **Bargained Cash Balance Program #2:** means the Bargained Cash Balance Program #2 of the AT&T Pension Benefit Plan, as amended from time to time.
- (14) **Bargaining Unit Employee:** means each Eligible Employee:
 - (a) Whose job title and classification are included in a collective bargaining agreement between such Eligible Employee's Employer and a union that has agreed to the benefits provided under a pension plan sponsored by an AT&T Controlled Group Member; or
 - (b) Who is a "confidential employee" as defined by the National Labor Relations Act.
- (15) **Cash Balance Account:** means the bookkeeping account as described in Article VII of each of the applicable Component Pension Programs.
- (16) **Code:** means the Internal Revenue Code of 1986, as amended from time to time.
- (17) **Company:** means AT&T Inc.
- (18) **Compensation Limit:** means, except as otherwise provided in the applicable Component Pension Program, the maximum annual compensation which may be taken into account under the Plan as defined in section 401(a)(17) of the Code (currently two hundred sixty-five thousand dollars (\$265,000) for the 2016 Plan Year, as indexed).
- (19) **Component Pension Program:** means any of the entities identified in Supplement 1 attached hereto as a Component Pension Program under the Plan, as such Supplement 1 may be updated and amended from time to time.
- (20) **CWA:** means the Communications Workers of America.
- (21) **Deferred Retirement Pension:** means the Pension Benefit as defined in Section 7.4 of the AT&T Legacy Bargained Program, AT&T Legacy Management Program, East Program, and Section 7.10 of the Southeast Program.

- (22) **Designated Beneficiary**: means a Participant's beneficiary designated in accordance with Section 12.10.
- (23) **Direct Rollover**: means a payment by the Plan to an Eligible Retirement Plan designated by a Distributee in accordance with Section 13.7.
- (24) **DIRECTV Program**: means the DIRECTV Program of the AT&T Pension Benefit Plan, as amended from time to time.
- (25) **Disability Benefit**: means the disability benefit, if any, provided in Article X or an applicable Supplement, as available and determined under the applicable Component Pension Program.
- (26) **Disability Pension**: means a "Disability Pension," if any, as defined in the applicable Component Pension Program.
- (27) **Distributee**: means each:
 - (a) Participant who is entitled to an Eligible Rollover Distribution;
 - (b) Surviving Spouse of a Participant with respect to the interest of such Surviving Spouse in an Eligible Rollover Distribution;
 - (c) Former Spouse of a Participant who is an alternate payee under a QDRO with regard to the interest of such former Spouse in an Eligible Rollover Distribution; and
 - (d) Effective January 1, 2010, a designated beneficiary (as defined in section 401(a)(E) of the Code), of a deceased Participant with respect to the interest of such beneficiary in an Eligible Rollover Distribution.
- (28) **Earliest Retirement Age**: means the earliest age at which a Participant may elect to begin receiving his Pension Benefit in accordance with the applicable Component Pension Program.
- (29) **Early Retirement Pension**: means a Normal Retirement Pension reduced as provided in the applicable Component Pension Program for commencement prior to Normal Retirement Age.
- (30) **East Program**: means the East Program of the AT&T Pension Benefit Plan, as amended from time to time.
- (31) **Election Period**: means the election period described in Subsection 13.2.3.

(32) **Eligible Employee**: means each Employee other than:

- (a) A Leased Employee;
- (b) An individual who is classified or treated as an independent contractor or other non-common-law employee by the Employer notwithstanding that such individual is otherwise determined by a court, governmental, agency, or any other person or entity to be a common-law employee during the time of such classification or treatment;
- (c) An Eligible Employee who is a nonresident alien with no U.S. source income from the Employer unless such nonresident alien is a Global Manager; or
- (d) A resident of the Commonwealth of Puerto Rico. (Residency is based on the Employee's current work location, or work location immediately prior to Termination of Employment.)

(33) **Eligible Retirement Plan**: means with respect to a Distributee, each:

- (a) Individual retirement account described in section 408(a) of the Code;
- (b) Individual retirement annuity described in section 408(b) of the Code (other than an endowment contract);
- (c) Annuity plan described in section 403(a) of the Code;
- (d) Qualified plan described in section 401(a) of the Code that under its provisions does, and under applicable law may, accept a Distributee's Eligible Rollover Distribution;
- (e) Annuity contract described in section 403(b) of the Code;
- (f) Eligible plan under section 457(b) of the Code that is maintained by a state, political subdivision of a state, or agency or instrumentality of a state or political subdivision of a state and that agrees to separately account for the amounts transferred into such plan from this Plan; and
- (g) Roth IRA described in section 408A of the Code;

provided, however, that with respect to a Distributee who is a non-Surviving Spouse designated beneficiary (within the meaning of section 401(a)(9)(E) of the Code), "Eligible Retirement Plan" means only (i) an individual retirement account described in section 408(a) of the Code, or (ii) an individual retirement annuity described in section 408(b) of the Code established for the purpose of receiving the Eligible Rollover Distribution of such Distributee.

- (34) **Eligible Rollover Distribution**: means, with respect to a Distributee, any distribution of all or any portion of the Accrued Benefit of a Participant other than:
- (a) A distribution that is one (1) of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and the Distributee's beneficiary, or for a specified period of ten (10) years or more;
 - (b) A distribution to the extent such distribution is required under section 401(a)(9) of the Code;
 - (c) The portion of a distribution that is not includable in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities); and
 - (d) Any other distribution so designated by the Internal Revenue Service in revenue rulings, notices, and other guidance of general applicability.
- (35) **Employee**: means, except as otherwise provided in the applicable Component Pension Program, each:
- (a) Individual who:
 - (i) Is classified on the payroll records of an Employer as a common-law employee; and
 - (ii) Receives a regular and stated compensation, other than a pension or retainer, from that Employer in exchange for services rendered to that Employer;
 - (b) Leased Employee.
- (36) **Employer**: means the Company and each Participating Employer.
- (37) **Employment Commencement Date**: means the date on which an Employee first performs an Hour of Service with any Employer.
- (38) **ERISA**: means the Employee Retirement Income Security Act of 1974, as amended from time to time.

- (39) **415 Compensation:** means the total of all amounts paid by the Employer, to or for the benefit of a Participant, for services rendered or labor performed for the Employer that are required to be reported on the Participant's federal income tax withholding statement or statements (Form W-2 or its subsequent equivalent) but modified to include the following amounts:
- (a) Elective deferrals (as defined in section 402(g)(3) of the Code) from compensation to be paid by the Employer to the Participant;
 - (b) Any amount that is contributed or deferred by the Employer at the election of the Participant, and that is not includable in the gross income of the Participant by reason of section 125 of the Code (including any amounts not available to a Participant in cash in lieu of group health coverage because the Participant is unable to certify that he has other health coverage, provided the Employer does not request or collect other information regarding the Participant's health coverage as a part of the enrollment process for the health plan); and
 - (c) Any amounts that are not includable in the gross income of a Participant under a salary reduction agreement by reason of the application of section 132(f) of the Code.

Effective for limitation years beginning on or after July 1, 2007, an Employee's 415 Compensation will not include any amounts that are paid after the Employee's severance from employment with all AT&T Controlled Group Members, except to the extent that: (A) the amount is paid by the later of two and one-half (2½) months after severance from employment or the end of the limitation year that includes the date of severance from employment; and (B) (i) the amount is regular compensation for services during the Employee's regular working hours or compensation for services outside the Employee's regular working hours (such as overtime or shift differential), commissions, bonuses or other similar payments, and the amount would have been paid to the Employee prior to severance from employment if the Employee had continued in employment with an AT&T Controlled Group Member; (ii) the amount is payment for unused accrued bona fide sick, vacation or other leave that the Employee would have been able to use if employment had continued and the amount would have been included in 415 Compensation under the Plan if paid prior to severance from employment; or (iii) the amount is a payment from a nonqualified deferred compensation plan that is includable in gross income, and that would have been paid to the Employee at the same time if the Employee had continued in employment and would have been included in 415 Compensation under the Plan if paid prior to severance from employment. The exclusion under this Paragraph does not apply to payments to an individual who does not currently perform services for an AT&T Controlled Group Member because of qualified military service under section 414(u)(1) of the Code, to the extent the payments do not exceed the amounts the individual would have received if the individual had continued to perform services for an AT&T Controlled Group Member rather

than entering qualified military service. The exclusion in this Paragraph does not apply to payments to an Employee who is permanently and totally disabled as defined in section 22(e)(3) of the Code, but only if the Employee is not a Highly Compensated Employee immediately before becoming disabled or the Plan provides for the continuation of contributions on behalf of all Employees who are permanently and totally disabled for a fixed or determinable period. For purposes of this Paragraph, an Employee will not be considered to have a severance from employment if, in connection with a change of employment, the Employee's new employer maintains the Plan with respect to the Employee.

- (40) **Frontier**: shall mean Frontier Communications Corporation.
- (41) **Frontier Closing Date**: shall mean the close date of the transaction pursuant to the terms of the Stock Purchase Agreement by and between AT&T Inc. and Frontier Communications Corporation, dated as of December 16, 2013.
- (42) **Frontier Disability Transferee**: shall mean any Employee of Southern New England Telephone Company on the Frontier Closing Date, who is receiving short-term disability from a Participating Company or who is on a denied disability leave of absence from a Participating Company as of the Frontier Closing Date, and who subsequently returns to work with a Participating Company and then is transferred to Frontier immediately following such return to work.
- (43) **Frontier Non-Disability Transferee**: shall mean any individual who is an Employee of Southern New England Telephone Company on the Frontier Closing Date and who becomes employed by Frontier on the day after the Frontier Closing Date.
- (44) **Frontier Transferee**: shall mean any Frontier Non-Disability Transferee and any Frontier Disability Transferee.
- (45) **Global Manager**: means each Employee who:
 - (a) Has been so designated by his Employer for the purpose of transferring him from country to country in order to allow maximum use of his business skills, cultural background, and language;
 - (b) Does not have exclusive United States citizenship; and
 - (c) Has not been assigned to an employment position within the United States.

- (46) **Group Incentive Compensation**: means the amount of the annual bonus payment, or other similar form of compensation paid to a Participant as a member of a subsidiary, department, or other work unit over a specified period in addition to such Participant's Actual Base Pay, and that is based upon such subsidiary, department, or other work unit achieving a certain level of predetermined objectives, such as financial performance and customer service, but excluding the portion of any team award or similar form of compensation paid solely Employees designated as "officers" by the payroll records of the Employer.
- (47) **Group Incentive Compensation Adjustment**: means the individual discretionary adjustment to Group Incentive Compensation designed to recognize an Eligible Employee's individual performance or contributions toward Company objectives and that is awarded in addition to and as an enhancement of the Eligible Employee's Group Incentive Compensation award.
- (48) **Highly Compensated Employee**: means a "highly compensated employee" as defined in section 414(q) of the Code.
- (49) **Highly Compensated Former Employee**: means a "highly compensated former employee" as defined in Treas. Reg. §1.410(b)-9.
- (50) **Hour of Service**: means each hour for which an individual is directly or indirectly paid, or entitled to payment, by an AT&T Controlled Group Member for the performance of duties or for reasons other than the performance of duties; provided, however, that no more than five hundred one (501) Hours of Service will be credited to an individual on account of any continuous period during which he performs no duties. Such Hours of Service will be credited to the individual for the computation period in which such duties were performed or in which occurred the period during which no duties were performed. Notwithstanding the foregoing the following will apply:
- (a) The number of Hours of Service to be credited to an individual for any computation period will be governed by 29 C.F.R. §§ 2530.200b-2(b) and (c).
 - (b) Hours of Service will also include each hour required to be credited by federal law, but only under the conditions and to the extent so required by such federal law.
 - (c) In the case of an individual who is exempt from the provisions of the Fair Labor Standards Act and whose hours are not tracked by the Employer, such individual will be credited with Hours of Service on the basis of:
 - (i) For an Employee classified by his Employer as "full-time," forty five (45) Hours of Service for a Program Eligible Employee of the Midwest Program, the Southeast Management Program, or the Southeast Program, and fifty (50) Hours of Service for a Program

Eligible Employee of the AT&T Legacy Bargained Program or the AT&T Legacy Management Program, for each week for which such individual would otherwise be required to be credited with at least one Hour of Service under the preceding Paragraphs of this Section in accordance with 29 C.F.R. § 2530.200b-3; or

- (ii) For an Employee classified by his Employer as “part-time,” ten (10) Hours of Service for a Program Eligible Employee of the Midwest Program for each day, and fifty (50) Hours of Service for a Program Eligible Employee of the AT&T Legacy Management Program for each week, for which such individual would otherwise be required to be credited with at least one (1) Hour of Service under the preceding Paragraphs of this Section in accordance with 29 C.F.R. § 2530.200b-3.
- (d) An hour for which an individual is directly or indirectly paid, or entitled to payment, on account of a period during which no duties are performed is not credited to such individual if such payment is made or due under a plan maintained solely for the purpose of complying with applicable workers’ compensation, or unemployment compensation or disability insurance laws.
- (e) Hours of Service are not credited for a payment that solely reimburses an individual for medical or medically related expenses incurred by such individual.
- (f) No service or period of employment before January 1, 1985, will be taken into account for any purpose under the Plan if the service would have been disregarded as of January 1, 1985, under the Plan or the “Rules for Crediting Service” that were part of the Nonbargained Program or the Southwest Program, as applicable, as in effect on that date.
- (g) Effective November 18, 2005, Hours of Service will also include each hour for which an individual is directly or indirectly paid, or entitled to payment, by AT&T Corp., or a subsidiary, for the performance of duties, or for reasons other than the performance of duties, prior to the date that AT&T Corp. became an AT&T Controlled Group Member.
- (h) Effective December 29, 2006, Hours of Service will also include each hour for which an individual is directly or indirectly paid, or entitled to payment, by Cingular Wireless, LLC, or a subsidiary, or BellSouth Corporation, or a subsidiary, for the performance of duties, or for reasons other than the performance of duties, prior to the date that Cingular Wireless, LLC and BellSouth Corporation became AT&T Controlled Group Members.

- (i) Hours of Service will also include each hour for which an individual's prior service is recognized for Term of Employment purposes under Section 6.1.2 of Supplement 4 for the respective Component Pension Program.
- (51) **Interactions Transition Agreement**: shall mean that certain agreement, as may be amended or supplemented, between AT&T Inc. and Interactions Corporation, which *inter alia* sets forth the dates upon which certain employees, including the Interactions Unvested Transferees, shall cease employment with AT&T and transition to Interactions.
- (52) **Interactions Transition Date**: shall mean the date upon which any Interaction Unvested Transferee shall terminate employment with an AT&T Controlled Group Member in order to transition to employment with Interactions Corporation, or a subsidiary, scheduled pursuant to the terms of the Interactions Transition Agreement.
- (53) **Interactions Unvested Transferee**: shall mean each employee who has accepted an offer of employment with Interactions Corporation, or a subsidiary, under the terms of the Interactions Transition Agreement, to the extent such employee has an unvested pension benefit in either or both of the AT&T Legacy Management Program and/or the Management Cash Balance Program upon his or her Interactions Transition Date.
- (54) **Joint and 50% Survivor Annuity**: means an annuity form of payment for a Participant determined as follows:
 - (a) For all Component Pension Programs, other than the AT&T Legacy Bargained Program, AT&T Legacy Management Program, the DIRECTV Program, the Midwest Program, the Mobility Bargained Program, the Mobility Program, and the Southeast Program, the Participant will receive his Pension Benefit as a reduced monthly benefit in an amount equal to ninety percent (90%) of the amount calculated under the applicable Component Pension Program (payable to the Participant no less frequently than monthly) until the last day of the month of such Participant's death. After such Participant's death, his Surviving Spouse will receive a survivor annuity equal to fifty percent (50%) of the amount payable to such Participant under this Paragraph at the time of his death, beginning on the first (1st) day of the month following such Participant's death and continuing until the last day of the month of such Surviving Spouse's death.
 - (b) With respect to the AT&T Legacy Bargained Program and the AT&T Legacy Management Program, the Participant will receive his Pension Benefit as a reduced monthly benefit in an amount equal to ninety-two percent (92%) of the amount calculated under the AT&T Legacy Bargained Program or the AT&T Legacy Management Program (payable to the Participant no less frequently than monthly) until the last day of the

month of such Participant's death. After such Participant's death, his Surviving Spouse will receive a survivor annuity equal to fifty percent (50%) of the amount payable to such Participant under this Paragraph at the time of his death, beginning on the first (1st) day of the month following such Participant's death and continuing until the last day of the month of such Surviving Spouse's death.

- (c) With respect to the DIRECTV Program, the Program Participant will receive his Pension Benefit as a reduced monthly benefit in an amount equal to the Actuarial Equivalent (taking into consideration both the Participant and the Spouse's ages) of his Early, Normal or Late Retirement Benefit computed as of his Annuity Starting Date (payable to the Participant no less frequently than monthly) until the last day of the month of such Participant's death. After such Participant's death, his Surviving Spouse will receive a survivor annuity equal to fifty percent (50%) of the amount payable to such Participant under this Paragraph at the time of his death, beginning on the first (1st) day of the month following such Participant's death and continuing until the last day of the month of such Surviving Spouse's death.
- (d) With respect to the Midwest Program:
 - (i) For a Program Participant who satisfies the Modified Rule of 75, the provisions of Paragraph (a) above will apply.
 - (ii) For a Program Participant who has not satisfied the Modified Rule of 75, the Program Participant will receive his Normal Retirement Pension under the Midwest Program reduced by the appropriate factor in Appendix B to the Midwest Program using the Participant's age at Annuity Starting Date. After such Participant's death, his Surviving Spouse will receive a survivor annuity equal to fifty percent (50%) of the amount payable to such Participant under this Subparagraph at the time of his death, beginning on the first (1st) day of the month following such Participant's death and continuing until the last day of the month of such Surviving Spouse's death.
- (e) With respect to the Mobility Bargained Program and Mobility Program:
 - (i) Any Participant in the Component Pension Program as of December 31, 2005, who has an Annuity Starting Date on or after January 1, 2006, will receive his Pension Benefit as a reduced monthly benefit in an amount equal to the greater of:
 - (a) Ninety percent (90%) of the Single Life Annuity; or
 - (b) The Actuarial Equivalent (taking into consideration both the Participant and the Spouse's ages) of the amount.

- (ii) Any other Participant in the Component Pension Program will receive his Pension Benefit as a reduced monthly benefit in an amount equal to the Actuarial Equivalent (taking into consideration both the Participant and the Spouse's ages) of the amount calculated under the Mobility Bargained Program or the Mobility Program, as applicable, (payable to the Participant no less frequently than monthly) until the last day of the month of such Participant's death. After such Participant's death, his Surviving Spouse will receive a survivor annuity equal to fifty percent (50%) of the amount payable to such Participant under this Paragraph at the time of his death, beginning on the first (1st) day of the month following such Participant's death and continuing until the last day of the month of such Surviving Spouse's death.

- (f) With respect to the Southeast Program:
 - (i) For a Program Participant who satisfies the Modified Rule of 75 or who has a Termination of Employment on or after July 1, 1993, the provisions of Paragraph (a) above will apply.
 - (ii) For a Program Participant who has a Termination of Employment before July 1, 1993, and has not satisfied the Modified Rule of 75, the Program Participant will receive his Normal Retirement Pension under the Southeast Program reduced by the appropriate factor in Appendix C to the Southeast Program using the Participant's age at Annuity Starting Date. After such Participant's death, his Surviving Spouse will receive a survivor annuity equal to fifty percent (50%) of the amount payable to such Participant under this Subparagraph at the time of his death, beginning on the first (1st) day of the month following such Participant's death and continuing until the last day of the month of such Surviving Spouse's death.

- (55) **Joint and 75% Survivor Annuity:** means an annuity form of payment for a Participant determined as follows:
 - (a) For all Component Pension Programs, other than the AT&T Legacy Bargained Program, the AT&T Legacy Management Program, the DIRECTV Program, the Midwest Program, the Mobility Bargained Program, the Mobility Program, the East Program, and the Southeast Program, the Participant will receive his Pension Benefit as a reduced monthly benefit in an amount equal to eighty-five percent (85%) of the amount calculated under the applicable Component Pension Program (payable to the Participant no less frequently than monthly) until the last day of the month of such Participant's death. After such Participant's death, his Surviving Spouse will receive a survivor annuity equal to seventy-five percent (75%) of the amount payable to such Participant under this Paragraph at the time of his death, beginning on the first (1st)

day of the month following such Participant's death and continuing until the last day of the month of such Surviving Spouse's death.

- (b) With respect to the AT&T Legacy Bargained Program and the AT&T Legacy Management Program, the Participant will receive his Pension Benefit as a reduced monthly benefit in an amount equal to eighty-eight and one-half percent (88.5%) of the amount calculated under the AT&T Legacy Bargained Program or the AT&T Legacy Management Program (payable to the Participant no less frequently than monthly) until the last day of the month of such Participant's death. After such Participant's death, his Surviving Spouse will receive a survivor annuity equal to seventy-five percent (75%) of the amount payable to such Participant under this Paragraph (b) at the time of his death, beginning on the first (1st) day of the month following such Participant's death and continuing until the last day of the month of such Surviving Spouse's death.
- (c) With respect to the DIRECTV Program, the Program Participant will receive his Pension Benefit as a reduced monthly benefit in an amount equal to the Actuarial Equivalent (taking into consideration both the Participant and the Spouse's ages) of his Early, Normal or Late Retirement Benefit computed as of his Annuity Starting Date (payable to the Participant no less frequently than monthly) until the last day of the month of such Participant's death. After such Participant's death, his Surviving Spouse will receive a survivor annuity equal to seventy-five percent (75%) of the amount payable to such Participant under this Paragraph at the time of his death, beginning on the first (1st) day of the month following such Participant's death and continuing until the last day of the month of such Surviving Spouse's death.
- (d) With respect to the Midwest Program:
 - (i) For a Program Participant who satisfies the Modified Rule of 75, the provisions of Paragraph (a) above will apply.
 - (ii) For a Program Participant who has not satisfied the Modified Rule of 75, the Program Participant will receive his Normal Retirement Pension under the Midwest Program reduced by the appropriate factor in Appendix C to the Midwest Program using the Participant's age at his Annuity Starting Date. After such Participant's death, his Surviving Spouse will receive a survivor annuity equal to seventy-five percent (75%) of the amount payable to such Participant under this Subparagraph at the time of his death, beginning on the first (1st) day of the month following such Participant's death and continuing until the last day of the month of such Surviving Spouse's death.

- (e) With respect to the Mobility Bargained Program:
 - (i) Any Participant in the Mobility Bargained Program as of December 31, 2005, who has an Annuity Starting Date on or after January 1, 2006, will receive his Pension Benefit as a reduced monthly benefit in an amount equal to the greater of:
 - (a) Eighty-five percent (85%) of the Single Life Annuity; or
 - (b) The Actuarial Equivalent (taking into consideration both the Participant and the Spouse's ages) of the amount.
 - (ii) Any other Participant in the Mobility Bargained Program will receive his Pension Benefit as a reduced monthly benefit in an amount equal to the Actuarial Equivalent (taking into consideration both the Participant and the Spouse's ages) of the amount calculated under the Mobility Bargained Program (payable to the Participant no less frequently than monthly) until the last day of the month of such Participant's death. After such Participant's death, his Surviving Spouse will receive a survivor annuity equal to seventy-five percent (75%) of the amount payable to such Participant under this Paragraph at the time of his death, beginning on the first (1st) day of the month following such Participant's death and continuing until the last day of the month of such Surviving Spouse's death.
- (f) With respect to the Mobility Program, any Participant in the Mobility Program will receive his Pension Benefit as a reduced monthly benefit in an amount equal to the Actuarial Equivalent (taking into consideration both the Participant and the Spouse's ages) of the amount calculated under the Mobility Program (payable to the Participant no less frequently than monthly) until the last day of the month of such Participant's death. After such Participant's death, his Surviving Spouse will receive a survivor annuity equal to seventy-five percent (75%) of the amount payable to such Participant under this Paragraph at the time of his death, beginning on the first (1st) day of the month following such Participant's death and continuing until the last day of the month of such Surviving Spouse's death.
- (g) With respect to the East Program, any Participant who is eligible for a Deferred Vested Pension in accordance with Section S2.4 of the SNET Pension Plan in effect prior to January 1, 2009, the Participant will receive his Pension Benefit as a reduced monthly benefit in an amount equal to seventy-eight percent (78%) of the amount calculated under the East Program (payable to the Participant no less frequently than monthly) until the last day of the month of such Participant's death. After such Participant's death, his Surviving Spouse will receive a survivor annuity

equal to seventy-five percent (75%) of the amount payable to such Participant under this Paragraph at the time of his death, beginning on the first (1st) day of the month following such Participant's death and continuing until the last day of the month of such Surviving Spouse's death. For each other Participant in the East Program not covered by the preceding, the Participant will receive his Pension Benefit as a reduced monthly benefit in an amount equal to eighty-five percent (85%) of the amount calculated under the East Program (payable to the Participant no less frequently than monthly) until the last day of the month of such Participant's death. After such Participant's death, his Surviving Spouse will receive a survivor annuity equal to seventy-five percent (75%) of the amount payable to such Participant under this Paragraph at the time of his death, beginning on the first (1st) day of the month following such Participant's death and continuing until the last day of the month of such Surviving Spouse's death.

- (h) With respect to the Southeast Program:
 - (i) For a Program Participant who satisfies the Modified Rule of 75 or who has a Termination of Employment on or after July 1, 1993, the provisions of Paragraph (a) above will apply.
 - (ii) For a Program Participant who has a Termination of Employment before July 1, 1993, and has not satisfied the Modified Rule of 75, the Program Participant will receive his Normal Retirement Pension under the Southeast Program reduced by the appropriate factor in Appendix D to the Southeast Program using the Participant's age at Annuity Starting Date. After such Participant's death, his Surviving Spouse will receive a survivor annuity equal to seventy-five percent (75%) of the amount payable to such Participant under this Subparagraph at the time of his death, beginning on the first (1st) day of the month following such Participant's death and continuing until the last day of the month of such Surviving Spouse's death.

(56) **Joint and 100% Survivor Annuity:** means an annuity form of payment for a Participant determined as follows:

- (a) For all applicable Component Pension Programs other than the AT&T Legacy Management Program, the AT&T Legacy Bargained Program, the DIRECTV Program and the Mobility Bargained Program, the Participant will receive his Pension Benefit as a reduced monthly benefit in an amount equal to eighty percent (80%) of the amount calculated under the applicable Component Pension Program (payable to the Participant no less frequently than monthly) until the last day of the month of such Participant's death. After such Participant's death, his Surviving Spouse will receive a survivor annuity equal to one hundred percent (100%) of the amount payable to such Participant under this Paragraph at the time of

his death, beginning on the first (1st) day of the month following such Participant's death and continuing until the last day of the month of such Surviving Spouse's death.

- (b) With respect to the AT&T Legacy Management Program:
 - (i) For a Program Participant whose Accrued Benefit is determined pursuant to his Cash Balance Account, the Participant will receive his Pension Benefit as a reduced monthly benefit in an amount equal to eighty-five percent (85%) of the Single Life Annuity amount calculated under the AT&T Legacy Management Program, and will be payable to the Participant no less frequently than monthly until the last day of the month of such Participant's death. After such Participant's death, his surviving Spouse will receive a survivor annuity equal to one hundred percent (100%) of the amount payable to such Participant under this Paragraph (b) at the time of his death, beginning on the first (1st) day of the month following such Participant's death and continuing until the last day of the month of such Surviving Spouse's death; and
 - (ii) For a Program Participant whose Accrued Benefit is determined pursuant to an applicable AT&T Legacy Management Program formula other than his Cash Balance Account, the Participant will receive his Pension Benefit as a reduced monthly benefit in an amount equal to eighty-five percent (85%) of the Single Life Annuity amount calculated under the AT&T Legacy Management Program multiplied by the early conversion factors set forth in Table 3 of the AT&T Legacy Management Program based on the Program Participant's attained age as of the last day of the month before such Participant's Annuity Starting Date occurs, and will be payable to the Participant no less frequently than monthly until the last day of the month of such Participant's death. After such Participant' death, his surviving Spouse will receive a survivor annuity equal to one hundred percent (100%) of the amount payable to such Participant under this Paragraph (b) at the time of his death, beginning on the first (1st) day of the month following such Participant's death and continuing until the last day of the month of such Surviving Spouse's death.
- (c) With respect to the DIRECTV Program, the Program Participant will receive his Pension Benefit as a reduced monthly benefit in an amount equal to the Actuarial Equivalent (taking into consideration both the Participant and the Spouse's ages) of his Early, Normal or Late Retirement Benefit computed as of his Annuity Starting Date (payable to the Participant no less frequently than monthly) until the last day of the month of such Participant's death. After such Participant's death, his Surviving Spouse will receive a survivor annuity equal to one hundred

percent (100%) of the amount payable to such Participant under this Paragraph at the time of his death, beginning on the first (1st) day of the month following such Participant's death and continuing until the last day of the month of such Surviving Spouse's death.

(d) With respect to the Mobility Bargained Program:

(i) Any Participant in the Mobility Bargained Program as of December 31, 2005 who has an Annuity Starting Date on or after January 1, 2006, will receive his Pension Benefit as a reduced monthly benefit in an amount equal to the greater of:

(a) Eighty percent (80%) of the Single Life Annuity; or

(b) The Actuarial Equivalent (taking into consideration both the Participant and the Spouse's ages) of the amount.

(ii) Any other Participant in the Mobility Bargained Program will receive his Pension Benefit as a reduced monthly benefit in an amount equal to the Actuarial Equivalent (taking into consideration both the Participant and the Spouse's ages) of the amount calculated under the Mobility Bargained Program (payable to the Participant no less frequently than monthly) until the last day of the month of such Participant's death. After such Participant's death, his Surviving Spouse will receive a survivor annuity equal to one hundred percent (100%) of the amount payable to such Participant under this Paragraph at the time of his death, beginning on the first (1st) day of the month following such Participant's death and continuing until the last day of the month of such Surviving Spouse's death.

(e) With respect to the AT&T Legacy Bargained Program, the Participant will receive his Pension Benefit as a reduced monthly benefit in an amount equal to eighty-five percent (85%) of the amount calculated under the AT&T Legacy Bargained Program (payable to the Participant no less frequently than monthly) until the last day of the month of such Participant's death. After such Participant's death, his Surviving Spouse will receive a survivor annuity equal to one hundred percent (100%) of the amount payable to such Participant under this Paragraph at the time of his death, beginning on the first (1st) day of the month following such Participant's death and continuing until the last day of the month of such Surviving Spouse's death.

(57) **Latest Deferral Date:** means the "Latest Deferral Date" as defined in the applicable Component Pension Program.

- (58) **Leased Employee:** means each person who is not an Employee of the Employer or an AT&T Controlled Group Member but who performs services for the Employer or an AT&T Controlled Group Member pursuant to an agreement (oral or written) between such Employer or AT&T Controlled Group Member and any other person, provided that:
- (a) Such person has performed such services for such Employer or AT&T Controlled Group Member or for related persons (within the meaning of section 414(n) of the Code) on a substantially full-time basis for a period of at least one (1) year; and
 - (b) Such services are performed under primary direction or control by such Employer or AT&T Controlled Group Member (or related person within the meaning of section 414(n) of the Code).
- (59) **Leave of Absence:** means a leave of absence formally granted to an Employee in accordance with rules established by his Employer, including a leave granted under the requirements of the Family and Medical Leave Act of 1993.
- (60) **Legally Recognized Partner:** means any individual:
- (a) Who is a Registered Domestic Partner; or
 - (b) With whom a Participant, as applicable, has entered into a same-gender relationship pursuant to and in accordance with state or local law, such as civil union, or other legally recognized arrangement that provides similar legal benefits, protections, and responsibilities under state law to those afforded to a Spouse.

An individual who has a Spouse will not be permitted to designate a Legally Recognized Partner. No individual will be permitted to designate more than one Legally Recognized Partner during the same period nor will any individual be permitted to designate different Legally Recognized Partners for different plans or programs during the same period.

- (61) **Leveraged Job Titles:** means job titles as determined by the applicable collective bargaining agreement for a Bargaining Unit Employee who is a member of any of the following collective bargaining units:

CWA (AT&T Corp. Core Contract)
CWA District 1 (AT&T East Core Contract)
CWA District 3 (AT&T Southeast Core Contract)
CWA District 4 (AT&T Midwest Core Contract)
CWA District 4 (SBC Global Services, Inc. (CPE)) (now Appendix G to the AT&T Midwest Core Contract)
CWA District 6 (AT&T Southwest Core Contract)
CWA District 9 (AT&T West Core Contract)
IBEW System Council T-3 (AT&T Corp. National Contract)
IBEW System Council T-3 (AT&T Midwest Contract)
IBEW Local 21 (SBC Global Services, Inc. (Appendix D to the AT&T Midwest Contract))
IBEW Local 58 (SBC Global Services, Inc. (Appendix E to the AT&T Midwest Contract))
IBEW Local 134 (SBC Global Services, Inc. (Appendix F to the AT&T Midwest Contract))

- (62) **Lump Sum:** means, except as otherwise provided in a Component Pension Program, an alternative single-sum form of payment of a Pension Benefit or Pre-Retirement Survivor Annuity calculated based on the Participant's age (for a Pension Benefit or a Pre-Retirement Survivor Annuity with a non-Spouse surviving annuitant) or the Surviving Spouse's age (for a Pre-Retirement Survivor Annuity with a Spouse surviving annuitant) as of the Annuity Starting Date of the Pension Benefit or Pre-Retirement Survivor Annuity, as applicable, and Actuarially Equivalent determined as of the same date.
- (63) **Lump Sum Special Payment:** means a single cash payment to an Employee designed to recognize such Employee's individual performance and generally awarded in concert with the annual base salary or rate of pay review process.
- (64) **Management Cash Balance Program:** means the Management Cash Balance Program of the AT&T Pension Benefit Plan, as amended from time to time.
- (65) **Management Employee:** means each Eligible Employee who is not a Bargaining Unit Employee or a Nonmanagement Nonunion Employee.
- (66) **Midwest Program:** means the Midwest Program of the AT&T Pension Benefit Plan, as amended from time to time.

- (67) **Mobility Bargained Program**: means the Mobility Bargained Program of the AT&T Pension Benefit Plan, as amended from time to time.
- (68) **Mobility Program**: means the Mobility Program of the AT&T Pension Benefit Plan, as amended from time to time.
- (69) **Modified Rule of 75**: means
- (a) With respect to each Component Pension Program other than the Southeast Management Program, the attainment by a Participant of any one of the following combinations of age and service determined as of such Participant's Termination of Employment:
 - (i) Age sixty-five (65) years and ten (10) years of a Term of Employment;
 - (ii) Age fifty-five (55) years and twenty (20) years of a Term of Employment;
 - (iii) Age fifty (50) years and twenty-five (25) years of a Term of Employment; or
 - (iv) Any age and thirty (30) years of Term of Employment.

In addition to the above, a Program Participant with respect to the Southeast Program whose last employment with an AT&T Controlled Group Member is not with a Program Employer in respect to the Southeast Program will be granted a Program Pension Benefit from the Southeast Program based on him having satisfied the Modified Rule of 75 only if such Program Participant has a Term of Employment with Program Employers of the Southeast Program equal to at least ten (10) years as of his Termination of Employment.
 - (b) With respect to the Southeast Management Program, Modified Rule of 75 is determined as the Rule of 75 as defined in the Southeast Management Program.
- (70) **Nonbargained Program**: means the Nonbargained Program of the AT&T Pension Benefit Plan, as amended from time to time.
- (71) **Nondiscretionary Incentive Compensation**: means the amount of compensation paid that satisfies all of the following requirements:
- (a) Identified in a documented compensation program;
 - (b) Intended primarily to motivate Employee performance;
 - (c) Measured by the attainment of a fixed objective that is based on a predetermined set payment formula for each unit of accomplishment;

- (d) Not subject to Employer discretion; and
 - (e) Communicated to Employees prior to a specified performance period.
- (72) **Nonmanagement Nonunion Employee**: means any Employee who satisfies Subsection 4.1.1(2) of one of the following Component Pension Programs:
- (a) The AT&T Legacy Bargained Program;
 - (b) The Bargained Cash Balance Program #2;
 - (c) The Midwest Program;
 - (d) The Southwest Program; or
 - (e) The West Program.
- (73) **Normal Retirement Age**: means the Normal Retirement Age as defined in the applicable Component Pension Program.
- (74) **Normal Retirement Pension**: means with respect to a Participant, a monthly Pension Benefit, expressed as a Single Life Annuity, paid to such Participant commencing on or after such Participant's Normal Retirement Age as described in the applicable Component Pension Program.
- (75) **One-Year Break in Service**: means:
- (a) With respect to an individual subject to the elapsed time method of crediting service in Article IV and Article V of the Plan, a One-Year Break in Service means a Period of Severance of twelve (12) consecutive months, beginning on such individual's Severance from Service Date and ending on any anniversary of such date, provided such individual does not perform an Hour of Service during that period.
 - (b) With respect to each individual subject to the Hours of Service method for crediting service in Article IV and Article V of the Plan, a One-Year Break in Service means each Plan Year during which such individual has less than five hundred one (501) Hours of Service.

If an individual is absent from service by reason of the individual's pregnancy, the birth of a child of the individual, the placement of a child with the individual in connection with the adoption of such child by the individual, or for the purposes of caring for such child for the period immediately following such birth or placement, such individual will not be considered to have incurred a One-Year Break in Service during the period of twelve (12) consecutive months beginning on his Severance from Service Date. Solely for purposes of determining whether a One-Year Break in Service has occurred, an Hour of Service will include each normal work hour, not otherwise credited, during

which an individual is absent from work for the aforementioned reasons. The Plan Administrator may in its discretion require, as a condition to the crediting of Hours of Service under the preceding sentence, that the individual furnish appropriate and timely information to the Plan Administrator establishing the reason for any such absence.

Such Hours of Service will be credited to the individual for the computation period in which the absence from work begins if such crediting is necessary to prevent the occurrence of a One-Year Break-in-Service in such computation period; otherwise, such Hours of Service will be credited to the individual in the next following computation period.

- (76) **Participant**: means each Eligible Employee who has satisfied the participation requirements of Section 4.1 and commenced participation in the Plan in accordance with Section 4.2, and whose participation in the Plan has not ceased in accordance with Subsection 4.2.3; provided, however, that each former Eligible Employee who has any Accrued Benefit under the Plan that has not been distributed to him, each Surviving Spouse, Legally Recognized Partner and Designated Beneficiary of a deceased Participant, and each alternate payee with respect to a Participant under a QDRO will also be considered a “Participant” solely for purposes of receiving benefits under Articles IX, XII and XIII.
- (77) **Participating Employer**: means each AT&T Controlled Group Member that is participating in the Plan in accordance with Article XVIII. The Participating Employers are listed in Supplement 3, as Supplement 3 may be updated and amended from time to time.
- (78) **Pension Band Amount**: means the dollar amount shown on the Pension Band Amount Table assigned to a Participant’s Pension Band Number (and for the Mobility Bargained Program only, the Participant’s age) as of any date on which his Pension Benefit is being determined. The Pension Band Amounts and corresponding Pension Band Numbers are listed in Appendix A or in a Supplement to the applicable Component Pension Program.
- (79) **Pension Band Number**: means the number to which each Eligible Employee’s employment position is assigned under the applicable collective bargaining agreement or personnel manual of the Employer, based on his job title and classification. The Pension Band Numbers are listed in Appendix A or in a Supplement to the applicable Component Pension Program.
- (80) **Pension Benefit**: means, as provided in Section 7.1 of a Component Pension Program, a Normal Retirement Pension, Early Retirement Pension, Deferred Retirement Pension, or Cash Balance Account as applicable, taken in any form of benefit provided under the applicable Component Pension Program.
- (81) **Pension Calculation Service**: means the Pension Calculation Service as determined in accordance with Article VI.

- (82) **Pension Compensation**: means the Pension Compensation as defined in the applicable Component Pension Program.
- (83) **Pension Fund**: means the trust or trusts established by the Company under the Trust Agreement, separate from the assets of the Company or any Participating Employer, to hold and invest contributions made under the Plan, and income thereon, and from which Plan benefits and administrative expenses are distributed.
- (84) **Period of Service**: means each of the following periods of service, as applicable to an individual:
- (a) Each period of an individual's employment with the Employer commencing on his Employment Commencement Date or Reemployment Commencement Date, if applicable, and ending on a Severance from Service Date, except that a period during which an individual is absent from service by reason of the individual's pregnancy, the birth of a child of the individual, the placement of a child with the individual in connection with the adoption of such child by the individual, or for the purposes of caring for such child for the period immediately following such birth or placement will not constitute a Period of Service between the first (1st) and second (2nd) anniversary of the first (1st) date of such absence. For purposes of this Paragraph (a), the term "Employer" means:
 - (i) Each Employer;
 - (ii) Each AT&T Controlled Group Member (but only during the period such entity is a member of the AT&T Controlled Group);
 - (iii) With respect to the Nonbargained Program, each entity that is acquired by or merged with an AT&T Controlled Group Member (provided such individual was employed by the acquired or merged company, or any part thereof, at any time during the ninety (90) day period immediately preceding the effective date of the acquisition or merger and is hired by any entity that is an AT&T Controlled Group Member within ninety (90) days after the date of the acquisition or merger);
 - (iv) Effective November 18, 2005, AT&T Corp. for the performance of duties, or for reasons other than the performance of duties, prior to the date that AT&T Corp., or a subsidiary, became an AT&T Controlled Group Member;

- (v) Effective December 29, 2006, Cingular Wireless, LLC, or a subsidiary, and BellSouth Corporation, or a subsidiary, for the performance of duties, or for reasons other than the performance of duties, prior to the date that Cingular Wireless, LLC and BellSouth Corporation became AT&T Controlled Group Members; and
 - (vi) Each employer with which an individual's prior service is recognized for Term of Employment purposes for the respective Component Pension Programs under Subsection 6.1.2 of Supplement 4.
- (b) Each period required to be credited as a Period of Service by federal law, other than ERISA or the Code, but only under the conditions and to the extent so required by such federal law.
- (85) **Period of Severance**: means each period of time commencing on an individual's Severance from Service Date and ending on his Reemployment Commencement Date.
- (86) **Plan**: means this AT&T Pension Benefit Plan, as amended from time to time.
- (87) **Plan Administrator**: means AT&T Services, Inc.
- (88) **Plan Sponsor**: means AT&T Inc.
- (89) **Plan Year**: means each twelve (12) consecutive month period beginning each January 1.
- (90) **Pre-Retirement Survivor Annuity**: means a benefit payable as defined in Article IX of each applicable Component Pension Program.
- (91) **Prior Bargained Plan**: means the following:
- (a) The Bargained Cash Balance Program;
 - (b) The Bargained Cash Balance Program #2;
 - (c) The East Program;
 - (d) The Midwest Program;
 - (e) The Southwest Program; and
 - (f) The West Program.

- (92) **Prior Management Plan**: means the following:
- (a) The DIRECTV Program;
 - (b) The Management Cash Balance Program; and
 - (c) The Nonbargained Program.
- (93) **Program**: means, when used in a Component Pension Program, that particular Component Pension Program.
- (94) **Program Eligible Employee**: means, with respect to a Component Pension Program, any Employee who satisfies Section 4.1 of such Program.
- (95) **Program Employer**: means, with respect to a particular Component Pension Program, each Participating Employer that has been designated by the Company to provide benefits under the Component Pension Program to its Program Eligible Employees. The Program Employers with respect to each Component Pension Program are listed in Supplement 3 of the Plan, as such Supplement 3 is updated and amended from time to time.
- (96) **Program Participant**: means, with respect to a particular Component Pension Program, each Program Eligible Employee who has commenced participation in such Component Pension Program pursuant to Section 4.2 and whose participation has not terminated pursuant to Section 4.3.
- (97) **Program Pension Benefit**: means a Pension Benefit paid to a Program Participant pursuant to the Component Pension Program.
- (98) **QDRO**: means a “qualified domestic relations order” as defined in section 414(p) of the Code or section 206(d)(3) of ERISA.
- (99) **Qualified Election**: means the election made pursuant to Subsection 13.2.2.
- (100) **Reemployment Commencement Date**: means the first date upon which an individual performs an Hour of Service with an Employer following a Severance from Service Date.
- (101) **Registered Domestic Partner**: means the individual, if any, with whom a Participant has entered into a domestic partnership that has been registered with a governmental body pursuant to state or local law authorizing such registration.
- (102) **Regular Employee**: means an Employee whose employment is expected to continue for an unspecified period of time although employment may be terminated at any time by action on the part of the Employer or the Employee, except as may otherwise be defined by an applicable collective bargaining agreement.

- (103) **Required Beginning Date**: means, with respect to each Participant, the first day of April following the calendar year in which occurs the later of (a) the date such Participant attains age seventy and one-half (70½) years or (b) the date such Participant incurs a Termination of Employment; provided, that a required beginning date of a participant who is a five percent (5%) owner (as defined in section 416 of the Code) will be the first day of April following the calendar year in which such participant attains age seventy and one-half (70½) years.
- (104) **Restatement Effective Date**: means December 1, 2016.
- (105) **Retroactive Annuity Starting Date**: means an Annuity Starting Date that is affirmatively elected by a Participant, Surviving Spouse or Legally Recognized Partner, as applicable, pursuant to Section 12.5, and that occurs on or before the date that the written explanation described in Section 12.4, is provided to such Participant, Surviving Spouse or Legally Recognized Partner.
- (106) **Severance From Service Date**: means the earlier of:
- (a) The first (1st) date on which an individual has a Termination of Employment following his Employment Commencement Date or Reemployment Commencement Date, if applicable; or
 - (b) The first (1st) anniversary of the first (1st) day of a period in which an Employee remains absent from service (with or without pay) with the AT&T Controlled Group for any reason other than a Termination of Employment, such as vacation, holiday, leave of absence, disability, or lay-off that is not classified by the Employer as a Termination of Employment.
- Notwithstanding the foregoing, the Severance from Service Date of an individual who is absent from service by reason of such individual's pregnancy, the birth of a child of such individual, or the placement of a child with such individual in connection with the adoption of such child by such individual, or for purposes of caring for such child for the period immediately following such birth or placement will be the second (2nd) anniversary of the first (1st) date of such absence.
- (107) **Single Life Annuity**: means, except as otherwise provided in the applicable Component Pension Program, a monthly benefit commencing on the Annuity Starting Date and ending on the last day of the month of the annuitant's death.
- (108) **Social Security Wage Base**: means, with respect to any Plan Year, the contribution and benefit base in effect for that Plan Year under section 230 of the Social Security Act (currently one hundred eighteen thousand five hundred dollars (\$118,500) for the 2016 Plan Year, as indexed).
- (109) **Southeast Management Program**: means the Southeast Management Program of the AT&T Pension Benefit Plan, as amended from time to time.

- (110) **Southeast Program**: means the Southeast Program of the AT&T Pension Benefit Plan, as amended from time to time.
- (111) **Southwest Program**: means the Southwest Program of the AT&T Pension Benefit Plan, as amended from time to time.
- (112) **Spouse**: means with respect to a Participant, the person who is treated as married to such Participant under the laws of the U.S. jurisdiction or foreign jurisdiction that sanctioned such marriage. The determination of a Participant's Spouse or Surviving Spouse will be made as of the date of such Participant's death. In addition, a Participant's former Spouse will be treated as his Spouse or Surviving Spouse to the extent provided under a qualified domestic relations order, as defined in Code Section 414(p).
- (113) **Success Sharing Plan Payment**: means the Success Sharing Plan payment (as determined under the applicable collective bargaining agreement) paid, and not credited to an HRA, to the following Bargaining Unit Employees:

CWA (AT&T Corp. Core Contract)
CWA District 6 (AT&T Southwest Core Contract)
CWA District 9 (AT&T West Core Contract)
IBEW Local 1269 (Pacific Bell Telephone Company)
CWA District 3 (AT&T Billing Southeast, LLC.)
CWA District 3 (AT&T Southeast Core Contract)
CWA District 3 (BellSouth Telecommunications, LLC (Internet Services))
CWA District 3 (BellSouth Telecommunications, LLC (Utility Operations))
CWA District 3 (BellSouth Telecommunications, LLC (National Directory & Customer Assistance))
CWA District 4 (AT&T Midwest Core Contract)
CWA District 4 (SBC Global Services, Inc. (CPE) (Appendix G to the AT&T Midwest Core Contract))
CWA District 4 (SBC Global Services, Inc. (COS))
CWA District 1 (AT&T East Core Contract)
CWA (AT&T Services, Inc. (National Internet Contract - Tier 1))
CWA (AT&T Services, Inc. (National Internet Contract - Tier 2))
CWA District 9 (SBC Global Services, Inc. (Appendix D to the AT&T West Core Contract)) (effective November 1, 2010)
CWA Districts 1, 2, 4, 7, 9 & 13 (AT&T Mobility Services LLC)
CWA District 3 (AT&T Mobility Services LLC)
CWA District 6 (AT&T Mobility Services LLC)
IBEW System Council T-3 (AT&T Midwest Contract)
IBEW System Council T-3 (AT&T Corp. National Contract)

in the following Component Pension Programs:

AT&T Legacy Bargained Program
Bargained Cash Balance Program
Bargained Cash Balance Program #2
East Program
Midwest Program
Mobility Bargained Program
Mobility Program
Southeast Program
Southwest Program
West Program

Furthermore, with respect to the AT&T Legacy Bargained Program (non-cash balance formula), Midwest Program, Mobility Bargained, Southeast Program, Southwest Program and the West Program, the actual amount of the Success Sharing Plan Payment paid to the Bargaining Unit Employee is an element of compensation included in the Supplemental Monthly Benefit calculation when it is paid. With respect to the Bargained Cash Balance Program, Bargained Cash Balance Program #2, East Program and Mobility Program, the actual amount of Success Sharing Plan Payment amount paid to Bargaining Unit Employee is included in Compensation when it is paid. With respect to the AT&T Legacy Bargained Program (cash balance formula), the actual amount of the Success Sharing Plan Payment paid to the Bargaining Unit Employee is an element of compensation included in the Differential Pay Credit when it is paid.

- (114) **Supplemental Monthly Pension Benefit**: means the supplemental monthly pension benefit determined in accordance with Supplement 3, Subsection 3.1.2 of the AT&T Legacy Bargained Program, and Subsection 7.2.2 of the Midwest Program, Southwest Program, West Program, and Mobility Bargained Program, and Subsection 7.8.2 of the Southeast Program.
- (115) **Surviving Spouse**: means, except as otherwise defined in an applicable Component Pension Program, a Participant's Spouse, if any, who is married to such Participant on his Annuity Starting Date, or if earlier, on the date of such Participant's death.
- (116) **Survivor Annuity**: means a monthly benefit payable for the lifetime of a Participant's Surviving Spouse or Legally Recognized Partner, if any, as allowed by the Component Pension Program, following such Participant's death.
- (117) **Target Incentive**: means the target incentive compensation (as defined under the applicable collective bargaining agreement) paid to Bargaining Unit Employees in Leveraged Job Titles and covered under the following Component Pension Programs:

AT&T Legacy Bargained Program

Bargained Cash Balance Program #2
East Program
Midwest Program
Southwest Program
West Program

Furthermore, with respect to the Midwest Program, the Southwest Program and the West Program, the actual amount of the Target Incentive paid to the Bargaining Unit Employee is included in the Supplemental Monthly Benefit calculation when it is paid. With respect to the Bargained Cash Balance Program #2 and the East Program, the actual amount of the Target Incentive paid to the Bargaining Unit Employee is included in Compensation when it is paid. With respect to the AT&T Legacy Bargained Program, the actual amount of the Target Incentive paid is used in determining the Differential Pay Credit and the Supplemental Monthly Benefit.

- (118) **Temporary Employee:** means, an Employee whose employment is expected to continue for no more than one (1) year although employment may be terminated earlier by action on the part of the Employer or the Employee, except as may otherwise be defined by an applicable collective bargaining agreement.
- (119) **Term Employee:** means an Employee whose employment is expected to continue for longer than one (1) year but not longer than three (3) years although employment may be terminated earlier by action on the part of the Employer or the Employee, except as may otherwise be defined by an applicable collective bargaining agreement.
- (120) **Term of Employment:** (also known as credited service, net credited service, NCS or seniority) means the Term of Employment as determined in accordance with Supplement 4.
- (121) **Termination of Employment:** means the date on which an Employee terminates employment (for any reason) with the Employer and all AT&T Controlled Group Members and, upon such termination, does not continue as a Leased Employee of any such entity.
- (122) **Three-Year Wrap Rule:** means the rule described in Subsection 14.1.1 of an applicable Component Pension Program.
- (123) **Trailing Pay:** means any compensation actually paid to a Participant by a Participant's Employer after the Participant's Termination of Employment.
- (124) **Trust Agreement:** means the agreement(s) entered into between the Company and the Trustee establishing the Pension Fund, as such agreement(s) may be amended from time to time.

- (125) **Trustee**: means one (1) or more trustees qualified and acting under the Trust Agreement at any time.
- (127) **Union**: means each collective bargaining unit that represents Eligible Employees and that has agreed to the benefits under a Component Pension Program with respect to such Eligible Employees. The Unions are listed in Supplement 5 hereto, as such Supplement 5 may be updated and amended from time to time.
- (128) **USERRA**: means the Uniformed Services Employment and Reemployment Rights Act, as amended from time to time.
- (129) **Vested Interest**: means a nonforfeitable interest entitling a Participant to a Pension Benefit, as determined in accordance with Article V.
- (130) **West Program**: means the West Program of the AT&T Pension Benefit Plan, as amended from time to time.
- (131) **Year of Participation Service**: means a Year of Participation Service as defined in Section 4.4.
- (132) **Year of Vesting Service**: means a Year of Vesting Service as defined in Section 5.4.

3.2 NUMBER AND GENDER. Wherever appropriate herein, words used in the singular will be considered to include the plural, and words used in the plural will be considered to include the singular. The masculine gender, where appearing in the Plan, is deemed to include the feminine gender.

3.3 HEADINGS AND SECTION REFERENCES. The headings of Articles, Sections, Subsections, Paragraphs, Subparagraphs, Supplements, and Appendices are included solely for convenience, and if there is any conflict between such headings and the text of the Plan, the text in all cases will control. All references in this document to Articles, Sections, Subsections, Paragraphs, Subparagraphs, Supplements and Appendices, when such terms are capitalized, are to this document except where otherwise stated.

3.4 NO DOUBLE-COUNTING OF SERVICE. Nothing in this Plan will be construed to create double-counting of service for any purpose. In particular, if a Participant is entitled to a pension accrual from another plan or from two Component Pension Programs within this Plan for the same period of service, such service will only be recognized under one Component Pension Program.

IV. ELIGIBILITY AND PARTICIPATION

4.1 ELIGIBILITY TO PARTICIPATE. For purposes of this Article IV, a Program Eligible Employee will become a Participant in the Plan upon becoming a Participant in any Component Pension Program, subject to the requirements of this Article IV.

4.2 PARTICIPATION.

4.2.1 GENERAL RULE. Each Program Eligible Employee will become a Participant in such Component Pension Program upon the completion of one (1) Year of Participation Service, subject to the following exceptions:

- (1) **AT&T Legacy Bargained Program Rule.** A Program Eligible Employee, with respect to the AT&T Legacy Bargained Program, who has attained the age of twenty-one (21) years (and, prior to July 1, 1999, who completed one (1) Year of Participation Service) will become a Participant in the AT&T Legacy Bargained Program.
- (2) **AT&T Legacy Management Program Rule.** A Program Eligible Employee, with respect to the AT&T Legacy Management Program, who has attained the age of twenty-one (21) years (and, prior to January 1, 1998, who completed one (1) Year of Participation Service) will become a Participant in the AT&T Legacy Management Program.
- (3) **DIRECTV Program.** A Program Eligible Employee with service before December 1, 2001, became a Participant in the DIRECTV Program upon satisfying the requirements in Subsection 4.4.2. A Program Eligible Employee who is credited with an Hour of Service on or after December 1, 2001, and before December 1, 2006, became a Participant in the DIRECTV Program immediately. Any other Program Eligible Employee who is credited with an Hour of Service on or after December 1, 2006 and before January 1, 2016, will become a Participant in the DIRECTV Program upon satisfying the requirements in Subsection 4.4.3.
- (4) **East Program Exceptions.**
 - (a) With respect to the East Program, each Employee who was a participant in the SNET Management Pension Plan on December 31, 1999, and on or before January 2, 2000, transfers to a position in which he is a Program Eligible Employee with respect to the East Program will be a Program Participant with respect to the East Program on the date of such transfer without regard to whether he has satisfied the minimum age and service requirements under the East Program.

- (b) With respect to the East Program, effective January 1, 2000, each Employee, including any Employee on a Leave of Absence, of a Participating Employer who meets the definition of Bargaining Unit Employee at any time during the period January 1, 1999, through December 31, 1999, will be a Program Participant with respect to the East Program without regard to whether he has satisfied the minimum age and service requirements under the East Program.
 - (5) **Midwest Program Rule.** A Program Eligible Employee, with respect to the Midwest Program, will become a Participant in the Midwest Program upon the completion of one (1) Year of Participation Service and attaining the age of twenty-one (21) years.
 - (6) **Southeast Management Program and Southeast Program Rule.** With respect to the Southeast Management Program and the Southeast Program, a Participant will become a Participant in the Southeast Management Program or the Southeast Program when they become an Eligible Employee.
 - (7) **Mobility Bargained and Mobility Program Exception for Leaves of Absence.** A Program Eligible Employee, with respect to the Mobility Bargained Program and the Mobility Program, who is on a Leave of Absence on the date that he becomes eligible to participate in the Mobility Bargained Program or the Mobility Program pursuant to this Section will become a Program Participant of the Mobility Bargained Program or the Mobility Program on the date he subsequently resumes the performance of duties as a Program Eligible Employee under the Mobility Bargained Program or Mobility Program, respectively, in accordance with the terms of his Leave of Absence.
- 4.2.2 **EFFECT OF RESTATEMENT.** Notwithstanding Subsection 4.2.1 and subject to Subsection 4.2.3, each individual who is a Participant in the Plan on the Restatement Effective Date will remain a Participant on the Restatement Effective Date.
- 4.2.3 **TERMINATION OF PARTICIPATION.** A Participant who has commenced participation in the Plan will continue to be a Participant as long as (and only as long as) he remains a Program Eligible Employee participating in a Component Pension Program. A Participant will cease to be a Participant as of the first date that he is no longer a Program Eligible Employee or is no longer participating in a Component Pension Program (for any reason).

4.2.4 **UNDISTRIBUTED ACCRUED BENEFIT.** In the case of a Participant who ceases to participate in the Plan under Subsection 4.2.3 but has an undistributed Accrued Benefit under the Plan, such former Participant will be deemed to be a Participant for purposes of (and only for purposes of) entitlement to his undistributed Accrued Benefit under the Plan. Such former Participant will not be entitled to accrue additional benefits under the Plan unless and until such former Participant again becomes a Program Eligible Employee participating in a Component Pension Program.

4.3 **BREAK IN SERVICE RULES.**

4.3.1 **BREAK LESS THAN ONE (1) YEAR.** If an Employee is reemployed without incurring a One (1)-Year Break in Service, his prior Years of Participation Service will be counted.

4.3.2 **BREAK ONE (1) YEAR OR GREATER.** A former Participant who has incurred a One (1)-Year Break in Service will become a Participant in the Component Pension Program when he becomes a Program Eligible Employee upon reemployment. If the Employee was not a former Participant and has incurred a One (1)-Year Break in Service, he will become a Participant in the Component Pension Program upon satisfying the requirements in Subsection 4.2.1. This provision is subject to the following exceptions:

- (1) **AT&T Legacy Management Program Rule.** An Employee will become a Participant in the AT&T Legacy Management Program when he becomes a Program Eligible Employee with respect to the AT&T Legacy Management Program.
- (2) **DIRECTV Program.** Prior to January 1, 2016, a former Participant became a Participant in the DIRECTV Program, if the former Participant became a Program Eligible Employee with respect to the DIRECTV Program.
- (3) **East Program Rule.** An Employee with service before January 1, 2000, will become a Participant in the East Program when he becomes a Program Eligible Employee with respect to the East Program. An Employee without service before January 1, 2000, will become a Participant in the East Program upon satisfying the requirements in Subsection 4.2.1.
- (4) **Midwest Program Rule.** With respect to the Midwest Program, a former Participant will become a Participant in the Midwest Program when he completes one (1) Year of Participation Service following his Reemployment Commencement Date.

- (5) **Nonbargained Program and Southwest Program Rule.** With respect to the Nonbargained Program and the Southwest Program prior to April 1, 2006, a former Participant will become a Participant in the Nonbargained Program or the Southwest Program when he completes one (1) Year of Participation Service following his Reemployment Commencement Date.

4.4 YEAR OF PARTICIPATION SERVICE. The following service crediting methods are used to determine whether an individual completes one (1) Year of Participation Service:

4.4.1 ELAPSED TIME METHOD. An individual completes one (1) Year of Participation Service when he has completed a Period of Service of twelve (12) months, where thirty (30) days are deemed to be a month in the case of an aggregation of fractional months. In determining the Period of Service, the following service spanning rules apply:

- (1) If an Employee incurs a Termination of Employment (at a time other than during a Leave of Absence) and subsequently resumes his employment and if his Reemployment Commencement Date is within twelve (12) months of his Severance from Service Date, such Period of Severance will be treated as a Period of Service for purposes of determining whether he has completed one (1) Year of Participation Service.
- (2) If an Employee incurs a Termination of Employment during a Leave of Absence and subsequently resumes his employment and if his Reemployment Commencement Date is within twelve (12) months of the beginning of such Leave of Absence, such Period of Severance will be treated as a Period of Service for purposes of determining whether he has completed one (1) Year of Participation Service.

The following Component Pension Programs use the elapsed time method:

- (1) The Bargained Cash Balance Program;
- (2) The Bargained Cash Balance Program #2;
- (3) The East Program;
- (4) The Management Cash Balance Program;
- (5) The Mobility Bargained Program;
- (6) The Mobility Program;
- (7) The Nonbargained Program;
- (8) The Southwest Program; and
- (9) The West Program.

4.4.2 **HOURS OF SERVICE METHOD.** An individual completes one (1) Year of Participation Service on the last day of the twelve (12)-consecutive-month period beginning with the individual's Employment Commencement Date or any Plan Year commencing after such individual's Employment Commencement Date during which such individual completes one thousand (1,000) (or more) Hours of Service. The following Component Pension Programs use the Hours of Service method:

- (1) The AT&T Legacy Bargained Program;
- (2) The AT&T Legacy Management Program; and
- (3) The Midwest Program.

4.4.3 **VESTING SERVICE METHOD.** An individual completes one (1) Year of Vesting Service in the DIRECTV Program.

4.4.4 **TRANSFER BETWEEN METHODS OF CREDITING SERVICE.** For purposes of eligibility to participate, if an Employee transfers from a Component Pension Program to another Component Pension Program that uses a different method for crediting service, subject to Subsection 4.4.1 (elapsed time method) and Subsection 4.4.2 (Hours of Service method), the following will apply:

(1) **Transfers from Elapsed Time Method to Hours of Service Method.** The Employee will receive credit consisting of:

- (a) As of the date of the transfer, for a number of Years of Participation Service equal to the number of one (1)-year Periods of Service credited to the Employee as of the date of the transfer, determined in accordance with Subsection 4.4.1;
- (b) In the computation period which includes the date of the transfer, for a number of Hours of Service determined by applying the equivalencies set forth in the definition of Hours of Service to any fractional part of a year credited to the Employee under the elapsed time method as of the date of the transfer; and
- (c) Service subsequent to the transfer commencing on the day after the last day of the computation period in which the transfer occurs determined in accordance with Subsection 4.4.2.

(2) **Transfers from Hours of Service Method to Elapsed Time Method.** The Employee will receive credit consisting of:

- (a) A number of Years of Participation Service equal to the number of Years of Participation Service credited to the Employee before the computation period during which the transfer occurs, determined in accordance with Subsection 4.4.2;

- (b) The greater of: (1) the period of service that would be credited to the Employee under Subsection 4.4.1 for his service during the entire computation period in which the transfer occurs; or (2) the service taken into account under Subsection 4.4.2 as of the date of the transfer; and
- (c) Service subsequent to the transfer commencing on the day after the last day of the computation period in which the transfer occurs determined in accordance with Subsection 4.4.1.

4.4.5 **MANDATORY PORTABILITY AGREEMENTS AND INTERCHANGE AGREEMENTS.** A Participant's Year of Participation Service may be adjusted as provided in Supplement 8.

V. DETERMINATION OF VESTED INTEREST

5.1 VESTED INTEREST REQUIREMENT FOR PENSION BENEFIT. Each Participant must have a Vested Interest in order to be entitled to a Pension Benefit under the Plan.

5.2 ACQUIRING A VESTED INTEREST.

5.2.1 GENERAL RULE. Each Participant will acquire a Vested Interest when (and only when) he has completed five (5) Years of Vesting Service, subject to the following exceptions:

- (1) With respect to the AT&T Legacy Bargained Program, the AT&T Legacy Management Program, the Midwest Program, the Southeast Management Program, and the Southeast Program, measurement of the vesting period will commence with the calendar year in which the Participant has attained the age of eighteen (18) years or, if later, the Participant's Employment Commencement Date. Hours of Service performed in the years before the Participant attains the age of eighteen (18) years will not count toward his Years of Vesting Service.
- (2) Effective January 1, 2007, with respect to the Bargained Cash Balance Program #2 and the Management Cash Balance Program, a Participant will acquire a Vested Interest when (and only when) he has completed three (3) Years of Vesting Service.
- (3) Effective December 1, 2006, with respect to the DIRECTV Program, a Participant will acquire a Vested Interest when (and only when) he has completed three (3) Years of Vesting Service.
- (4) Effective January 1, 2010, and subject to Paragraph (2) above, each Participant with any part of their Accrued Benefit determined as a Cash Balance Account or DLS Account (as defined in Supplement 19 of the Nonbargained Program) and who is an Eligible Employee on or after January 1, 2010, will acquire a Vested Interest when (and only when) he has completed three (3) Years of Vesting Service:
 - (a) With respect to a Program Participant of the Midwest Program with any part of their Accrued Benefit determined as a Cash Balance Account or DLS Account, measurement of the three (3)-year period will commence with the calendar year in which the Participant has attained the age of eighteen (18) years or, if later, the Participant's Employment Commencement Date. Hours of Service performed before the Participant attains the age of eighteen (18) years will not count toward his Years of Vesting Service.

- (5) Effective January 1, 2010, with respect to the Southeast Program and the Nonbargained Program, a Participant who is an Eligible Employee on or after January 1, 2010, will acquire a Vested Interest when (and only when) he has completed three (3) Years of Vesting Service.
- (6) Effective January 1, 2008, with respect to the Southeast Management Program, a Participant who is an Eligible Employee on or after January 1, 2008, will acquire a Vested Interest when (and only when) he has completed three (3) Years of Vesting Service.
- (7) Notwithstanding Paragraph (4) above, effective January 1, 2010, with respect to any Program Participant who is a Special Represented Employee as defined by Supplement 1 of the Southeast Program will acquire a Vested Interest when (and only when) he has completed five (5) Years of Vesting Service.
- (8) Effective January 1, 2010, each Participant of the following groups who is an Eligible Employee on or after January 1, 2010, will acquire a Vested Interest when (and only when) he has completed three (3) Years of Vesting Service:
 - (a) Bargaining Unit Employees covered by the CWA District 6 (AT&T Southwest Core Contract);
 - (b) Bargaining Unit Employees covered by the CWA District 6 (AT&T Messaging, LLC); and
 - (c) Nonmanagement Nonunion Employees employed in the same business units as members of the CWA District 6 (AT&T Southwest Core Contract).
- (9) Effective June 1, 2011, with respect to the Southwest Program, a Participant who is an Eligible Employee of Southwestern Bell Yellow Pages, Inc, (or a Nonmanagement Nonunion Employee in the same business unit) on or after June 1, 2011, will acquire a Vested Interest when (and only when) he has completed three (3) Years of Vesting Service.

5.2.2 VESTING AT NORMAL RETIREMENT AGE. Each Participant will acquire a Vested Interest prior to the completion of the Years of Vesting Service and applicable age requirement under Subsection 5.2.1 upon such Participant's attainment of his Normal Retirement Age while employed by the Employer or an AT&T Controlled Group Member.

5.2.3 AUTO-VESTING EVENTS. Upon the occurrence of an auto-vesting event provided in Supplement 2, a Participant may acquire a Vested Interest in the benefit of the Component Pension Program under which the automatic immediate vesting event originated (or with respect to the entire Plan if so indicated in Supplement 2) without regard to the Years of Vesting Service and applicable age requirements under Subsection 5.2.1.

5.2.4 **SPECIAL MOBILITY PROGRAM RULES.** With respect to the Mobility Program, a Participant will acquire a Vested Interest upon the occurrence of any of the following events, in addition to the events set out in Subsections 5.2.1 through 5.2.3:

- (1) The Participant's death while still employed as an Employee of any AT&T Controlled Group Member.
- (2) The Participant's becoming disabled while still employed as an Employee of any AT&T Controlled Group Member. For purposes of this Paragraph, disabled will mean generally the condition of a Participant that has resulted in his being approved for payment of benefits, directly or indirectly, under any long-term disability plan maintained by an AT&T Controlled Group Member; such approval will be made by such person and pursuant to such rules and criteria as are prescribed in the procedures of any such plan. In the event that a Participant is not covered by a long-term disability plan maintained by an AT&T Controlled Group Member, the Company, in its sole discretion, will determine whether such Participant is disabled. In making such determination, the Company will use the definitions and criteria established and set forth in the long-term disability plan maintained by the AT&T Controlled Group Member and, if consistent with such criteria, may require such medical proof as it deems necessary, including the certificate of one (1) or more licensed physicians selected by the Company. The decision of the Company as to disability will be final and binding. Notwithstanding anything herein to the contrary, a Participant will be deemed to be disabled upon a determination by the Social Security Administration, while the Participant is an Employee, that the Participant is eligible for Social Security disability benefits.

5.2.5 **SPECIAL MOBILITY BARGAINED PROGRAM RULES.** With respect to the Mobility Bargained Program, the Years of Vesting Service of a transferred employee will never be less than such transferred employee's Years of Vesting Service under the Southwest Program. For purposes of this Subsection, transferred employee will mean a former employee of SBC Communications Inc. or an affiliate thereof who (i) became a Program Eligible Employee with respect to the Mobility Bargained Program in connection with the formation of Cingular Wireless LLC, and its successors who adopt the plan, and pursuant to an agreement between SBC Communications Inc. and Cingular Wireless LLC, and (ii) was a covered employee under the Southwest Program immediately prior to becoming an Eligible Employee of a Program Employer of the Mobility Bargained Program.

5.2.6 **SPECIAL DIRECTV PROGRAM RULES.** If an Employee is active and eligible for DIRECTV's leave of absence policy and is approved for the participation under the terms of the leave policy, when he returns directly from a leave that commenced before January 1, 2017, to the active payroll of a Participating Employer, the period of the leave will be included in the Employee's Years of Vesting Service upon his return. If any eligible Employee returns directly to the active payroll of a Participating Employer from a leave that commenced on or after January 1, 2017, the period of the leave will be included in the Years of Vesting Service upon his return as determined by Subsection 5.4.1 of the Plan.

5.2.7 **EFFECT OF RESTATEMENT.** Notwithstanding this Section and subject to Section 5.3, for purposes of calculating an Employee's Years of Vesting Service, such Employee will be credited, for the period preceding the Restatement Effective Date, with all years and periods of service credited to such Employee under the Plan for such purpose on the day prior to the Restatement Effective Date.

5.3 **BREAK IN SERVICE RULES.**

5.3.1 If an Employee is reemployed without incurring a One-Year Break in Service, his prior Years of Vesting Service will be counted.

5.3.2 If an Employee with a Vested Interest is reemployed after incurring a One-Year Break in Service, he will be fully vested upon reemployment subject to the following exception:

(1) With respect to the Nonbargained Program, the Southwest Program and the Midwest Program, if an Employee with a Vested Interest is reemployed prior to April 1, 2006, after incurring a One-Year Break in Service, his prior Years of Vesting Service will be disregarded unless he completes one (1) Year of Vesting Service after his return.

5.3.3 If an Employee without a Vested Interest is reemployed after incurring a One-Year Break in Service but fewer than five (5) consecutive One-Year Breaks in Service, his Years of Vesting Service will not be disregarded upon reemployment subject to the following exceptions:

(1) With respect to the AT&T Legacy Bargained Program and the AT&T Legacy Management Program, if an Employee without a Vested Interest is reemployed after incurring a One-Year Break in Service but fewer than five (5) consecutive One-Year Breaks in Service, his prior Years of Vesting Service will be disregarded unless he completes one (1) Year of Vesting Service (after age eighteen (18) years) after his return.

(2) With respect to the Midwest Program, if an Employee without a Vested Interest is reemployed prior to April 1, 2006, after incurring a One-Year Break in Service but fewer than five (5) consecutive One-Year Breaks in Service, his prior Years of Vesting Service will be disregarded unless he completes one (1) Year of Vesting Service (after age eighteen (18) years) after his return.

- (3) With respect to the Nonbargained Program and the Southwest Program, if an Employee without a Vested Interest is reemployed prior to April 1, 2006, after incurring a One-Year Break in Service but fewer than five (5) consecutive One-Year Breaks in Service, his prior Years of Vesting Service will be disregarded unless he completes one (1) Year of Vesting Service after his return.

5.3.4 If an Employee without a Vested Interest is reemployed after incurring five (5) or more consecutive One-Year Breaks in Service, his prior Years of Vesting Service will be disregarded in determining his Years of Vesting Service.

5.4 YEARS OF VESTING SERVICE. The following service crediting methods are used to calculate the Employee's Years of Vesting Service:

5.4.1 ELAPSED TIME METHOD. An Employee completes one (1) Year of Vesting Service when he has completed an aggregate Period of Service of twelve (12) months, where thirty (30) days are deemed to be a month in the case of an aggregation of fractional months. In determining the Period of Service, the following service spanning rules apply:

- (1) If an Employee incurs a Termination of Employment (at a time other than during a Leave of Absence) and subsequently resumes his employment and if his Reemployment Commencement Date is within twelve (12) months of his Severance from Service Date, such Period of Severance will be treated as a Period of Service for purposes of determining his Years of Vesting Service.
- (2) If an Employee incurs a Termination of Employment during a Leave of Absence and subsequently resumes his employment and if his Reemployment Commencement Date is within twelve (12) months of the beginning of such Leave of Absence, such Period of Severance will be treated as a Period of Service for purposes of determining his Years of Vesting Service.

The following Component Pension Programs use the elapsed time method of this Subsection:

- (1) The Bargained Cash Balance Program;
- (2) The Bargained Cash Balance Program #2;
- (3) The DIRECTV Program;
- (4) The East Program;
- (5) The Management Cash Balance Program;
- (6) The Mobility Bargained Program;
- (7) The Mobility Program;

- (8) The Nonbargained Program;
- (9) The Southwest Program; and
- (10) The West Program.

5.4.2 **HOURS OF SERVICE METHOD.** An Employee completes one (1) Year of Vesting Service on the last day of each Plan Year during which such individual completes at least one thousand (1,000) Hours of Service. The following Component Pension Programs use the Hours of Service method:

- (1) The AT&T Legacy Bargained Program;
- (2) The AT&T Legacy Management Program;
- (3) The Midwest Program;
- (4) The Southeast Management Program; and
- (5) The Southeast Program.

With respect to the AT&T Legacy Bargained Program and the AT&T Legacy Management Program only with respect to an Employee who is credited with less than one thousand (1,000) Hours of Service in the calendar year that includes his Employment Commencement Date, if the Employee is credited with one thousand (1,000) Hours of Service in both the twelve (12)-month period ending on the first anniversary of such date and the calendar year which includes the first anniversary of such date, the Employee will be credited with two (2) Years of Service for vesting with respect to these two (2) calendar years.

5.4.3 **TRANSFER BETWEEN METHODS OF CREDITING SERVICE.** For purposes of acquiring a Vested Interest, if an Employee transfers from a Component Pension Program to another Component Pension Program that uses a different method for crediting service, subject to Subsection 5.4.1 (elapsed time method) and Subsection 5.4.2 (Hours of Service method), the following will apply:

- (1) **Transfers from Elapsed Time Method to Hours of Service Method.**
The Employee will receive credit consisting of:
 - (a) As of the date of the transfer, for a number of Years of Vesting Service equal to the number of one (1)-year periods of service credited to the Employee as of the date of the transfer, determined in accordance with Subsection 5.4.1;
 - (b) In the computation period which includes the date of the transfer, for a number of Hours of Service determined by applying the equivalencies set forth in the definition of Hours of Service to any fractional part of a year credited to the Employee under the elapsed time method as of the date of the transfer; and

(c) Service subsequent to the transfer commencing on the day after the last day of the computation period in which the transfer occurs determined in accordance with Subsection 5.4.2.

(2) **Transfers from Hours of Service Method to Elapsed Time Method.**
The Employee will receive credit consisting of:

(a) A number of Years of Vesting Service equal to the number of Years of Vesting Service credited to the Employee before the computation period during which the transfer occurs, determined in accordance with Subsection 5.4.2;

(b) The greater of: (1) the period of service that would be credited to the Employee under Subsection 5.4.1 for his service during the entire computation period in which the transfer occurs; or (2) the service taken into account under Subsection 5.4.2 as of the date of the transfer; and

(c) Service subsequent to the transfer commencing on the day after the last day of the computation period in which the transfer occurs determined in accordance with Subsection 5.4.1.

5.4.4 **MANDATORY PORTABILITY AGREEMENTS AND INTERCHANGE AGREEMENTS.** A Participant's Years of Vesting Service may be adjusted as provided in Supplement 8.

VI. PENSION CALCULATION SERVICE

6.1 DEFINITION OF PENSION CALCULATION SERVICE. A Participant's Pension Calculation Service is his Term of Employment within the applicable Component Pension Program, as defined in Supplement 4, subject to the provisions of this Article VI and any other special provisions set forth in the applicable Component Pension Program of the Plan relating to the calculation of Pension Calculation Service. Pension Calculation Service applies to the following Component Pension Programs:

- (1) The AT&T Legacy Bargained Program;
- (2) The Midwest Program;
- (3) The Mobility Bargained Program;
- (4) The Nonbargained Program;
- (5) The Southwest Program;
- (6) The Southeast Management Program;
- (7) The Southeast Program; and
- (8) The West Program.

6.2 ADJUSTMENTS TO PENSION CALCULATION SERVICE. A Participant's Pension Calculation Service may be adjusted for any of the following:

6.2.1 MANDATORY PORTABILITY AGREEMENTS AND INTERCHANGE AGREEMENTS. A Participant's Pension Calculation Service may be adjusted as provided in Supplement 8.

6.2.2 EFFECT OF SINGLE-SUM PAYMENTS. If a Participant received a Lump Sum distribution or a distribution described in Section 13.5, then the Plan will recognize such individual's Pension Calculation Service with the Component Pension Program and provide a benefit offset pursuant to Articles VII or XIV of the Component Pension Programs.

6.2.3 PENSION CALCULATION SERVICE FOR PERIOD OF PART-TIME EMPLOYMENT. For all Component Pension Programs except Southeast Management Program and Southeast Program, the Pension Calculation Service of a Participant who was employed on a part-time basis will be prorated for his period of part-time employment, based on a ratio, which will be determined by dividing (1) by (2).

- (1) The number of his regularly scheduled work hours, excluding any overtime hours, subject to the following exception:
 - (a) Effective January 1, 1993, with respect to the West Program, the number of hours in such Program Eligible Employee's average work week derived from the preceding quarter will be used. Prior to January 1, 1993, the number of his regularly scheduled work hours, excluding any overtime hours, will be used.
- (2) The number of hours he would have worked if he had been a regular full-time Employee in the same job title, classification, and work group during his period of part-time employment.
- (3) Effective January 1, 1990, with respect to the Southeast Management Program and the Southeast Program, the Pension Calculation Service of a Participant who was employed on a part-time basis will be prorated for his period of part-time employment based on a ratio of the number of hours such Program Eligible Employee worked per week, excluding any overtime hours, as a percentage of thirty-seven and one-half (37.5) hours (or such other fixed full-time work week schedule as may be required under an applicable collective bargaining agreement).

For purposes of this Subsection, the designation of a Participant's employment on a part-time basis or a full-time basis will be as determined by the Participant's employing Employer.

Pension Calculation Service under the Cash Balance Formula of the AT&T Legacy Bargained Program is not prorated under this Subsection.

6.2.4 SPECIAL RULE FOR CERTAIN SOUTHEAST BARGAINING UNIT EMPLOYEES FOR PERIODS OF PART-TIME EMPLOYMENT. Effective January 1, 2016, the following provisions apply to any Employee under the CWA District 3 (BellSouth Telecommunications, LLC), CWA District 3 (AT&T Billing Southeast, LLC), or CWA District 3 (BellSouth Telecommunications, LLC (Utility Operations)) bargaining agreements:

- (a) Any Employee (i) active in one of the bargaining units referenced above as of January 1, 2016, and (ii) classified as a part-time employee at any time during the period from January 1, 2003, through December 31, 2015, will have his Term of Employment prospectively changed, effective January 1, 2016, to his original date of hire, subject to the following adjustments, as applicable:
 - (1) Adjustments for periods of absence following a Termination of Employment;

- (2) Adjustments pursuant to applicable leave of absence policies and applicable AT&T disability plans;
 - (3) Exclusions for unrecognized periods of employment with other AT&T companies or in bargaining units not recognized at the time of adjustment; and
 - (4) Any other adjustment required under the terms of the Plan or its applicable predecessor plans.
- (b) The change described in paragraph (a) hereof will not affect or adjust Pension Credit Service or have any impact on prior benefits, prior vacation or prior seniority entitlements.
 - (c) Effective January 1, 2016, Employees under the bargaining agreements referenced above will not have their Term of Employment adjusted for periods of part-time service.

6.2.5 **INELIGIBLE SERVICE.** Except as explicitly stated otherwise in a Component Pension Program, a Participant's Pension Calculation Service in a Component Pension Program listed in Section 6.1 will not include any period during which such Employee is employed in a position that is excluded from participation in that Component Pension Program.

6.2.6 **EFFECT OF RESTATEMENT.** Notwithstanding Sections 6.1 and 6.2 and subject to Section 6.3, for purposes of calculating an Employee's Pension Calculation Service, such Employee will be credited, for the period preceding the Restatement Effective Date, with all Pension Calculation Service credited to such Employee under the Plan for such purpose on the day prior to the Restatement Effective Date.

6.2.7 **INELIGIBLE SERVICE FOR CERTAIN GROUPS.** Effective October 31, 2007, with respect to any Employee of BellSouth Telecommunications, LLC or SBC Internet Services, LLC (in the AT&T Southeast Region) who is a Premise Technician, Customer Specialist, or Dispatcher job title, such Employee's service while in such job title will not be included in Pension Calculation Service unless stated otherwise in an applicable Component Pension Program. Effective April 16, 2008, this Paragraph no longer applies to Bargaining Unit Employees in the job title of Customer Specialists.

6.3 **BREAK IN PENSION CALCULATION SERVICE.** For purposes of determining (1) whether a Participant has experienced a break in Pension Calculation Service as a result of a period of absence and (2) whether such period of absence will be included in such Participant's Pension Calculation Service, the same rules set forth in Supplement 4 of the Plan with respect to calculation of Term of Employment will apply.

- 6.4 RECOGNITION OF PRIOR SERVICE.** Nothing herein will be construed to create double-counting of service for any purpose. In particular, if a Participant is entitled to a pension accrual from another plan for a certain period of service, that service will not be recognized as Pension Calculation Service, except as otherwise required by the terms of the Plan.
- 6.5 SPECIAL RULE FOR CERTAIN FORMER CHAPEL HILL EMPLOYEES.** Effective January 1, 2014, a period of service with Chapel Hill Telephone Company, an entity acquired by Southern Bell (a predecessor entity to BellSouth) prior to 1983, will be included in the Pension Calculation Service for a “Chapel Hill Employee” for purposes of calculating such Employee’s Accrued Benefit under the Southeast Program for any Employee who meets the Modified Rule of 75 at the time of Termination of Employment. A “Chapel Hill Employee” is an individual who (i) was an employee of Chapel Hill Telephone Company at the time of its acquisition by Southern Bell, (ii) as a result of such acquisition immediately became employed by Southern Bell, and (iii) was not vested in the pension benefit offered by the Chapel Hill Telephone Company at the time of such acquisition.

**VII.
RETIREMENT PENSION BENEFITS —
SEE COMPONENT PENSION PROGRAMS**

**VIII.
SPECIAL RULES —
SEE COMPONENT PENSION PROGRAMS**

**IX.
PRE-RETIREMENT SURVIVOR BENEFITS —
SEE COMPONENT PENSION PROGRAMS**

**X.
DISABILITY BENEFITS —
SEE COMPONENT PENSION PROGRAMS**

XI. LIMITATIONS ON BENEFITS

11.1 ANNUAL LIMITATION ON BENEFITS.

11.1.1 Contrary Plan provisions notwithstanding, the benefit of a Participant may not exceed, where applicable, the maximum benefit permitted under section 415(b) of the Code (as adjusted in accordance with section 415(d) of the Code), as amended by the Pension Funding Equity Act of 2004 and the regulations thereunder, including the regulations that were published thereunder in the Federal Register on April 5, 2007. For purposes of determining this limitation:

- (1) “Compensation” means a Participant’s 415 Compensation;
- (2) All defined benefit plans of the Employer and each AT&T Controlled Group Member are to be treated as a single defined benefit plan; and
- (3) The “limitation year” (as that term is defined in Treasury regulation section 1.415-2(b)) is the Plan Year.

11.2 SPECIAL BENEFIT LIMITATIONS.

11.2.1 The annual payments from the Plan to a Restricted Participant for a Plan Year may not exceed an amount equal to the annual payments that would be made on behalf of such Restricted Participant under (1) a single life annuity that is the Actuarial Equivalent of the sum of: (i) the Restricted Participant’s Accrued Benefit; and (ii) the Restricted Participant’s Benefit under the Plan other than his Accrued Benefit, and (2) any Social Security supplement provided by the Plan. The preceding notwithstanding, the restriction set forth in this Subsection will not apply if:

- (1) After payment to a Restricted Participant of his Benefit, the value of the assets of the Pension Fund equals or exceeds one hundred ten percent (110%) of the value of Current Plan Liabilities;
- (2) The value of the Restricted Participant’s Benefit is less than one percent (1%) of the value of Current Plan Liabilities before payment of the Restricted Participant’s Benefit; or
- (3) The present value of the Restricted Participant’s Benefit does not (and at the time of any prior distribution did not) exceed five thousand dollars (\$5,000).

11.2.2 For purposes of Subsection 11.2.1, each of the following terms when capitalized has the respective meaning set forth below:

- (1) **Benefit**: means a Participant's Plan benefit that includes: (a) loans from the Plan in excess of the amounts set forth in section 72(p)(2)(A) of the Code; (b) any periodic income from the Plan; (c) any Plan withdrawal values payable to a living Participant; and (d) any death benefits from the Plan not provided for by insurance on the Participant's life.
- (2) **Current Plan Liabilities**: means with respect to a Plan Year, the amount described in section 412(l)(7) of the Code for such Plan Year.
- (3) **Restricted Participant**: means with respect to a Plan Year, each Participant who during such Plan Year is (a) either a Highly Compensated Employee or a Highly Compensated Former Employee and (b) one of the twenty-five (25) most highly compensated nonexcludable employees and former employees, as defined in Treasury regulation section 1.401(a)(4)-12, based on compensation, within the meaning of section 414(s) of the Code, received from AT&T Controlled Group Members in the current or any other Plan Year.

XII. TIME OF PAYMENT OF BENEFITS/PAYEE

- 12.1 TIME OF PAYMENT OF PENSION BENEFITS.** Except as provided in Section 12.4, a Participant's Pension Benefit will be paid or commence as soon as administratively practicable, as applicable, on the Participant's "Annuity Starting Date," determined as follows:
- 12.1.1 Except as otherwise provided in the following Subsections, a Participant's Annuity Starting Date is the first day of the first period for which an amount is payable as an annuity under the Plan or, in the case of a benefit not payable in the form of an annuity, the first day on which all events have occurred which entitle the Participant to such benefit under the terms of the Plan.
 - 12.1.2 If a Participant (1) is eligible for an Early Retirement Pension, (2) requests in writing to receive payment of his Pension Benefit on a date before his Normal Retirement Age, and (3) consents in writing within the Election Period to receive payment before his Normal Retirement Age (with such consent acknowledging that the Participant has been informed of the right to defer payment to such date and has elected to waive that right), such Participant's Annuity Starting Date will be the date so requested or, if later, as soon as administratively practicable after the requirements of making such an election have been fully completed.
 - 12.1.3 Notwithstanding the preceding Subsections, except as otherwise required by a Component Pension Program, a Participant's Annuity Starting Date will not occur prior to the day after his Termination of Employment or, if earlier, his Required Beginning Date.
 - 12.1.4 Notwithstanding the preceding Subsections, in no event will a Participant's Annuity Starting Date occur later than the earlier of (1) the Participant's Required Beginning Date or (2) the Participant's Latest Deferral Date.
- 12.2 DEEMED DISTRIBUTION OF BENEFITS.** If a Participant's Termination of Employment occurs before he acquires a Vested Interest, such Participant will be deemed to have received a distribution of his entire Pension Benefit under the Plan as of the day after his Termination of Employment.
- 12.3 TIME OF PAYMENT OF DISABILITY PENSION BENEFITS.** If a Participant is eligible to receive a Disability Pension, then, except as otherwise provided in a Component Pension Program, his Disability Pension will become payable on the day after his Termination of Employment.

12.4 NOTICE OF RIGHT TO DEFER PAYMENT.

- 12.4.1 For purposes of an opportunity to make an election to receive payment prior to the Participant's Normal Retirement Age, the Plan Administrator will provide each Participant, Surviving Spouse or Legally Recognized Partner (to the extent allowed by the Component Pension Program) of a deceased Participant who dies before his Annuity Starting Date, as applicable, with a written explanation of (1) the right to defer payment as provided in Section 12.1, (2) the right to make an election to waive the right to defer payment, and (3) the right to make a revocation of a previous election to waive the right to defer payment.
- 12.4.2 The notice provided pursuant to this Section will be provided not more than one hundred eighty (180) days or less than thirty (30) days prior to the Annuity Starting Date or, in the case of an election of a Retroactive Annuity Starting Date, prior to the first actual payment date, except that an election may be made and the associated distribution may commence less than thirty (30) days after notice of the right to defer payment under this Section is given if: (1) the Plan Administrator clearly informs the Participant, Surviving Spouse or Legally Recognized Partner (to the extent allowed by the Component Pension Program) that he has a right to a period of at least thirty (30) days after receiving the notice to consider the decision of whether or not to elect a distribution; (2) the Participant, Surviving Spouse or Legally Recognized Partner as applicable, after receiving the notice, affirmatively elects to receive a distribution; and (3) such distribution does not commence before the seventh (7th) day after the Participant, Surviving Spouse or Legally Recognized Partner, as applicable, receives notice of the right to the thirty (30)-day election period. In the event that it is not possible to provide notice of the right to defer payment under this Section prior to the Annuity Starting Date, such notice may be provided after the Annuity Starting Date (and before the end of such seven (7)-day period) if the Participant, Surviving Spouse or Legally Recognized Partner, as applicable, is given at least thirty (30) days to consider the decision of whether or not to elect a distribution and payments begin within one hundred eighty (180) days after such notice is given. Payments will be delayed (and payable retroactively to the Annuity Starting Date) if necessary to allow the Participant, Surviving Spouse or Legally Recognized Partner, as applicable, to make the election described in Section 13.3.
- 12.4.3 The preceding Subsections notwithstanding, the Plan will not fail to satisfy the requirements of this Section if, due to administrative delay, a distribution commences more than one hundred eighty (180) days after notice of the right to defer payment is provided to the Participant, Surviving Spouse or Legally Recognized Partner, as applicable.

12.5 ELECTION OF RETROACTIVE ANNUITY STARTING DATE. To the extent provided in a Component Pension Program, a Participant, Surviving Spouse or Legally Recognized Partner, as applicable, may elect a Retroactive Annuity Starting Date for payment of his Pension Benefit. The Retroactive Annuity Starting Date may be the first day of any month coincident with or succeeding the first date that could have been the applicable Annuity Starting Date under Section 12.1. An election of a Retroactive Annuity Starting Date is made by executing the election form prescribed by the Plan Administrator subject to the following rules:

- (1) An election by a married Participant of a Retroactive Annuity Starting Date will not be effective unless the Spouse to whom the Participant was married at the time he makes such election has consented in writing to the Retroactive Annuity Starting Date election in accordance with Subsection 13.3.2. A separate spousal consent to a Retroactive Annuity Starting Date is not required if (i) the Participant's Spouse as of the date of the election consented to an alternative form of distribution pursuant to Section 13.3, (ii) the information provided to such Spouse in connection with such election included information regarding the Participant's Retroactive Annuity Starting Date election, and (iii) the consent acknowledges the effect of the Retroactive Annuity Starting Date election. Further, a Spouse's consent to a Participant's Retroactive Annuity Starting Date election with respect to such Participant's Pension Benefit is not required if the amount of survivor payments under the Retroactive Annuity Starting Date election based upon the form of Pension Benefit that the Participant has elected is no less than the amount of survivor payments that would be payable to such Spouse under the automatic form of payment described in Section 13.1 assuming such Pension Benefit commenced payment at the first possible Annuity Starting Date after notice of the automatic form of payment under Section 13.3 and the right to defer payments under Section 12.4 was actually provided to the Participant.
- (2) If a Participant, Surviving Spouse or Legally Recognized Partner, as applicable, who has elected a Retroactive Annuity Starting Date has elected to receive the Participant's Pension Benefit in the form of periodic payments, the payments must be the same amount as the amount that would have been paid had the payments of the Participant's Pension Benefit actually commenced on the elected Retroactive Annuity Starting Date, and the Participant, Surviving Spouse or Legally Recognized Partner, as applicable, must receive a single-sum payment with the first such periodic payment to reflect any missed payment or payments between the Retroactive Annuity Starting Date and the date that such periodic payments actually commence, plus interest at the Applicable Interest Rate from the date such payment or payments would have been made to the date of the actual make-up payment.

12.6 TIME OF MANDATORY CASH-OUT PAYMENT. Notwithstanding any provision of the Plan to the contrary, if the present value of the Participant's Pension Benefit is five thousand dollars (\$5,000) or less, determined as of the date of distribution and determined in accordance with the terms of the Plan as then in effect, the Plan Administrator will direct the Trustee to pay the present value of such Pension Benefit as soon as administratively practicable after the Participant's Termination of Employment. The manner of payment will be as provided in Section 13.5 hereof.

12.7 EFFECT OF REEMPLOYMENT. The rules regarding the distribution, adjustment, and suspension of Pension Benefits in the event of a Participant's reemployment with an AT&T Controlled Group Member will be determined in accordance with the terms of the applicable Component Pension Program.

12.8 CESSATION OF CERTAIN PAYMENTS IF LIQUIDITY SHORTFALL. To the extent required by section 401(a)(32)(B) of the Code, no payment in excess of a life annuity payment as described in section 401(a)(32)(B) of the Code will be made during any period that the Plan has a "liquidity shortfall" (as defined in section 430(j)(4) of the Code or any successor provision).

12.9 NON-ESCHEAT OF BENEFITS. If the Plan Administrator is unable to locate a Participant, a Surviving Spouse, a Legally Recognized Partner, or a Designated Beneficiary after a Plan benefit becomes payable from the Plan to such person, upon the Plan Administrator's determination that such person cannot be located, such benefit will not escheat to any state or revert to any party, but, subject to the time of payment, form of payment, and consent provisions of this Article and Article XIII, such unclaimed amount will be forfeited; provided, however, that if the missing Participant, Surviving Spouse, Legally Recognized Partner, or Designated Beneficiary later makes a valid claim for such benefit, the amount of such forfeiture will be restored.

12.10 DESIGNATED BENEFICIARY.

12.10.1 Unless a Component Pension Program provides otherwise, if a Participant is entitled to a benefit under a Component Pension Program that permits him to designate a beneficiary or beneficiaries (his "Designated Beneficiary") to receive payment of such benefit in the event of his death, he must effect such designation using the form and rules established by the Plan Administrator. The following Component Pension Programs have adopted the hierarchy for benefits set forth in Subsection 12.10.2:

- (1) The Bargained Cash Balance Program;
- (2) The Bargained Cash Balance Program #2;
- (3) The East Program;

- (4) The Midwest Program, but only with respect to the bargaining units provided below as of the dates listed:
 - (i) January 1, 2005 — CWA District 4 (AT&T Midwest Core Contract), CWA District 4 (SBC Global Services, Inc. (now Appendix G of the AT&T Midwest Core Contract), IBEW System Council T-3 (AT&T Midwest Contract), IBEW Local 21 (SBC Global Services, Inc.)
 - (ii) January 1, 2006 — IBEW Local 21 (SBC Long Distance, LLC)
 - (iii) June 1, 2006 — CWA District 4 (Ameritech Publishing, Inc.)
 - (iv) January 1, 2007 — IBEW Local 58 (SBC Global Services, Inc.)
 - (v) January 1, 2011 — IBEW Local 134 (SBC Global Services, Inc.)
- (5) The Nonbargained Program; and
- (6) The Southwest Program.

12.10.2 The Component Pension Programs listed in Subsection 12.10.1 allow the designation of a beneficiary using a form and rules provided by the Beneficiary Designation Administrator. If no beneficiary has been designated or if a Designated Beneficiary has predeceased the Participant, then the Lump Sum benefit will be paid per capita, and not per stirpes, based on the first surviving person(s) in hierarchy level below.

- (1) If married, Spouse;
- (2) Legally Recognized Partner;
- (3) Child(ren) (by birth or adoption) in equal amounts who are living for at least 120 hours after the Participant's death;
- (4) Parent(s) (by birth or adoption) in equal amounts who is living for at least 120 hours after the Participant's death;
- (5) Sibling(s) (by birth, half-blood, or adoption) in equal amounts who is living for at least 120 hours after the Participant's death; and
- (6) Estate in accordance with applicable state laws for the Participant's state of residence.

A Designated Beneficiary not meeting the survival requirement is treated as if he died before the Participant's death. If the time of death of the Participant or the death of a purported Designated Beneficiary cannot be determined, or if it cannot be established that a Designated Beneficiary survived the Participant by 120 hours, it will be deemed that the Designated Beneficiary failed to survive the Participant and the applicable Pension Benefit will be distributed as if the purported Designated Beneficiary had predeceased the Participant. The terms "child," "children," "parent" or "sibling" refer to individuals who are related by birth or by adoption and not through marriage.

12.10.3 Notwithstanding Subsection 12.10.1, if a Participant who is married on the date of his death has designated as his Designated Beneficiary an individual or entity other than his Spouse, such designation will not be effective unless either (1) such Spouse consented thereto in writing and such consent (i) acknowledges the effect of such specific designation, (ii) either consents to the specific Designated Beneficiary (which designation may not subsequently be changed by the Participant unless consented to by such Spouse) or expressly permits such designation by the Participant without the requirement of further consent by such Spouse, and (iii) is witnessed by a notary public or (2) the consent of such Spouse could not be obtained because such Spouse cannot be located or because of other circumstances described by applicable Treasury regulations. Any such consent by such Spouse will be irrevocable.

12.10.4 For the Component Pension Programs for which the hierarchy set forth in Subsection 12.10.2 is not applicable, the Participant may designate, in accordance with rules established by the Plan Administrator, as a Designated Beneficiary an individual or entity to receive payment of such benefit in the event of his death, but only if, and only to the extent that, beneficiary designations are applicable to the Component Pension Programs listed below. If no effective designation is made, then Designated Beneficiary means either his Spouse or Legally Recognized Partner, or if there is no Spouse or Legally Recognized Partner, the estate of the decedent.

- (1) The Mobility Bargained Program;
- (2) The Mobility Program; and
- (3) The DIRECTV Program.

12.10.5 The following Component Pension Programs do not allow a beneficiary designation:

- (1) The AT&T Legacy Bargained Program;
- (2) The AT&T Legacy Management Program;
- (3) The Management Cash Balance Program;
- (4) The Southeast Management Program; and
- (5) The Southeast Program.

XIII.

FORMS OF PAYMENT OF BENEFITS

13.1 AUTOMATIC FORMS OF PAYMENT OF RETIREMENT PENSION. The automatic form of payment of a Participant's Pension Benefit will be determined in accordance with the Component Pension Program in which the individual is a Participant on his Annuity Starting Date.

13.2 ELECTION OUT OF AUTOMATIC FORM OF PAYMENT OF PENSION BENEFIT.

13.2.1 **In General.** A Participant may elect, prior to such Participant's Annuity Starting Date and Latest Deferral Date, to waive the automatic form of payment described in Section 13.1 and instead take his benefit in one of the alternative forms of benefit provided in Section 13.2 of the applicable Component Pension Programs. A Participant may make such an election to waive the automatic form of payment only by executing a Qualified Election (as described in Subsection 13.2.2) during the Election Period (as described in Subsection 13.2.3). If the Participant dies before his Annuity Starting Date, such election will be null and void.

13.2.2 **Qualified Election.** A Qualified Election means a waiver by any Participant that meets all of the following requirements:

- (1) The waiver must be in writing and signed by the Participant (if he is living) and by the Participant's Spouse, if any, within the Election Period.
- (2) The Participant's Spouse, if any, must consent in writing to the waiver (except that the legal guardian or other authorized representative of a Spouse who is incompetent may sign on behalf of the Spouse), and such consent must be witnessed by a notary public. Any consent necessary under this provision will be valid only with respect to the Spouse who signs the consent. Once the Participant's Spouse provides such consent, the Spouse may not revoke such consent; provided, however, that if the Participant revokes his Qualified Election during the Election Period, the consent of the Participant's Spouse is required for a new Qualified Election.
- (3) Any waiver of a Joint and 50% Survivor Annuity must also specify the alternative form of payment provided in Section 13.2 of the applicable Component Pension Program that is available to and selected by the Participant.
- (4) The waiver must name the Designated Beneficiary, if applicable.

- (5) The waiver must state that any future changes in the Designated Beneficiary designation or the form of payment are subject to the consent of the Spouse, unless the Qualified Election includes the Spouse's consent to allow the Participant to make such changes without any additional consent by the Spouse.
- (6) Such election must comply with the rules regarding election of a Retroactive Annuity Starting Date under Section 12.5 to the extent applicable.

13.2.3 **ELECTION PERIOD.** The Election Period is the period that is no less than thirty (30) and no more than one hundred eighty (180) days before the Annuity Starting Date, except that an election may be made less than thirty (30) days after notice of the automatic form of payment under Section 13.3 is given, provided that:

- (1) The Plan Administrator clearly informs the Participant that the Participant has a right to a period of at least thirty (30) days after receiving the notice to consider the decision of a particular distribution option;
- (2) The Participant, after receiving the notice, affirmatively elects to receive a distribution (and the Participant's Spouse consents to that form of distribution to the extent necessary); and
- (3) Such distribution does not commence before the seventh (7th) day after the Participant or Surviving Spouse, as applicable, receives notice of the right to the thirty (30)-day election period. In the event that it is not possible to provide notice of the automatic form of payment under Section 13.3 prior to the Participant's Annuity Starting Date, such notice may be provided after the Annuity Starting Date (and before the end of such seven (7)-day period); provided, that, the Participant is given at least thirty (30) days to consider the decision of whether or not to elect a distribution (and, if applicable, a particular distribution option) and payments begin within one hundred eighty (180) days after such notice is given. In addition, to the extent applicable, the rules in Section 12.5 regarding election of a Retroactive Annuity Starting Date will apply.

A Participant or Spouse, if any, who has waived the automatic form of payment may file a written notice with the Plan Administrator to convert the benefit otherwise payable to the Participant to a benefit payable in accordance with one of the alternative forms of payment set forth in Section 13.2 of the applicable Component Pension Program. Such notice must be filed within the time and in the manner required by the Plan Administrator. The consent of the Participant's Spouse will not be required, however, if the Participant is electing a contingent annuitant option that is actuarially equivalent to the Joint and 50% Survivor Annuity AND the Spouse is the contingent annuitant.

13.2.4 **ADMINISTRATIVE DELAY.** The preceding Subsections notwithstanding, the Plan will not fail to satisfy the requirements of this Section if, due to administrative delay, a distribution commences more than one hundred eighty (180) days after notice of the automatic form of payment is provided to the Participant.

13.2.5 **REVOCAION OR CHANGE IN STATUS.**

- (1) A Participant may revoke a prior Qualified Election at any time before his Annuity Starting Date, and such revocation is not subject to the consent of the Participant's Spouse.
- (2) A Participant may change a prior Qualified Election at any time before his Annuity Starting Date by executing a new Qualified Election in accordance with the requirements of this Section (including the requirement to obtain the consent of his Spouse).
- (3) If the Participant's Spouse dies after the Participant has made an election and before his Annuity Starting Date, then notwithstanding Section 13.2.2 such election will be deemed to be revoked if the Participant notifies the Plan Administrator of the death of the Participant's Spouse prior to the Participant's Annuity Starting Date in the same manner prescribed for filing a claim for benefits pursuant to Section 22.1. In the event that the Participant does not notify the Plan Administrator of the death of the Participant's Spouse prior to his Annuity Starting Date in the manner prescribed for filing a claim for benefits pursuant to Section 22.1, the Participant will be deemed to have been a single person on his Annuity Starting Date and his annuity form of payment will be converted to the form of Single Life Annuity most advantageous to the Participant under the applicable Component Pension Program. If the marriage of the Participant and his Spouse terminates after the Annuity Starting Date, such person will continue to be regarded as the Participant's Spouse for purposes of this Article unless a QDRO provides otherwise.
- (4) Spousal consent is not required if the Participant establishes to the satisfaction of the Plan Administrator that such consent cannot be obtained because there is no Spouse, because the Spouse cannot be located, or because of any other circumstances under which spousal consent is not required under section 417 of the Code and its associated regulations.

13.3 NOTICE REQUIREMENT FOR RIGHT TO ELECT OUT OF AUTOMATIC FORM OF PAYMENT.

13.3.1 Before receiving or beginning to receive his benefits, a Participant must receive written notification of (i) his right to make the election, (ii) the effect of his making the election, (iii) the rights of his Spouse with respect to such election, (iv) his right to revoke the election during the election period, (v) the effect of such a revocation, and (vi) if applicable, his right to defer payment or commencement of his benefits. Subject to the limits on the Participant's selection of an Annuity Starting Date provided for in Section 12.1, such written

notification may be provided after the Participant's Annuity Starting Date. Any notification with respect to a Joint and 50% Survivor Annuity must include (i) a written explanation of the terms, conditions and relative value of that form of benefit and (ii) the terms, conditions and relative values of the form(s) of payment under the applicable Component Pension Program should the Participant elect to waive the automatic form of payment.

13.3.2 Subject to the rules regarding the election of a Retroactive Annuity Starting Date in Section 12.5, the notice given to a Participant pursuant to this Section will provide such Participant with an explanation of (a) such Participant's right to make a Qualified Election to waive the automatic form of payment, (b) the terms and conditions of such automatic form of payment, (c) the financial effect of such an election, and (d) the right to make a Direct Rollover pursuant to Section 13.7. Such notice will also provide the relative value information required under Treasury regulation section 1.417(a)(3)-1(d) or other applicable law.

13.4 FORM OF PRE-RETIREMENT SURVIVOR ANNUITY. A Pre-Retirement Survivor Annuity, if any, will be paid in the form specified in the applicable Component Pension Program.

13.5 FORM OF MANDATORY CASH-OUT PAYMENT/ROLLOVER OF BENEFIT. With respect to distributions made on or after March 28, 2005:

13.5.1 **MANDATORY CASH-OUT OF ONE THOUSAND DOLLARS (\$1,000) OR LESS.** Notwithstanding any provision of the Plan to the contrary, if the present value of the Participant's Pension Benefit payable under all of the Component Pension Programs as of date of distribution is one thousand dollars (\$1,000) or less it will be paid in a Lump Sum.

13.5.2 **ROLLOVERS BETWEEN ONE THOUSAND DOLLARS (\$1,000) AND LESS THAN OR EQUAL TO FIVE THOUSAND DOLLARS (\$5,000) FOR PENSION BENEFITS FROM CERTAIN COMPONENT PENSION PROGRAMS.** If the present value of the Participant's Pension Benefit or Pre-Retirement Survivor Annuity, as applicable, is payable using the Actuarial Equivalent and the Participant's age on the first day of the month of the distribution is greater than one thousand dollars (\$1,000), but less than or equal to five thousand dollars (\$5,000), the Pension Benefit will be subject to a Direct Rollover to an individual retirement plan designated by the Plan Administrator if:

- (1) The Participant, Surviving Spouse or Legally Recognized Partner does not elect to have such distribution paid directly to an Eligible Retirement Plan in accordance with this Section or to receive the distribution directly; and
- (2) Any amount of the Participant's Pension Benefit is payable from a Component Pension Program other than the AT&T Legacy Bargained Program, the AT&T Legacy Management Program, the Southeast Management Program, or the Southeast Program.

13.5.3 TIMING OF DISTRIBUTION FOR THE AT&T LEGACY BARGAINED PROGRAM.

- (1) For Participants with a Termination of Employment due to reasons other than lay-off, as soon as practical following December 1 of the first Plan Year in which not more than five hundred (500) Hours of Service with the AT&T Controlled Group is credited (constituting a "one-year break in service" within the meaning of Code § 411(a)(6)).
- (2) For Participants with a Termination of Employment due to lay-off, as soon as practical following the second anniversary of the date of termination.
- (3) In the case of a survivor annuity, as soon as practical following the Participant's death, but in all such cases the date of distribution shall not be later than the close of the second plan year following the year in which such termination or death occurs.

13.6 REQUIRED MINIMUM DISTRIBUTIONS. All distributions will be made in accordance with section 401(a)(9) of the Code and the regulations promulgated under section 401(a)(9) of the Code, including, effective January 1, 2003, the final and temporary Treasury regulations issued under section 401(a)(9) of the Code on April 17, 2002, and, effective April 1, 2005, the final Treasury regulations issued under section 401(a)(9) of the Code on June 14, 2004. The terms of the Plan reflecting the requirements of section 401(a)(9) of the Code will override the distribution options and suspension of benefit provisions in the Plan if they are inconsistent with those requirements.

13.7 DIRECT ROLLOVER ELECTION.

13.7.1 Notwithstanding any provision of the Plan to the contrary that would otherwise limit a Distributee's election under this Section, a Distributee may elect, at the time and in the manner prescribed by the Plan Administrator, to have all or any portion of his Eligible Rollover Distribution paid directly to an Eligible Retirement Plan specified by the Distributee in a Direct Rollover.

13.7.2 Prior to any Direct Rollover pursuant to this Section, the Plan Administrator may require the Distributee to furnish the Plan Administrator with a statement from the plan, account, or annuity to which the benefit is to be transferred verifying that such plan, account, or annuity is, or is intended to be, an Eligible Retirement Plan.

13.8 FREQUENCY OF PAYMENT OF ANNUITIES. Any Pension Benefit that is to be paid in the form of a monthly annuity will be payable monthly or at such shorter intervals as the Plan Administrator may determine with the amount of the payments adjusted accordingly.

XIV.

**SPECIAL PROVISIONS FOR PARTICIPANTS WHO TRANSFER
TO OR FROM CERTAIN OTHER PROGRAMS —
SEE COMPONENT PENSION PROGRAMS**

XV.

**SUSPENSION OF PENSION PAYMENTS —
SEE COMPONENT PENSION PROGRAMS**

XVI.

FUNDING OF PLAN/PENSION FUND

- 16.1 PLAN/PENSION CONTRIBUTIONS.** The Plan is funded solely from contributions made by the Employer. Participants are neither required nor permitted to make contributions to the Plan.
- 16.2 CONTRIBUTIONS PAID TO PENSION FUND.** The Employer's contributions will be paid directly to the Trustee. Such contributions will be held, invested, and reinvested by the Trustee. No Participant will have any right to, title to, or interest in, any assets of the Pension Fund upon termination of his employment or otherwise, except as provided under the Plan, and then only to the extent of the benefits payable to such Participant out of the assets of the Pension Fund.
- 16.3 RETURN OF CONTRIBUTIONS.**
- 16.3.1 The Employer's contributions are contingent upon the deductibility of such contributions under section 404 of the Code. To the extent that a deduction for contributions is disallowed, such contributions will, upon the written demand of the Employer, be returned to the Employer by the Trustee within one (1) year after the date of disallowance, reduced by any net losses of the Pension Fund attributable thereto but not increased by any net earnings of the Pension Fund attributable thereto.
- 16.3.2 If Employer contributions are made under a mistake of fact, such contributions will, upon the written demand of the Employer, be returned to the Employer by the Trustee within one (1) year after the payment thereof, reduced by any net losses of the Pension Fund attributable thereto but not increased by any net earnings of the Pension Fund attributable thereto.
- 16.4 PLAN EXPENSES.** All expenses relating to the administration of the Plan may be paid from Plan assets, to the extent permitted under ERISA. Any expenses not paid from Plan assets will be paid by the Employer.
- 16.5 COMMERCIAL ANNUITIES.** At the direction of the Plan Administrator, the Trustee may pay any form of benefit provided hereunder other than a Lump Sum or a Direct Rollover by the purchase of a commercial annuity contract and the distribution of such contract to the Participant or beneficiary. Thereupon, the Plan will have no further liability with respect to the amount used to purchase the annuity contract, and such Participant or beneficiary must look solely to the company issuing such contract for such annuity payments. All certificates for commercial annuity benefits will be nontransferable, except for surrender to the issuing company, and no benefit thereunder may be sold, assigned, discounted, or pledged (other than as collateral for a loan from the company issuing same). Notwithstanding the foregoing, the terms of any such commercial annuity contract will conform to the time of payment, form of payment, and consent provisions of this Article, Article XII, and Article XIII.

XVII.

ADMINISTRATION OF PLAN AND PENSION FUND

- 17.1 ADMINISTRATION OF PLAN.** The Plan Administrator is responsible for the general administration of the Plan. For purposes of ERISA, the Plan Administrator is the “administrator” and the “named fiduciary” with respect to the general administration of the Plan.
- 17.2 POWERS OF THE PLAN ADMINISTRATOR.** The Plan Administrator will have all powers necessary or appropriate to accomplish its respective duties and obligations including, without limitation, complete and absolute discretion to interpret the Plan and all matters of fact with respect to such duties and obligations.
- 17.3 DELEGATION OF AUTHORITY BY PLAN ADMINISTRATOR.** The Plan Administrator may from time to time delegate to one (1) or more of the Employer’s officers, Employees, or agents, or to any other person or organization, any of its fiduciary and ministerial powers, duties, and responsibilities with respect to the operation and administration of the Plan, including, but not limited to, the administration of claims, the authority to authorize payment of benefits, the review of denied or modified claims, and the discretion to decide matters of fact and to interpret Plan provisions; provided, however, that any delegation by the Plan Administrator of its authority to review and decide any appeal of a denied or modified claim or its discretion to interpret the Plan with respect to an appeal will be in writing. The Plan Administrator also may from time to time employ persons to render advice with regard to any responsibility held hereunder and may authorize any person to whom any of its fiduciary responsibilities have been delegated to employ persons to render such advice. To the extent that the Plan Administrator has delegated its powers or duties pursuant to this Section, references in the Plan to the Plan Administrator will be deemed references to such delegate with respect to the delegated powers or duties.
- 17.4 ADMINISTRATION AND INVESTMENT OF PENSION FUND.** The Company has established the Pension Fund for the payment of all Plan benefits and certain death benefits (each except as explicitly otherwise provided). The terms and operation of such Pension Fund are set forth in the Trust Agreement with the Trustee.
- 17.5 FIDUCIARIES AND DIVISION OF FIDUCIARY RESPONSIBILITY.**
- 17.5.1 The Plan Administrator and the Trustee are fiduciaries of the Plan. Each other person who has been delegated fiduciary responsibility pursuant to Section 17.3 in writing and accepted such fiduciary responsibility will also be a fiduciary of the Plan. Any party may serve in more than one fiduciary capacity with respect to the Plan or the Pension Fund.

17.5.2 Each fiduciary of the Plan will have only those specific powers, duties, responsibilities, and obligations that are specifically given to him under the Plan. Each fiduciary will be responsible only for the proper exercise of its own powers, duties, responsibilities, and obligations hereunder and will not be responsible for any act or failure to act of any other fiduciary except to the extent provided by law or as specifically provided herein.

17.5.3 Upon delegation by the Plan Administrator of fiduciary duties pursuant to Section 17.3 and acceptance of such duties by the delegate, the delegating Plan Administrator will have no liability for the acts or omissions of any such delegate, as long as the Plan Administrator did not violate its fiduciary responsibility in making or continuing such delegation.

17.6 INDEMNIFICATION. AT&T Inc. agrees to indemnify and hold harmless any present or former employee of AT&T Inc. or any of its affiliates or subsidiaries to whom fiduciary, plan administration or trust fund operation or investment responsibilities are delegated, including, but not limited to, members of any committees and their delegates responsible for plan administration or trust fund operation, and investment and related responsibilities, against any and all claims, demands, rights, liabilities, damages, causes of actions, costs and expenses of whatsoever kind and nature (including Plan Administrator approved attorneys' fees and amounts paid in settlement of any claims) occasioned by any act or omission to act in connection with the Plan, if such act or omission is in good faith. The foregoing right to indemnification shall be in addition to such other rights as such employees may enjoy as a matter of law or by reason of insurance coverage of any kind. Rights granted hereunder shall be in addition to, and not in lieu of, any rights to indemnification to which such employee may be entitled pursuant to the by-laws of AT&T Inc., or any of its affiliates or subsidiaries.

XVIII. PARTICIPATING EMPLOYERS

18.1 ADOPTION OF PLAN BY PARTICIPATING EMPLOYER. The Company may designate any entity or organization eligible by law to participate in the Plan and the Pension Fund as a Participating Employer by written instrument. Such written instrument will specify the effective date of such designated participation, may incorporate specific provisions relating to the operation of the Plan that apply to the designated Participating Employer only, and will become, as to such designated Participating Employer and its Employees, a part of the Plan. Upon such designation:

18.1.1 Each designated Participating Employer will consent to its designation and be conclusively presumed to have agreed to be bound by the terms of the Plan and Trust Agreement and any and all amendments thereto upon its submission of information to the Plan Administrator required by the terms of or with respect to the Plan or upon making a contribution to the Pension Fund pursuant to the terms of the Plan and will be conclusively presumed to have agreed to any changes or modifications to the Plan that may occur.

18.1.2 The provisions of the Plan and the Trust Agreement will apply separately and equally to each Participating Employer and its Employees in the same manner as is expressly provided for the Company and its Employees, except that a Participating Employer will not have the power to appoint or otherwise affect the Plan Administrator or the Trustee or the power to amend or terminate the Plan.

18.1.3 Each entity specified in Supplement 3 will be deemed to have adopted the Plan as of the Restatement Effective Date and AT&T Inc., or its delegate, by execution of this restatement will be deemed to have consented to such adoption as of the Restatement Effective Date.

18.2 TERMINATION OF PARTICIPATION OF PARTICIPATING EMPLOYER.

18.2.1 Any Participating Employer may, with the approval of the Company, terminate its participation in the Plan and the Pension Fund by appropriate action of its board of directors or noncorporate counterpart communicated in writing to the Company, the Trustee, and the Plan Administrator. Moreover, the Company may, for any reason, terminate a Participating Employer's Plan and Pension Fund participation at any time by written instrument delivered to the Company, the Trustee, and the terminated Participating Employer.

18.2.2 A Participating Employer's Plan and Pension Fund participation will automatically cease if and when such Participating Employer is no longer eligible by law to participate in the Plan or Pension Fund.

18.3 DIVESTITURE. A Participating Employer will immediately no longer be a Participating Employer at such time that it is no longer an AT&T Controlled Group Member.

XIX. AMENDMENT OF PLAN

- 19.1 RIGHT TO AMEND PLAN.** Subject only to any limitations contained in ERISA or the Code, the Company has the absolute and unconditional right at any time and from time to time to amend the Plan, in whole or in part and whether or not retroactive, on behalf of the Company and all Participating Employers. All amendments to the Plan will be in writing.
- 19.2 RIGHT TO MERGE, CONSOLIDATE, OR SPIN-OFF PLAN.** The Company may amend the Plan to provide for a merger or consolidation of the Plan with, or a transfer of assets and liabilities of the Plan to, any other plan authorized by its terms and by applicable law to be merged or consolidated with the Plan or, as applicable, to receive the assets or liabilities of the Plan. The preceding notwithstanding, the Plan may not merge or consolidate with, or transfer its assets or liabilities to, any other plan unless immediately thereafter each Participant would, in the event such other plan terminated, be entitled to a benefit equal to or greater than the benefit to which he would have been entitled if the Plan were terminated immediately before the merger, consolidation, or transfer.

XX. TERMINATION OF PLAN

20.1 TERMINATION OF PLAN.

20.1.1 The Company has established the Plan with the intention and expectation that the Plan will continue from year to year. Notwithstanding, the Company has the absolute and unconditional right and power to terminate the Plan at any time.

20.1.2 Notwithstanding Subsection 20.1.1, in the event of a “change in control,” the Bargained Cash Balance Program, the East Program, the Nonbargained Program, the Midwest Program, the Southwest Program, and the West Program will not be terminated within three (3) years following such “change in control.” For purposes hereof, a “change in control” will be deemed to occur if (1) any “individual” or “group” (within the meaning of Subsection 13(d) and Paragraph 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “Securities Act”)), other than a Trustee or other fiduciary holding securities under an employee benefit plan of the Company, is or becomes the “beneficial owner” (as defined in Rule 13d-3 under the Securities Act), directly or indirectly, of more than twenty percent (20%) of the then outstanding voting stock of the Company, other than through a transaction arranged by, or consummated with the prior approval of, the Board of Directors of the Company (“Board”), or (2) during any period of two (2) consecutive years, individuals who at the beginning of such period constitute the Board (and any new director whose election by the Board or whose nomination for election by the Company’s shareholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of thereof.

20.1.3 In the event of a Plan termination, in regards to Cash Balance formulas, for Interest Credit periods after the termination of the Plan, the Interest Crediting Rate used to determine accrued benefits under the Plan shall be equal to the average of the Interest Crediting Rates used under the Plan during the 5-year period ending on the date of Plan termination.

20.1.4 In the event of a Plan termination, in regards to Cash Balance formulas, for periods after the termination of the Plan, the annuity conversion Applicable Interest Rate used to determine accrued benefits under the Plan shall be equal to the average of the annuity conversion Applicable Interest Rates used under the Plan during the 5-year period ending on the date of Plan termination.

20.2 PARTIAL TERMINATION OF PLAN. The Company has the absolute right and the power to partially terminate the Plan at any time hereafter.

20.3 EFFECT OF TERMINATION OR PARTIAL TERMINATION.

20.3.1 If the Plan is terminated, each affected Participant will acquire a Vested Interest to the extent funded as of such date, effective as of the termination date. In addition, if the Plan is partially terminated within the meaning of section 411(d)(3) of the Code, each affected Participant will acquire a Vested Interest, effective as of the date of such partial termination or complete discontinuance, as applicable.

20.3.2 In the case of a termination of the Plan, the Accrued Benefits of all Participants will be distributed in accordance with the requirements of ERISA and the Code.

20.4 EARLY TERMINATION RESTRICTIONS. In the case of a termination of the Plan and notwithstanding any other provision of the Plan to the contrary, the Plan benefits payable to each Highly Compensated Employee and each Highly Compensated Former Employee will be restricted pursuant to section 411(d)(2) of the Code so as to be limited to a benefit that is nondiscriminatory under section 401(a)(4) of the Code and applicable Treasury regulations thereunder.

20.5 REVERSION OF SURPLUS ASSETS. In the event that there is any remaining balance in the Pension Fund after all benefit liabilities, as defined in section 4041 of ERISA, have been provided upon termination of the Plan, such remaining balance will not be distributed to any Participating Employer but will be used for any benefit purpose that does not contravene applicable law.

XXI. TOP-HEAVY PROVISIONS

21.1 TOP-HEAVY PLAN YEARS. If the Plan is a Top-Heavy Plan in any Plan Year, the provisions of this Article will supersede any conflicting provisions in the Plan.

21.2 DEFINITIONS. For purposes of this Article, the following words, when such words are capitalized, will have the indicated meaning unless a different meaning is plainly required by the context:

(1) **Determination Date:** means, for any Plan Year, the last day of the preceding Plan Year.

(2) **Key Employee:** means, in determining whether the Plan is a Top-Heavy Plan, any Employee or former Employee (including any deceased Employee) who at any time during the Plan Year that includes the Determination Date is (i) an officer of an Employer having an annual compensation greater than one hundred seventy thousand dollars (\$170,000) for the 2016 Plan Year (as adjusted under section 416(i)(1) of the Code), (ii) a five-percent (5%) owner of an Employer, or (iii) a one-percent (1%) owner of an Employer having an annual compensation of more than one hundred seventy thousand dollars (\$170,000) for the 2016 Plan Year. For purposes of this Section, annual compensation means (i) all amounts that are wages within the meaning of section 3401(a) of the Code and all other payments of compensation to an Employee by an Employer (in the course of the Employer's trade or business) for which the Employer is required to furnish the Employee a written statement under sections 6041(d), 6051(a)(3) and 6052 of the Code (i.e., all amounts reportable by Employers on IRS Form W-2); provided, such amounts will be determined without regard to any rules that limit the remuneration included in wages based on the nature or location of employment or the services performed (such as the exception for agricultural labor in section 3401(a)(2) of the Code); plus (ii) any elective deferral (as defined in section 402(g)(3) of the Code), and any amount which is contributed or deferred by an Employer at the election of the Employee and which is not includible in the gross income of the Employee by reason of sections 125, 457, or 132(f)(4) of the Code. The determination of who is a Key Employee will be made in accordance with section 416(i)(1) of the Code and the applicable regulations and other guidance of general applicability issued thereunder.

Effective for Plan Years beginning on or after July 1, 2007, an Employee's annual compensation will not include any amounts that are paid after the Employee's severance from employment with all AT&T Controlled Group Members, except to the extent that (A) the amount is paid by the later of two and one-half (2½) Months after severance from employment or the end of the Plan Year that includes the date of severance from employment, and (B) (i) the amount is regular compensation for services during the Employee's regular working hours, or compensation for services outside the Employee's regular working hours

(such as overtime or shift differential), commissions, bonuses or other similar payments, and the amount would have been paid to the Employee prior to severance from employment if the Employee had continued in employment with an AT&T Controlled Group Member; (ii) the amount is payment for unused accrued bona fide sick, vacation or other leave that the Employee would have been able to use if employment had continued and the amount would have been included in annual compensation under the Plan if paid prior to severance from employment; or (iii) the amount is a payment from a nonqualified deferred compensation plan that is includible in gross income, and that would have been paid to the Employee at the same time if the Employee had continued in employment and would have been included in annual compensation under the Plan if paid prior to severance from employment. The exclusion under this Paragraph does not apply to payments to an individual who does not currently perform services for an AT&T Controlled Group Member because of qualified military service under section 414(u)(1) of the Code, to the extent the payments do not exceed the amounts the individual would have received if the individual had continued to perform services for an AT&T Controlled Group Member rather than entering qualified military service. The exclusion in this Paragraph does not apply to payments to an Employee who is permanently and totally disabled as defined in section 22(e)(3) of the Code, but only if the Employee is not a Highly Compensated Employee immediately before becoming disabled or the Plan provides for the continuation of contributions on behalf of all Employees who are permanently and totally disabled for a fixed or determinable period. For purposes of this Paragraph, an Employee will not be considered to have a severance from employment if, in connection with a change of employment, the Employee's new employer maintains the Plan with respect to the Employee.

- (3) **Permissive Aggregation Group**: means the Required Aggregation Group of plans plus any other plan or plans of an Employer which, when considered as a group with the Required Aggregation Group, would continue to satisfy the requirements of sections 401(a)(4) and 410 of the Code.
- (4) **Present Value**: means the present value based on the assumed mortality rates equal to unisex rate for pensioners in 1984 as published in Unisex Pension Mortality Table-1984 (UP-1984) and a five percent (5%) interest rate.
- (5) **Required Aggregation Group**: means (i) each qualified plan of an Employer in which at least one (1) Key Employee participates or participated at any time during the Plan Year containing the Determination Date or any of the four (4) preceding Plan Years (regardless of whether the Plan has terminated); and (ii) any other qualified plan of an Employer which enables a plan described in (i) to meet the requirements of sections 401(a)(4) or 410 of the Code.

(6) **Top-Heavy Plan**: means a plan under which any of the following conditions exists:

- (a) If the Top-Heavy Ratio for such plan exceeds sixty percent (60%) and the plan is not part of any Required Aggregation Group or Permissive Aggregation Group of plans;
- (b) If such plan is a part of a Required Aggregation Group of plans but not part of a Permissive Aggregation Group, and the Top-Heavy Ratio for the Required Aggregation Group exceeds sixty percent (60%); or
- (c) If such plan is a part of a Required Aggregation Group and part of a Permissive Aggregation Group of plans, and the Top-Heavy Ratio for the Permissive Aggregation Group exceeds sixty percent (60%).

(7) **Top-Heavy Ratio**: means the ratio described in Paragraph (a) or (b) hereof, whichever is applicable, as modified by Paragraph (c) hereof.

(a) If an Employer maintains one (1) or more defined benefit plans and no Employer has maintained any defined contribution plan (including any simplified employee pension, as defined in section 408(k) of the Code) that during the five (5)-year period ending on the Determination Date(s) has or has had account balances, the Top-Heavy Ratio for the Plan alone or for the Required Aggregation Group or Permissive Aggregation Group, as appropriate, is a fraction, the numerator of which is the sum of the Present Value of accrued benefits of all Key Employees as of the Determination Date(s) (including any part of any accrued benefit distributed in the one (1)-year period ending on the Determination Date(s) (five (5)-year period ending on the Determination Date(s) in the case of a distribution made for a reason other than severance from employment, death or disability)), and the denominator of which is the sum of the Present Value of accrued benefits (including any part of any accrued benefits distributed in the one (1)-year period ending on the Determination Date(s) (five (5)-year period ending on the Determination Date(s) in the case of a distribution made for a reason other than severance from employment, death or disability)), determined in accordance with section 416 of Code and the regulations thereunder.

(b) If an Employer maintains one (1) or more defined benefit plans and an Employer maintains or has maintained one or more defined contribution plans (including any simplified employee pension) that during the five (5)-year period ending on the Determination Date(s) has or has had any account balances, the Top-Heavy Ratio for any Required Aggregation Group or Permissive Aggregation Group, as appropriate, is a fraction, the numerator of which is the sum of the Present Value of accrued benefits under the aggregated defined benefit plan or plans for all Key Employees, determined in accordance with Paragraph (a) hereof,

and the sum of account balances under the aggregated defined contribution plan or plans for all Key Employees as of the Determination Date(s), and the denominator of which is the sum of the Present Value of accrued benefits under the defined benefit plan or plans for all participants, determined in accordance with Paragraph (a) hereof, and the account balances under the aggregated defined contribution plan or plans for all participants as of the Determination Date(s), all determined in accordance with section 416 of the Code and the regulations thereunder. The account balances under a defined contribution in both the numerator and denominator of the Top-Heavy Ratio are increased for any distribution of an account balance made in the one (1)-year period ending on the Determination Date (five (5)-year period ending on the Determination Date in the case of a distribution made for a reason other than severance from employment, death or disability).

- (c) For purposes of Paragraphs (a) and (b) hereof, the value of account balances and the Present Value of accrued benefits will be determined as of the most recent Valuation Date that falls within or ends with the twelve (12)-month period ending on the Determination Date, except as provided in section 416 of the Code and the regulations thereunder for the first and second Plan Years of a defined benefit plan. The account balances and accrued benefits of a participant (i) who is not a Key Employee but who was a Key Employee in a prior year, or (ii) who has not been credited with at least one (1) Hour of Service with any Employer at any time during the one (1)-year period ending on the Determination Date will be disregarded. The calculation of the Top-Heavy Ratio, and the extent to which distributions, rollovers, and transfers are taken into account, will be made in accordance with section 416 of the Code and the regulations thereunder. Deductible employee contributions will not be taken into account for purposes of computing the Top-Heavy Ratio. When aggregating plans the value of account balances and accrued benefits will be calculated with reference to the Determination Dates that fall within the same calendar year. The accrued benefit of a participant other than a Key Employee will be determined under (x) the method, if any, that uniformly applies for accrual purposes under all defined benefit plans maintained by an Employer, or (y) if there is no such method, as if such benefit accrued not more rapidly than the slowest accrual rate permitted under the fractional rule of section 411(b)(1)(C) of the Code.

- (8) **Valuation Date:** means the last day of each Plan Year.

21.3 MINIMUM ACCRUED BENEFIT.

21.3.1 **GENERAL RULE.** Notwithstanding any other provision in the Plan except Subsections 21.3.3, 21.3.4, and 21.3.5 of this Article, for any Plan Year in which the Plan is a Top-Heavy Plan, each Participant who is not a Key Employee and has completed one thousand (1,000) Hours of Service will accrue a benefit (to be provided solely by employer contributions and expressed as a Single-Life Annuity commencing at Normal Retirement Age) of not less than two (2%) percent of his

or her highest average compensation for the five (5) consecutive years for which the Participant had the highest compensation. The aggregate compensation for the years during such five (5)-year period in which the Participant was credited with a year of service will be divided by the number of such years in order to determine average annual compensation. The minimum accrual is determined without regard to any Social Security contribution. The minimum accrual applies even though under other plan provisions the Participant would not otherwise be entitled to receive an accrual, or would have received a lesser accrual for the year because (i) the Participant fails to make mandatory contributions to the Plan, (ii) the Participant's compensation is less than a stated amount, (iii) the Participant is not employed on the last day of the accrual computation period, or (iv) the Plan is integrated with Social Security.

21.3.2 COMPENSATION. For purposes of computing the minimum accrued benefit, compensation will mean (i) all amounts that are wages within the meaning of section 3401(a) of the Code and all other payments of compensation to an Employee by an Employer (in the course of the Employer's trade or business) for which the Employer is required to furnish the Employee a written statement under sections 6041(d), 6051(a)(3), and 6052 of the Code (i.e., all amounts reportable by Employers on IRS Form W-2); provided, such amounts will be determined without regard to any rules that limit the remuneration included in wages based on the nature or location of employment or the services performed (such as the exception for agricultural labor in section 3401(a)(2) of the Code); plus (ii) any elective deferral (as defined in section 402(g)(3) of the Code), and any amount which is contributed or deferred by an Employer at the election of the Employee and which is not includible in the gross income of the Employee by reason of sections 125, 457, or 132(f)(4) of the Code; minus all compensation in excess of the amount applicable for the Plan Year under section 401(a)(17) of the Code (two hundred sixty-five thousand dollars (\$265,000) for the 2016 Plan Year).

Effective for Plan Years beginning on or after July 1, 2007, an Employee's compensation will not include any amounts that are paid after the Employee's severance from employment with all AT&T Controlled Group Members, except to the extent that (A) the amount is paid by the later of two and one-half (2½) months after severance from employment or the end of the Plan Year that includes the date of severance from employment, and (B) (i) the amount is regular compensation for services during the Employee's regular working hours, or compensation for services outside the Employee's regular working hours (such as overtime or shift differential), commissions, bonuses or other similar payments, and the amount would have been paid to the Employee prior to severance from employment if the Employee had continued in employment with an AT&T Controlled Group Member; (ii) the amount is payment for unused accrued bona fide sick, vacation or other leave that the Employee would have been able to use if employment had continued and the amount would have been included in compensation under the Plan if paid prior to severance from

employment; or (iii) the amount is a payment from a nonqualified deferred compensation plan that is includible in gross income, and that would have been paid to the Employee at the same time if the Employee had continued in employment and would have been included in compensation under the Plan if paid prior to severance from employment. The exclusion under this Paragraph does not apply to payments to an individual who does not currently perform services for an AT&T Controlled Group Member because of qualified military service under section 414(u)(1) of the Code, to the extent the payments do not exceed the amounts the individual would have received if the individual had continued to perform services for an AT&T Controlled Group Member rather than entering qualified military service. The exclusion in this Paragraph does not apply to payments to an Employee who is permanently and totally disabled as defined in section 22(e)(3) of the Code, but only if the Employee is not a Highly Compensated Employee immediately before becoming disabled or the Plan provides for the continuation of contributions on behalf of all Employees who are permanently and totally disabled for a fixed or determinable period.

For purposes of this Paragraph, an Employee will not be considered to have a severance from employment if, in connection with a change of employment, the Employee's new employer maintains the Plan with respect to the Employee.

21.3.3 MAXIMUM BENEFIT. No additional benefit accruals will be provided pursuant to Subsection 21.3.1 of this Article to the extent that the total accruals on behalf of the Participant attributable to employer contributions will provide a benefit expressed as a Single-Life Annuity commencing at Normal Retirement Age that equals or exceeds twenty percent (20%) of the Participant's highest average compensation for the five (5) consecutive years for which the Participant had the highest compensation.

21.3.4 PARTICIPANTS COVERED UNDER OTHER PLANS. The provision in Subsections 21.3.1 of this Article will not apply to any Participant to the extent the Participant is covered under any other plan or plans of an Employer which provide that the minimum allocation or benefit requirement applicable to Top-Heavy Plans will be met in such other plan or plans.

21.3.5 ACCRUALS TAKEN INTO ACCOUNT. All accruals of employer-derived benefits, whether or not attributable to years for which the Plan is a Top-Heavy Plan, may be used in computing whether the minimum accrual requirements of Subsection 21.3.1 of this Article are satisfied.

21.4 ADJUSTMENT FOR BENEFIT FORM OTHER THAN SINGLE-LIFE ANNUITY AT NORMAL RETIREMENT AGE. If the form of benefit is other than a Single-Life Annuity, the Participant must receive an amount that is the Present Value of the minimum Single-Life Annuity. If the benefit commences at a date other than at Normal Retirement Age, the Participant must receive at least an amount that is the Present Value of the minimum Single-Life Annuity benefit commencing at Normal Retirement Age.

- 21.5 NONFORFEITABILITY OF MINIMUM ACCRUED BENEFIT.** The minimum accrued benefit required (to the extent required to be nonforfeitable under section 416(b) of the Code) may not be forfeited under sections 411(a)(3)(B) or 411(a)(3)(D) of the Code.
- 21.6 TOP-HEAVY VESTING SCHEDULE.** For any Plan Year in which the Plan is a Top-Heavy Plan, notwithstanding Article V, each Participant will become vested no later than when he completes three (3) Years of Vesting Service. The vesting schedule set forth in this Section applies to all benefits within the meaning of section 411(a)(7) of the Code except those attributable to employee contributions, including benefits accrued before the effective date of section 416 of the Code and benefits accrued before the Plan became a Top-Heavy Plan. Further, no decrease in a Participant's nonforfeitable percentage may occur in the event the Plan's status as a Top-Heavy Plan changes for any Plan Year. However, this Section does not apply to the Accrued Benefit of any Participant who does not complete one (1) Hour of Service after the Plan has initially become a Top-Heavy Plan and such Participant's Accrued Benefit attributable to Employer contributions and forfeitures will be determined without regard to this Section.

XXII. GENERAL PROVISIONS

- 22.1 CLAIMS FOR PLAN BENEFITS.** If a Participant or Designated Beneficiary has any grievance, complaint or claim concerning any aspect of the operation or administration of the Plan or Pension Fund, including, but not limited to, claims for benefits and complaints concerning the investments of Plan assets (collectively referred to herein as “claim” or “claims”), the Participant or Designated Beneficiary will submit the claim in accordance with the written procedures set forth in the summary plan description for the Plan.
- 22.2 REQUIREMENT TO EXHAUST ADMINISTRATIVE REMEDIES.** Timely completion of the claims procedures described in Section 22.1 will be a condition precedent to the commencement of any legal or equitable action in connection with a claim for benefits under the Plan by a Participant or Designated Beneficiary, or by any other person or entity claiming rights through such Participant or Designated Beneficiary. No issues may be raised during such legal or equitable action unless the issue had been raised by the claimant during the administrative process at such time and in such manner as to give the Plan Administrator a reasonable opportunity to respond to the issue. Issue exhaustion is required.
- 22.3 NOT CONTRACT OF EMPLOYMENT.** The adoption and maintenance of the Plan will not be deemed to be either a contract between the Employer and any person or consideration for the employment of any person. Nothing herein contained is to be deemed to give any person the right to be retained in the employ of the Employer or to restrict the right of the Employer to discharge any person at any time, nor will the Plan be deemed to give the Employer the right to require any person to remain in the employ of the Employer or to restrict any person’s right to terminate his employment at any time.
- 22.4 ALIENATION OF INTEREST FORBIDDEN.** Except as otherwise provided in the following Subsections of this Section or as otherwise required by other applicable law, no right or interest of any kind in any benefit is transferable or assignable by any Participant or any beneficiary or subject to anticipation, adjustment, alienation, encumbrance, garnishment, attachment, execution, or levy of any kind.
- 22.4.1 Plan provisions to the contrary notwithstanding, the Plan Administrator will comply, to the extent required by applicable law, with certain judgments and settlements pursuant to section 206(d) of ERISA and sections 401(a)(13) and 414(p) of the Code and with a federal tax levy or collection on a judgment resulting from an unpaid tax assessment.
- 22.4.2 With respect to Employees who are not covered by a collective bargaining agreement, if a Surviving Spouse, Legally Recognized Partner, or Designated Beneficiary of a Participant disclaims, in whole or in part, his interest, if any, in a Participant’s Accrued Benefit and such disclaimer meets the definition of a “qualified disclaimer,” set forth in section 2518(b) of the Code, and satisfies

the requirements of any applicable state law, and to the extent such qualified disclaimer is not in violation of section 401(a)(13) of the Code or section 206(d) of ERISA, the disclaimed interest of such Spouse, Legally Recognized Partner or Designated Beneficiary will be distributed as if such Spouse, Legally Recognized Partner, or Designated Beneficiary had predeceased such Participant and distributed in accordance with the provisions of the applicable Component Pension Programs.

- 22.4.3 The nonalienation requirements of this Section will apply to the creation, assignment or recognition of a right to any benefit, payable with respect to a Participant pursuant to a domestic relations order, unless such order is (i) determined to be a QDRO, as defined in section 414(p) of the Code, entered on or after January 1, 1985, or (ii) any domestic relations order, as defined in section 414(p) of the Code, entered before January 1, 1985, pursuant to which the Plan or a transferor plan was paying benefits on January 1, 1985. The Company and the applicable Participating Employer have established reasonable written procedures to determine the qualified status of a domestic relations order. Further, to the extent provided under a qualified domestic relations order, a former spouse of a Participant will be treated as the Spouse or Surviving Spouse for all purposes under the Plan.

22.5 USERRA AND FMLA.

- 22.5.1 Notwithstanding any provision of the Plan to the contrary, contributions, benefits, and service credit with respect to qualified military service will be provided in accordance with section 414(u) of the Code, and the Plan will comply with all other provisions of the Uniformed Services Employment and Reemployment Rights Act applicable to Participants on qualified military leave. Further, in the case of a Participant who dies while performing qualified military service (as defined in Code section 414(u)), the survivors of the Participant shall be entitled to any additional benefits (other than benefit accruals relating to the period of military service) provided under the Plan determined as if the Participant had resumed and then terminated employment on account of death.
- 22.5.2 Notwithstanding any provision of the Plan to the contrary, contributions, benefits, and service credit with respect to qualified family medical leave will be provided to the extent required by the Family Medical Leave Act of 1993, and the Plan will comply with all provisions of the such act with respect to Participants on a qualified leave under the provisions of such act.

22.6 PARTICIPANT'S AND BENEFICIARY'S ADDRESSES. It is the affirmative duty of each Participant to inform the Plan Administrator of, and to keep on file with the Plan Administrator, his current mailing address and the current mailing addresses of his Spouse and Designated Beneficiary. If a Participant fails to keep the Plan Administrator informed of his current mailing address and the current mailing addresses of his Spouse and Designated Beneficiary, neither the Plan Administrator, the Trustee, the Employer, nor any fiduciary under the Plan will be responsible for any late or lost payment of a Plan benefit or for failure of any notice to be provided timely under the terms of the Plan.

22.7 CORRECTION OF ERRORS/RESTORATIVE PAYMENTS.

22.7.1 Plan provisions to the contrary notwithstanding, if an error has occurred in connection with the Plan, including, but not limited to, an error in determining the amount of a Participant's Accrued Benefit, as a result of human or systems error, data, recordkeeping, or other administrative error, the Plan Administrator may correct the error to the extent reasonably practicable by taking any action it deems appropriate to effect such correction.

22.7.2 The Employer may make payments to the Plan for the purposes of restoring losses to the Plan that may have resulted from actions by a fiduciary for which there is a reasonable risk of liability for breach of fiduciary duty under ERISA. All such corrections and restorative payments will be effected in accordance with any applicable law and any guidance issued by the Internal Revenue Service or Department of Labor. Any such correction will be conclusive and binding on all Participants.

22.7.3 If the Plan Administrator determines that there is a dispute concerning the payment of benefits to a Participant's beneficiary or beneficiaries or concerning the qualification of a domestic relations order under section 414(p) of the Code, the Plan Administrator may delay any payment that would otherwise be made under the Plan until the Plan Administrator, in its discretion, determines that the dispute has been resolved. In the case of any dispute between parties concerning the right to a Plan benefit, the Plan Administrator, in its discretion, may file an interpleader action, naming the parties to the dispute and may pay the disputed amount into the court to be distributed in accordance with the court's decision or take such other action as may be permitted under the civil enforcement provisions of ERISA as, in its discretion, constitutes an appropriate way to resolve or otherwise settle the dispute.

22.8 SEVERABILITY. If any provision of the Plan will be held illegal or invalid for any reason, said illegality or invalidity will not affect the remaining provisions hereof. In such case, each provision will be fully severable and the Plan will be construed and enforced as if said illegal or invalid provision had never been included herein.

- 22.9 JURISDICTION.** The situs of the Plan hereby created is the State of Texas. All provisions of the Plan will be construed in accordance with the laws of the State of Texas (excluding any conflict of law principles that refer to the laws of another jurisdiction) except to the extent preempted by federal law.
- 22.10 INFORMATION TO BE FURNISHED.** A Participant will provide the Plan Administrator with such information and evidence, and will sign such documents, as reasonably may be requested from time to time for purpose of administration of the Plan.
- 22.11 TIME TO FILE SUIT.** Any suit based on a denial of eligibility and for benefits under a Component Pension Program must be filed no later than the deadline, if any, provided in such Component Pension Program or, if no such deadline is provided, the last day of the limitations period according to the applicable statute of limitations.
- 22.12 TRANSFER OF EMPLOYMENT AMONG PARTICIPATING EMPLOYERS.** Transfer of employment among the Company and Participating Employers will not be considered a Termination of Employment hereunder.
- 22.13 SINGLE PLAN.** For purposes of the Code and ERISA, the Plan, as adopted by the Company and the Participating Employers, will constitute a single plan rather than a separate plan of each Employer. All assets in the Pension Fund will be available to pay benefits to all Participants and their beneficiaries.
- 22.14 RECOVERY OF OVERPAYMENT.** If any benefit is paid to a Participant, or as applicable Surviving Spouse, Legally Recognized Partner, or Designated Beneficiary in an amount that is greater than the amount payable under the terms of the Plan, the Plan will recover the excess benefit amount by eliminating or reducing the Participant's or as applicable Surviving Spouse's, Legally Recognized Partner's or Designated Beneficiary's future benefit payments. If no further benefits are payable to the Participant or as applicable Surviving Spouse, Legally Recognized Partner, or Designated Beneficiary under the Plan, the Plan may employ such means as are available under applicable law to recover the excess benefit amount from the Participant or as applicable Surviving Spouse, Legally Recognized Partner, or Designated Beneficiary.
- 22.15 FORFEITURE OF NONVESTED ACCRUED BENEFIT.** If a Participant either (1) incurs a Termination of Employment (other than for death) and has no Vested Interest or (2) receives a Lump Sum distribution pursuant to Section 13.5, such Participant's accrued service prior to such Termination of Employment will be disregarded and such Participant's nonvested Accrued Benefit, if such benefit exists, will become a forfeiture as of the date of such Termination of Employment and if the Participant has no Vested Interest with such Participant being considered to have received a distribution of zero dollars (\$0) on the date of such Termination of Employment. If such terminated Participant is subsequently reemployed by the Employer or an AT&T Controlled Group Member and the Participant had no Vested Interest at the time of such Termination of Employment, the accrued service that was disregarded and the forfeiture that occurred will be restored as of the Participant's Reemployment Commencement Date unless such

accrued service is also disregarded pursuant to the provisions of Supplement 4, Article V and Article VI.

22.16 PROVISIONS REQUIRED UNDER CODE SECTION 436.

22.16.1 **LIMITATIONS APPLICABLE IF THE PLAN'S ADJUSTED FUNDING TARGET ATTAINMENT PERCENTAGE IS LESS THAN EIGHTY PERCENT (80%), BUT NOT LESS THAN SIXTY PERCENT (60%).** Notwithstanding any other provisions of the Plan, if the Plan's adjusted funding target attainment percentage for a Plan Year is less than eighty percent (80%) (or would be less than eighty percent (80%) to the extent described in Section 1(b) below) but is not less than sixty percent (60%), then the limitations set forth in this Subsection apply.

- (a) **Fifty Percent (50%) Limitation on Single-Sum Payments, Other Accelerated Forms of Distribution, and Other Prohibited Payments.** A participant or beneficiary is not permitted to elect, and the Plan shall not pay, a single-sum payment or other optional form of benefit that includes a prohibited payment with an annuity starting date on or after the applicable section 436 measurement date, and the Plan shall not make any payment for the purchase of an irrevocable commitment from an insurer to pay benefits or any other payment or transfer that is a prohibited payment, unless the present value of the portion of the benefit that is being paid in a prohibited payment does not exceed the lesser of:
- (i) Fifty percent (50%) of the present value of the benefit payable in the optional form of benefit that includes the prohibited payment; or
 - (ii) One hundred percent (100%) of the PBGC maximum benefit guarantee amount (as defined in section 1.436-1(d)(3)(iii)(C) of the Treasury Regulations).

The limitation set forth in this Subsection does not apply to any payment of a benefit which under section 411(a)(11) of the Code may be immediately distributed without the consent of the participant. If an optional form of benefit that is otherwise available under the terms of the Plan is not available to a participant or beneficiary as of the annuity starting date because of the application of the requirements of this Subsection, the participant or beneficiary is permitted to elect to bifurcate the benefit into unrestricted and restricted portions (as described in section 1.436-1(d)(3)(iii)(D) of the Treasury Regulations). The participant or beneficiary may also elect any other optional form of benefit otherwise available under the Plan at that annuity starting date that would satisfy the fifty percent (50%)/PBGC maximum benefit guarantee amount limitation described in this Subsection, or may elect to defer the benefit in accordance with any general right to defer commencement of benefits under the Plan.

- (b) **Plan Amendments Increasing Liability for Benefits.** No amendment to the Plan that has the effect of increasing liabilities of the Plan by reason of increases in benefits, establishment of new benefits, changing the rate of benefit accrual, or changing the rate at which benefits become nonforfeitable shall take effect in a Plan Year if the adjusted funding target attainment percentage for the Plan Year is:
- (i) Less than eighty percent (80%); or
 - (ii) Eighty percent (80%) or more, but would be less than eighty percent (80%) if the benefits attributable to the amendment were taken into account in determining the adjusted funding target attainment percentage.

The limitation set forth in this Subsection does not apply to any amendment to the Plan that provides a benefit increase under a Plan formula that is not based on compensation, provided that the rate of such increase does not exceed the contemporaneous rate of increase in the average wages of participants covered by the amendment.

22.16.2 **LIMITATIONS APPLICABLE IF THE PLAN'S ADJUSTED FUNDING TARGET ATTAINMENT PERCENTAGE IS LESS THAN SIXTY PERCENT (60%).** Notwithstanding any other provisions of the Plan, if the Plan's adjusted funding target attainment percentage for a Plan Year is less than sixty percent (60%) (or would be less than sixty percent (60%) to the extent described in Subsection 22.16.2(b) below), then the limitations in this Subsection apply.

- (a) **Single-Sums, Other Accelerated Forms of Distribution, and Other Prohibited Payments Not Permitted.** A participant or beneficiary is not permitted to elect, and the Plan shall not pay, a single-sum payment or other optional form of benefit that includes a prohibited payment with an annuity starting date on or after the applicable section 436 measurement date, and the Plan shall not make any payment for the purchase of an irrevocable commitment from an insurer to pay benefits or any other payment or transfer that is a prohibited payment. The limitation set forth in this Subsection does not apply to any payment of a benefit which under section 411(a)(11) of the Code may be immediately distributed without the consent of the participant.
- (b) **Shutdown Benefits and Other Unpredictable Contingent Event Benefits Not Permitted to Be Paid.** An unpredictable contingent event benefit with respect to an unpredictable contingent event occurring during a Plan Year shall not be paid if the adjusted funding target attainment percentage for the Plan Year is:
- (i) Less than sixty percent (60%); or

(ii) Sixty percent (60%) or more, but would be less than sixty percent (60%) if the adjusted funding target attainment percentage were redetermined applying an actuarial assumption that the likelihood of occurrence of the unpredictable contingent event during the Plan Year is one hundred percent (100%).

(c) **Benefit Accruals Frozen.** Benefit accruals under the Plan shall cease as of the applicable section 436 measurement date. In addition, if the Plan is required to cease benefit accruals under this Subsection, then the Plan is not permitted to be amended in a manner that would increase the liabilities of the Plan by reason of an increase in benefits or establishment of new benefits.

22.16.3 **LIMITATIONS APPLICABLE IF THE PLAN SPONSOR IS IN BANKRUPTCY.** Notwithstanding any other provisions of the Plan, a participant or beneficiary is not permitted to elect, and the Plan shall not pay, a single-sum payment or other optional form of benefit that includes a prohibited payment with an annuity starting date that occurs during any period in which the Plan Sponsor is a debtor in a case under title 11, United States Code, or similar federal or state law, except for payments made within a Plan Year with an annuity starting date that occurs on or after the date on which the Plan's enrolled actuary certifies that the Plan's adjusted funding target attainment percentage for that Plan Year is not less than one hundred percent (100%). In addition, during such period in which the Plan Sponsor is a debtor, the Plan shall not make any payment for the purchase of an irrevocable commitment from an insurer to pay benefits or any other payment or transfer that is a prohibited payment, except for payments that occur on a date within a Plan Year that is on or after the date on which the Plan's enrolled actuary certifies that the Plan's adjusted funding target attainment percentage for that Plan Year is not less than one hundred percent (100%). The limitation set forth in this Subsection does not apply to any payment of a benefit which under section 411(a)(11) of the Code may be immediately distributed without the consent of the participant.

22.16.4 **PROVISIONS APPLICABLE AFTER LIMITATIONS CEASE TO APPLY.**

(a) **Resumption of Prohibited Payments.** If a limitation on prohibited payments under Subsection 22.16.1(a), Subsection 22.16.2(a), or Subsection 22.16.3 applied to the Plan as of a section 436 measurement date, but that limit no longer applies to the Plan as of a later section 436 measurement date, then that limitation does not apply to benefits with annuity starting dates that are on or after that later section 436 measurement date.

- (b) **Resumption of Benefit Accruals.** If a limitation on benefit accruals under Subsection 22.16.2(c) applied to the Plan as of a section 436 measurement date, but that limitation no longer applies to the Plan as of a later section 436 measurement date, then benefit accruals shall resume prospectively and that limitation does not apply to benefit accruals that are based on service on or after that later section 436 measurement date, except as otherwise provided under the Plan. The Plan shall comply with the rules relating to partial years of participation and the prohibition on double proration under Department of Labor regulation 29 CFR section 2530.204-2(c) and (d).
- (c) **Shutdown and Other Unpredictable Contingent Event Benefits.** If an unpredictable contingent event benefit with respect to an unpredictable contingent event that occurs during the Plan Year is not permitted to be paid after the occurrence of the event because of the limitation of Subsection 22.16.2(b), but is permitted to be paid later in the same Plan Year (as a result of additional contributions or pursuant to the enrolled actuary's certification of the adjusted funding target attainment percentage for the Plan Year that meets the requirements of section 1.436-1(g)(5)(ii)(B) of the Treasury Regulations), then that unpredictable contingent event benefit shall be paid, retroactive to the period that benefit would have been payable under the terms of the Plan (determined without regard to Subsection 22.16.2(b)). If the unpredictable contingent event benefit does not become payable during the Plan Year in accordance with the preceding sentence, then the Plan is treated as if it does not provide for that benefit.
- (d) **Treatment of Plan Amendments That Do Not Take Effect.** If a Plan amendment does not take effect as of the effective date of the amendment because of the limitation of Subsection 22.16.1(b) or Subsection 22.16.2(c), but is permitted to take effect later in the same Plan Year (as a result of additional contributions or pursuant to the enrolled actuary's certification of the adjusted funding target attainment percentage for the Plan Year that meets the requirements of section 1.436-1(g)(5)(ii)(C) of the Treasury Regulations), then the Plan amendment must automatically take effect as of the first day of the Plan Year (or, if later, the original effective date of the amendment). If the Plan amendment cannot take effect during the same Plan Year, then it shall be treated as if it were never adopted, unless the Plan amendment provides otherwise.

22.16.5 **NOTICE REQUIREMENT.** See section 101(j) of ERISA for rules requiring the Plan Administrator to provide a written notice to participants and beneficiaries within 30 days after certain specified dates if the Plan has become subject to a limitation described in Subsection 22.16.1(a), Subsection 22.16.2, or Subsection 22.16.3.

22.16.6 **METHODS TO AVOID OR TERMINATE BENEFIT LIMITATIONS.** See section 436(b)(2), (c)(2), (e)(2), and (f) of the Code and section 1.436-1(f) of the Treasury Regulations for rules relating to employer contributions and other methods to avoid or terminate the application of the limitations set forth in Subsections 22.16.1 through 22.16.3 for a Plan Year. In general, the methods the Plan Sponsor may use to avoid or terminate one or more of the benefit limitations under Subsections 22.16.1 through 22.16.3 for a Plan Year include employer contributions and elections to increase the amount of plan assets which are taken into account in determining the adjusted funding target attainment percentage, making an employer contribution that is specifically designated as a current year contribution that is made to avoid or terminate application of certain of the benefit limitations, or providing security to the Plan.

22.16.7 **SPECIAL RULES.**

(a) **Rules of Operation for Periods Prior to and After Certification of Plan's Adjusted Funding Target Attainment Percentage.**

- (i) **In General.** Section 436(h) of the Code and section 1.436-1(h) of the Treasury Regulations set forth a series of presumptions that apply (1) before the Plan's enrolled actuary issues a certification of the plan's adjusted funding target attainment percentage for the Plan Year and (2) if the Plan's enrolled actuary does not issue a certification of the Plan's adjusted funding target attainment percentage for the Plan Year before the first day of the tenth (10th) month of the Plan Year (or if the Plan's enrolled actuary issues a range certification for the Plan Year pursuant to section 1.436-1(h)(4)(ii) of the Treasury Regulations but does not issue a certification of the specific adjusted funding target attainment percentage for the Plan by the last day of the Plan Year). For any period during which a presumption under section 436(h) of the Code and section 1.436-1(h) of the Treasury Regulations applies to the Plan, the limitations under Subsections 22.16.1 through 22.16.3 are applied to the Plan as if the adjusted funding target attainment percentage for the Plan Year were the presumed adjusted funding target attainment percentage determined under the rules of section 436(h) of the Code and section 1.436-1(h)(1), (2), or (3) of the Treasury Regulations. These presumptions are set forth in Subsection 22.16.7(a)(ii) through (iv).

(ii) **Presumption of Continued Underfunding Beginning First Day of Plan Year.** If a limitation under Subsection 22.16.1, 22.16.2, or 22.16.3 applied to the Plan on the last day of the preceding Plan Year, then, commencing on the first day of the current Plan Year and continuing until the Plan's enrolled actuary issues a certification of the adjusted funding target attainment percentage for the Plan for the current Plan Year, or, if earlier, the date Subsection 22.16.7(a)(iii) or Subsection 22.16.7(a)(iv) applies to the Plan:

- (1) The adjusted funding target attainment percentage of the Plan for the current Plan Year is presumed to be the adjusted funding target attainment percentage in effect on the last day of the preceding Plan Year; and
- (2) The first day of the current Plan Year is a section 436 measurement date.

(iii) **Presumption of Underfunding Beginning First (1st) Day of Fourth (4th) Month.** If the Plan's enrolled actuary has not issued a certification of the adjusted funding target attainment percentage for the Plan Year before the first (1st) day of the fourth (4th) month of the Plan Year and the Plan's adjusted funding target attainment percentage for the preceding Plan Year was either at least sixty percent (60%) but less than seventy percent (70%) or at least eighty percent (80%) but less than ninety percent (90%), or is described in section 1.436-1(h)(2)(ii) of the Treasury Regulations, then, commencing on the first (1st) day of the fourth (4th) month of the current Plan Year and continuing until the Plan's enrolled actuary issues a certification of the adjusted funding target attainment percentage for the Plan for the current Plan Year, or, if earlier, the date Subsection 22.16.7(a)(iv) applies to the Plan:

- (1) The adjusted funding target attainment percentage of the Plan for the current Plan Year is presumed to be the Plan's adjusted funding target attainment percentage for the preceding Plan Year reduced by ten (10) percentage points; and
- (2) The first (1st) day of the fourth (4th) month of the current Plan Year is a section 436 measurement date.

(iv) **Presumption of Underfunding On and After First (1st) Day of Tenth (10th) Month.** If the Plan's enrolled actuary has not issued a certification of the adjusted funding target attainment percentage for the Plan Year before the first (1st) day of the tenth (10th) month of the Plan Year (or if the Plan's enrolled actuary has issued a range certification for the Plan Year pursuant to section 1.436-1(h)(4)(ii) of the Treasury

Regulations but has not issued a certification of the specific adjusted funding target attainment percentage for the Plan by the last day of the Plan Year), then, commencing on the first (1st) day of the tenth (10th) month of the current Plan Year and continuing through the end of the Plan Year:

- (1) The adjusted funding target attainment percentage of the Plan for the current Plan Year is presumed to be less than sixty percent (60%); and
- (2) The first (1st) day of the tenth (10th) month of the current Plan Year is a section 436 measurement date.

(b) **New Plans, Plan Termination, Certain Frozen Plans, and Other Special Rules.**

- (i) **First Five (5) Plan Years.** The limitations in Section 1(b), Section 2(b), and Section 2(c) do not apply to a new plan for the first (1st) five (5) plan years of the plan, determined under the rules of section 436(i) of the Internal Revenue Code and section 1.436-1(a)(3)(i) of the Treasury Regulations.
- (ii) **Plan Termination.** The limitations on prohibited payments in Subsection 22.16.1(a), Subsection 22.16.2(a), and Subsection 22.16.33 do not apply to prohibited payments that are made to carry out the termination of the Plan in accordance with applicable law. Any other limitations under this Section of the Plan do not cease to apply as a result of termination of the Plan.
- (iii) **Exception to Limitations on Prohibited Payments Under Certain Frozen Plans.** The limitations on prohibited payments set forth in Subsections 22.16.1(a), 22.16.2(a), and 22.16.3 do not apply for a Plan Year if the terms of the Plan, as in effect for the period beginning on September 1, 2005, and continuing through the end of the Plan Year, provide for no benefit accruals with respect to any participants. This Subsection shall cease to apply as of the date any benefits accrue under the Plan or the date on which a Plan amendment that increases benefits takes effect.
- (iv) **Special Rules Relating to Unpredictable Contingent Event Benefits and Plan Amendments Increasing Benefit Liability.** During any period in which none of the presumptions under Subsection 22.16.7(a) apply to the Plan and the Plan's enrolled actuary has not yet issued a certification of the Plan's adjusted funding target attainment percentage for the Plan Year, the limitations under Subsection 22.16.1(b) and Subsection 22.16.2(b) shall be based on the inclusive presumed adjusted funding target attainment percentage for

the Plan, calculated in accordance with the rules of section 1.436-1(g)(2)(iii) of the Treasury Regulations.

(c) **Special Rules Under PRA 2010.**

(i) **Payments Under Social Security Leveling Options.** For purposes of determining whether the limitations under Subsection 22.16.1(a) or 22.16.2(a) apply to payments under a Social Security leveling option, within the meaning of section 436(j)(3)(C)(i) of the Code, the adjusted funding target attainment percentage for a Plan Year shall be determined in accordance with the "Special Rule for Certain Years" under section 436(j)(3) of the Code and any Treasury Regulations or other published guidance thereunder issued by the Internal Revenue Service.

(ii) **Limitation on Benefit Accruals.** For purposes of determining whether the accrual limitation under Subsection 22.16.2(c) applies to the Plan, the adjusted funding target attainment percentage for a Plan Year shall be determined in accordance with the "Special Rule for Certain Years" under section 436(j)(3) of the Code (except as provided under section 203(b) of the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010, if applicable).

(d) **Interpretation of Provisions.** The limitations imposed by this Section of the Plan shall be interpreted and administered in accordance with section 436 of the Internal Revenue Code and section 1.436-1 of the Treasury Regulations.

22.16.8 **DEFINITIONS.** The definitions in the following Treasury Regulations apply for purposes of Subsections 22.16.1 through 22.16.7: section 1.436-1(j)(1) defining adjusted funding target attainment percentage; section 1.436-1(j)(2) defining annuity starting date; section 1.436-1(j)(6) defining prohibited payment; section 1.436-1(j)(8) defining section 436 measurement date; and section 1.436-1(j)(9) defining an unpredictable contingent event and an unpredictable contingent event benefit.

22.16.9 **EFFECTIVE DATE.** The rules in Subsections 22.16.1 through 22.16.8 are effective for Plan Years beginning after December 31, 2007.

22.17 PRESERVATION OF CAPITAL. For Annuity Starting Dates on or after the Restatement Effective Date, the Participant's Cash Balance Account Balance as of the Participant's Annuity Starting Date shall be no less than the sum of the Basic Benefit Credits to such Participant's Cash Balance Account Balance, reduced to reflect the value of any prior distributions. This requirement applies only as of an Annuity Starting Date as of which a distribution of the Participant's entire remaining vested benefit under the plan commences.

SUPPLEMENT 1
AT&T PENSION BENEFIT PLAN
COMPONENT PENSION PROGRAMS

AT&T Legacy Bargained Program
AT&T Legacy Management Program
Bargained Cash Balance Program
Bargained Cash Balance Program #2
DIRECTV Program
East Program
Management Cash Balance Program
Midwest Program
Mobility Bargained Program
Mobility Program
Nonbargained Program
Southeast Management Program
Southeast Program
Southwest Program
West Program

SUPPLEMENT 2 AUTO-VESTING SCHEDULE

I. PURPOSE

- 1.1 PURPOSE.** This Supplement lists the auto-vesting events that grant Employees or Participants a Vested Interest in the Plan or a specified Component Pension Program. Where a capitalized term is used in this Supplement in reference to an auto-vesting event, the capitalized term will have the meaning set forth in the prior version of the Plan document or Component Pension Program that was in effect at the time that the auto-vesting event occurred or the Plan or Component Pension Program that was amended to describe that event.

II. AUTO-VESTING EVENTS

- 2.1 AUTO-VESTING EVENTS.** The following auto-vesting events apply:
- 2.1.1 AMERITECH MANAGEMENT PENSION PLAN.** Effective December 22, 2001, a Participant who is an SBC Cingular Transferee will become one hundred percent (100%) vested in his Accrued Benefit as of the date his employment is transferred to Cingular Wireless, LLC. If subsequently reemployed, such SBC Cingular Transferee will not be vested in any future accruals under the Ameritech Management Pension Plan unless and until such Cingular Transferee satisfies otherwise applicable vesting requirements
- 2.1.2 AMERITECH PENSION PLAN.**
- (1) Employees twenty-one (21) years of age or older with at least one (1) year of service with Ameritech Corporation as of December 31, 1993, will be one hundred percent (100%) vested in their accrued pension benefit. This vesting eligibility will also apply to non-vested former employees who terminated employment after December 31, 1992, and before December 31, 1993.
 - (2) Effective February 28, 2003, any Participant who is an Amdocs I Transitioned Employee will become one hundred percent (100%) vested in his accrued benefit as of the date his employment is transitioned to Amdocs.

2.1.3 **INTERACTIONS UNVESTED TRANSFEREES.** A Participant who is an Interactions Unvested Transferee will become one hundred percent (100%) vested in his Accrued Benefit under either or both the AT&T Legacy Management Program and/or the Management Cash Balance Program, as applicable, as of his respective Interactions Transition Date. All pension benefit accruals will cease on the applicable Interactions Transition Date.

2.1.4 **AT&T PENSION PLAN.**

- (1) Effective September 19, 1994, a Wireless C employee who otherwise satisfies the requirement for a nonforfeitable Accrued Benefit under Section 4.02 shall be eligible for a nonforfeitable Accrued Benefit regardless of having completed fewer than five (5) Years of Service as of his termination of employment from the AT&T Controlled Group.
- (2) Effective January 15, 2001, an Anderson employee who otherwise satisfies the requirement for a nonforfeitable Accrued Benefit under Section 4.02 will be eligible for a nonforfeitable Accrued Benefit regardless of having completed fewer than five (5) Years of Service as of his termination of employment with AT&T.
- (3) Effective March 1, 1999, a CSC employee who otherwise satisfies the requirement for a nonforfeitable Accrued Benefit under Section 4.02 will be eligible for a nonforfeitable Accrued Benefit regardless of having completed fewer than five (5) Years of Service as of his termination of employment with AT&T.
- (4) Effective February 1, 1999, an IBM employee who otherwise satisfies the requirement for a nonforfeitable Accrued Benefit under Section 4.02 will be eligible for a nonforfeitable Accrued Benefit regardless of having completed fewer than five (5) Years of Service as of his termination of employment with AT&T.
- (5) Effective March 31, 1999, a Language Line employee who otherwise satisfies the requirement for a nonforfeitable Accrued Benefit under Section 4.02 will be eligible for a nonforfeitable Accrued Benefit regardless of having completed fewer than five (5) Years of Service as of his termination of employment with AT&T.
- (6) An AHCS Employee who otherwise would be eligible to participate in the Death Benefit Plan but did not meet any of the age and Term of Employment requirements of Section 5.04 will be eligible to participate in the Pensioner Death Benefit provisions of the Death Benefit Plan if, as of his termination date, he satisfied the Pension Commencement Criteria set forth in Section G.35(a).

- (7) Effective November 15, 2002, a Broadband Employee who otherwise satisfies the requirement for a nonforfeitable Accrued Benefit under Section 4.02 will be eligible for a nonforfeitable Accrued Benefit, as of his termination of employment from the AT&T Controlled Group, regardless of having completed fewer than five (5) Years of Service as of such termination of employment.
- (8) Any individual who was either (i) a Participant in the AT&T Pension Plan on September 13, 1991, or (ii) a Participant who terminated during the period September 14, 1990 to September 13, 1991 inclusive will have a nonforfeitable right to his Accrued Benefits in the AT&T Pension Plan.
- (9) Any individual who was either (i) a Participant in the AT&T Pension Plan on December 30, 1991, or (ii) a Participant who terminated during the period December 31, 1990 to December 30, 1991 inclusive will have a nonforfeitable right to his Accrued Benefits in the AT&T Pension Plan.
- (10) Any individual who was either (i) a Participant in the AT&T Pension Plan on December 30, 1992, or (ii) a Participant who terminated during the period December 31, 1991 to December 30, 1992 inclusive will have a nonforfeitable right to his Accrued Benefits in the AT&T Pension Plan.
- (11) Any individual who was either (i) a Participant in the AT&T Pension Plan on December 30, 1993, or (ii) a Participant who terminated during the period December 31, 1992 to December 30, 1993 inclusive will have a nonforfeitable right to his Accrued Benefits in the AT&T Pension Plan.

2.1.5 AT&T LEGACY BARGAINED PROGRAM OF THE AT&T PENSION BENEFIT PLAN.

- (1) A Participant who is a Section G.39 Employee shall have his or her PCS included in calculating his or her Years of Service for purposes of determining whether such Participant's Accrued Benefit is nonforfeitable under Section 4.02, but only with respect to a termination of employment occurring on or after April 1, 2010.

2.1.6 AT&T LEGACY MANAGEMENT PROGRAM OF THE AT&T PENSION BENEFIT PLAN.

- (1) Effective December 1, 2007, any Participant who is a Cheetah Transitioned Employee, Kodiak Desktop Transitioned Employee, or Mainframe Transitioned Employee will become one hundred percent (100%) vested in his accrued benefit under this or any other Component Pension Program under the AT&T Pension Benefit Plan as of the date his employment is transitioned to IBM. If subsequently reemployed, such Participant will not be vested in any future accruals under the Program unless and until such Participant satisfies otherwise applicable Program vesting requirements. Nothing in this Supplement will give a Cheetah Transitioned Employee, Kodiak Desktop Transitioned Employee, or Mainframe Transitioned Employee who is subsequently reemployed the right to participate in the Program unless otherwise permitted by the terms of the Program.

- (2) Effective February 25, 2008, any Participant who is an Amdocs IV Transitioned Employee will become one hundred percent (100%) vested in his accrued benefit under this or any other Component Pension Program under the AT&T Pension Benefit Plan as of the date his employment is transitioned to Amdocs.

2.1.7 AT&T MANAGEMENT PENSION PLAN.

- (1) Effective May 12, 1990, an MTC employee who otherwise satisfies the requirements for an early retirement pension under Section C.03(a) will be eligible for such early retirement pension regardless of having attained fewer than five (5) Years of Service.
- (2) Effective September 19, 1994, a Wireless C employee who otherwise satisfies the requirement for a nonforfeitable Accrued Benefit under Section 4.02 will be eligible for a nonforfeitable Accrued Benefit regardless of having completed fewer than five (5) Years of Service as of his termination of employment from the AT&T Controlled Group.
- (3) Effective February 1, 1999, an IBM employee who otherwise satisfies the requirement for a nonforfeitable Accrued Benefit under Section 4.02 will be eligible for a nonforfeitable Accrued Benefit regardless of having completed fewer than five (5) Years of Service as of his termination of employment with AT&T.
- (4) Effective March 1, 1999, a CSC employee who otherwise satisfies the requirement for a nonforfeitable Accrued Benefit under Section 4.02 will be eligible for a nonforfeitable Accrued Benefit regardless of having completed fewer than five (5) Years of Service as of his termination of employment with AT&T.
- (5) Effective October 23, 2000, the pension benefit of a CIC Eligible Employee will be nonforfeitable, regardless of whether the requirements of Section 4.02 have been met as of his termination of employment with AT&T.
- (6) Effective December 15, 2000, an iCollege employee who otherwise satisfies the requirement for a nonforfeitable Accrued Benefit under Section 4.02 will be eligible for a nonforfeitable Accrued Benefit regardless of having completed fewer than five (5) Years of Service as of his termination of employment with AT&T.
- (7) Effective January 15, 2001, an Anderson employee who otherwise satisfies the requirement for a nonforfeitable Accrued Benefit under Section 4.02 will be eligible for a nonforfeitable Accrued Benefit regardless of having completed fewer than five (5) Years of Service as of his termination of employment with AT&T.

- (8) Effective January 31, 2001, a Swift employee who otherwise satisfies the requirement for a nonforfeitable Accrued Benefit under Section 4.02 will be eligible for a nonforfeitable Accrued Benefit regardless of having completed fewer than five (5) Years of Service as of his termination of employment with AT&T.
- (9) Effective October 24, 2001, a Force Management employee will be eligible for a nonforfeitable Accrued Benefit with respect to the force management pension credit described in Section G.08(c) regardless of whether the requirements of Section 4.02 have been met as of his termination of employment with AT&T.
- (10) Effective December 1, 2001, a Tekmark employee who otherwise satisfies the requirement for a nonforfeitable Accrued Benefit under Section 4.02 will be eligible for a nonforfeitable Accrued Benefit regardless of having completed fewer than five (5) Years of Service as of his termination of employment with AT&T.
- (11) Effective December 3, 2001, a CPRi employee who otherwise satisfies the requirement for a nonforfeitable Accrued Benefit under Section 4.02 will be eligible for a nonforfeitable Accrued Benefit regardless of having completed fewer than five (5) Years of Service as of his termination of employment with AT&T.
- (12) Effective March 31, 1999, a Language Line employee who otherwise satisfies the requirement for a nonforfeitable Accrued Benefit under Section 4.02 will be eligible for a nonforfeitable Accrued Benefit regardless of having completed fewer than five (5) Years of Service as of his termination of employment with AT&T.
- (13) Effective February 28, 2002, a Volt employee who otherwise satisfies the requirement for a nonforfeitable Accrued Benefit under Section 4.02 will be eligible for a nonforfeitable Accrued Benefit regardless of having completed fewer than five (5) Years of Service as of his termination of employment with AT&T.
- (14) Effective November 15, 2002, a Broadband Employee who otherwise satisfies the requirement for a nonforfeitable Accrued Benefit under Section 4.02 will be eligible for a nonforfeitable Accrued Benefit, as of his termination of employment from the AT&T Controlled Group, regardless of having completed fewer than five (5) Years of Service as of such termination of employment.
- (15) Effective January 2, 2003, a Gale Employee who otherwise satisfies the requirement for a nonforfeitable Accrued Benefit under Section 4.02 but who has completed fewer than five (5) Years of Service as of his termination of employment from the AT&T Controlled Group will be eligible for a nonforfeitable Accrued Benefit, as of his termination of employment from the AT&T Controlled Group, regardless of having completed fewer than five (5) Years of Service as of such termination of employment.

- (16) Effective June 1, 2003, an IBM Employee who otherwise satisfies the requirement for a nonforfeitable Accrued Benefit under Section 4.02 but who has completed fewer than five (5) Years of Service as of his termination of employment from the AT&T Controlled Group will be eligible for a nonforfeitable Accrued Benefit, as of his termination of employment from the AT&T Controlled Group, regardless of having completed fewer than five (5) Years of Service as of such termination of employment.
- (17) Effective June 15, 2003, an Accenture Employee who otherwise satisfies the requirement for a nonforfeitable Accrued Benefit under Section 4.02 but who has completed fewer than five (5) Years of Service as of his termination of employment from the AT&T Controlled Group will be eligible for a nonforfeitable Accrued Benefit, as of his termination of employment from the AT&T Controlled Group, regardless of having completed fewer than five (5) Years of Service as of such termination of employment.
- (18) Effective February 2, 2004, a February 2004 Accenture Employee who otherwise satisfies the requirement for a nonforfeitable Accrued Benefit under Section 4.02 but who has completed fewer than five (5) Years of Service as of his termination of employment from the AT&T Controlled Group will be eligible for a nonforfeitable Accrued Benefit, as of his termination of employment from the AT&T Controlled Group, regardless of having completed fewer than five (5) Years of Service as of such termination of employment.
- (19) Effective February 9, 2004, a Hewlett-Packard Employee who otherwise satisfies the requirement for a nonforfeitable Accrued Benefit under Section 4.02 but who has completed fewer than five (5) Years of Service as of his termination of employment from the AT&T Controlled Group will be eligible for a nonforfeitable Accrued Benefit, as of his termination of employment from the AT&T Controlled Group, regardless of having completed fewer than five (5) Years of Service as of such termination of employment.
- (20) Effective April 1, 2005, a GTEL Employee who otherwise satisfies the requirement for a nonforfeitable Accrued Benefit under Section 4.02 but who has completed fewer than five (5) Years of Service as of his termination of employment from the AT&T Controlled Group will be eligible for a nonforfeitable Accrued Benefit, as of his termination of employment from the AT&T Controlled Group, regardless of having completed fewer than five (5) Years of Service as of such termination of employment.
- (21) Effective April 1, 2005, a G.68 IBM Employee who otherwise satisfies the requirement for a nonforfeitable Accrued Benefit under Section 4.02 but who has completed fewer than five (5) Years of Service as of his termination of employment from the AT&T Controlled Group will be eligible for a nonforfeitable Accrued Benefit, as of his termination of employment from the AT&T Controlled Group, regardless of having

completed fewer than five (5) Years of Service as of such termination of employment.

- (22) Effective June 1, 2005, a G.69 IBM Employee who otherwise satisfies the requirement for a nonforfeitable Accrued Benefit under Section 4.02 but who has completed fewer than five (5) Years of Service as of his termination of employment from the AT&T Controlled Group will be eligible for a nonforfeitable Accrued Benefit, as of his termination of employment from the AT&T Controlled Group, regardless of having completed fewer than five (5) Years of Service as of such termination of employment.

2.1.8 BELLSOUTH PERSONAL RETIREMENT ACCOUNT PENSION PLAN. Effective April 22, 2008, a Southeast Management Employee of L.M. Berry and Company who (i) transfers employment to Local Insight Regatta Holdings, Inc. on or about April 22, 2008, or (ii) is on leave status (including without limitation medical, short-term disability, industrial or sick leave) as of April 22, 2008, returns from leave status, and transfers employment to Local Insight Regatta Holdings, Inc., in connection with the asset sale of the Berry Independent Line of Business to Local Insight Regatta Holdings, Inc. will become one hundred percent (100%) vested in his Accrued Benefit as of the date his employment is transitioned to Local Insight Regatta Holdings, Inc. If subsequently reemployed, such individual will not be vested in any future accruals under the Southeast Management Program unless and until such individual satisfies otherwise applicable Southeast Management Program eligibility, participation, and vesting requirements.

2.1.9 CINGULAR WIRELESS PENSION PLAN. Effective November 1, 2001, all Transferred Employees will at all times be fully vested in their Accrued Benefit. A Covered Employee who is actively employed by a Participating Employer on December 31, 2001, will become fully vested in his Accrued Benefit.

2.1.10 NONBARGAINED PROGRAM OF THE AT&T PENSION BENEFIT PLAN.

- (1) Effective May 16, 2007, any Participant who is an Amdocs III Transitioned Employee will become one hundred percent (100%) vested in his accrued benefit as of the date his employment is transitioned to Amdocs.
- (2) Effective December 1, 2007, any Participant who is a Cheetah Transitioned Employee, Kodiak Desktop Transitioned Employee, or Kodiak Mainframe Transitioned Employee will become one hundred percent (100%) vested in his accrued benefit under this or any other Component Pension Program under the AT&T Pension Benefit Plan as of the date his employment is transitioned to IBM. If subsequently reemployed, such Participant will not be vested in any future accruals under the Program unless and until such Participant satisfies otherwise applicable Program vesting requirements. Nothing in this Supplement will give a Cheetah Transitioned Employee, Kodiak Desktop Transitioned Employee, or Mainframe Transitioned Employee who is subsequently reemployed the right to participate in the Program unless otherwise permitted by the terms of the Program.

- (3) Effective February 25, 2008, any Participant who is an Amdocs IV Transitioned Employee will become one hundred percent (100%) vested in his accrued benefit under this or any other Component Pension Program under the AT&T Pension Benefit Plan as of the date his employment is transitioned to Amdocs.
- (4) Effective March 3, 2008, any Participant who is a Former Genesis Transitioned Employee will become one hundred percent (100%) vested in his accrued benefit under this or any other Program under the Plan as of the date his employment is transitioned to Genesis. If subsequently reemployed, such Participant will not be vested in any future accruals under the Nonbargained Program unless and until such Participant satisfies otherwise applicable Nonbargained Program vesting requirements. Nothing in this Supplement will give a Former Genesis Transitioned Employee who is subsequently reemployed the right to participate in the Program unless otherwise permitted by the terms of the Program.

2.1.11 MANAGEMENT CASH BALANCE PROGRAM OF THE AT&T PENSION BENEFIT PLAN.

- (1) Each Employee employed by L. M. Berry and Company on April 22, 2008, who incurs a Termination of Employment effective April 22, 2008, as a direct result of the sale of the assets of The Berry Company's Independent Line of Business to Local Insight Regatta Holdings, Inc. and as of the Termination of Employment was a Program Participant of the Management Cash Balance Program will have a Vested Interest for purposes of the Management Cash Balance Program without regard to whether such individual has completed five (5) Years of Vesting Service.
- (2) Effective December 1, 2007, any Participant who is a Cheetah Transitioned Employee, Kodiak Desktop Transitioned Employee, or Mainframe Transitioned Employee will become one hundred percent (100%) vested in his accrued benefit under this or any other Component Pension Program under the AT&T Pension Benefit Plan as of the date his employment is transitioned to IBM. If subsequently reemployed, such Participant will not be vested in any future accruals under the Program unless and until such Participant satisfies otherwise applicable Program vesting requirements. Nothing in this Supplement will give a Cheetah Transitioned Employee, Kodiak Desktop Transitioned Employee, or Mainframe Transitioned Employee who is subsequently reemployed the right to participate in the Program unless otherwise permitted by the terms of the Program.
- (3) Effective February 25, 2008, any Participant who is an Amdocs IV Transitioned Employee will become one hundred percent (100%) vested in his accrued benefit under this or any other Component Pension Program under the AT&T Pension Benefit Plan as of the date his employment is transitioned to Amdocs.

- (4) Effective March 31, 2016, an Employee is considered an “IBM Cascade Transitioned Employee” *only* if he meets all of the following conditions:
- (i) is an Eligible Employee participating in the Management Cash Balance Program;
 - (ii) is employed in the AT&T Managed Applications or Managed Hosting Services businesses and was listed as an employee to be provided an offer of employment by International Business Machine Corp. (“IBM”) as part of the pending disposition of these businesses to IBM pursuant to the project known as Cascade, which was announced on or around December 17, 2015 (“Project Cascade”);
 - (iii) has been offered a position of employment with IBM as part of Project Cascade;
 - (iv) has accepted the job offer from IBM, has met all conditions of employment with IBM, and terminates employment with AT&T and transitions to IBM in accordance with the provisions of Project Cascade on or about March 31, 2016 (or such other date identified and agreed to by AT&T and IBM as part of Project Cascade); and
 - (v) remains an active Employee with AT&T until the time of such transition to IBM.

An Employee who fails to meet any of the conditions set forth above will not be considered an IBM Cascade Transitioned Employee. An IBM Cascade Transitioned Employee will become 100 percent vested in his accrued benefit under the Management Cash Balance Program of the Plan as of the last date of his employment with AT&T prior to his transition to IBM, without regard to whether such IBM Cascade Transitioned Employee has completed any otherwise applicable vesting service requirements. Following termination of employment with AT&T, eligibility for participation in, and benefit accruals under, the Plan will cease and the IBM Cascade Transitioned Employee’s accrued benefit is subject to the terms and conditions of the Plan

2.1.12 PACIFIC TELESIS GROUP PENSION PLAN.

- (1) Each Employee who is an Eligible Employee on January 1, 1999, will be eligible for an early retirement pension.
- (2) Effective March 1, 2003, any Participant who is an Amdocs I Transitioned Employee will become one hundred percent (100%) vested in his accrued benefit as of the date his employment is transitioned to Amdocs.

- (3) Effective July 1, 2005, any Participant who is a YellowPages.com Transitioned Employee will become one hundred percent (100%) vested in his accrued benefit as of the date his employment transitioned to YellowPages.com, LLC.

2.1.13 **SBC PENSION BENEFIT PLAN.** With respect to the SBC Pension Benefit Plan, the following provisions will apply and are applicable to all Component Pension Programs in existence as of the dates listed below:

- (1) Any individual who was either (i) a Participant in the SBC Pension Benefit Plan on December 31, 1992, or (ii) a Participant who terminated during the period December 31, 1991 through December 31, 1992 inclusive will have a nonforfeitable right to his past and future accrued benefits under the SBC Pension Benefit Plan.
- (2) Any individual who was either (i) a Participant in the SBC Pension Benefit Plan on December 30, 1993, or (ii) a Participant who terminated during the period December 30, 1992 through December 30, 1993 inclusive will have a nonforfeitable right to his past and future accrued benefits under the SBC Pension Benefit Plan.
- (3) Any individual who was either (i) a Participant in the SBC Pension Benefit Plan on December 29, 1994, or (ii) a Participant who terminated during the period December 30, 1993 through December 29, 1994 inclusive will have a nonforfeitable right to his past and future accrued benefits under the SBC Pension Benefit Plan.
- (4) Any individual who was either (i) a Participant in the SBC Pension Benefit Plan on December 20, 1996, or (ii) a Participant who terminated during the period December 21, 1995 through December 20, 1996 inclusive will have a nonforfeitable right to his past and future accrued benefits under the SBC Pension Benefit Plan.
- (5) Any individual who was either (i) a Participant in the SBC Pension Benefit Plan on December 21, 1999, or (ii) a Participant who terminated during the period December 22, 1998 through December 21, 1999 inclusive will have a nonforfeitable right to his past and future accrued benefits under the SBC Pension Benefit Plan.
- (6) Any individual who was either (i) a Participant in the SBC Pension Benefit Plan on December 20, 2000, or (ii) a Participant who terminated during the period December 21, 1999 through December 20, 2000 inclusive will have a nonforfeitable right to his past and future accrued benefits under the SBC Pension Benefit Plan.
- (7) Any individual who was either (i) a Participant in the SBC Pension Benefit Plan on December 28, 2001, or (ii) a Participant who terminated employment during the period December 29, 2000 through December 28, 2001 inclusive will have a nonforfeitable right to his past and future accrued benefits under the SBC Pension Benefit Plan.

2.1.14 **SBC PENSION BENEFIT PLAN - BARGAINED PROGRAM.** All Eligible Employees of the September 1998 Bargaining Group on January 1, 1999, will be eligible for an early retirement pension.

2.1.15 **SBC PENSION BENEFIT PLAN - NONBARGAINED PROGRAM.** With respect to the SBC Pension Benefit Plan - Nonbargained Plan the following provisions will apply:

- (1) Any Eligible Employee who transfers from a Prior Bargained Plan to the Nonbargained Program on or after April 1, 1997, and before August 1, 2000, will be fully vested in his accrued benefits under the Nonbargained Program upon such transfer.
- (2) Each Eligible Employee on the payroll of PBD Holdings d/b/a Digital Graphics ADvantage as of January 1, 1999, will have a nonforfeitable right to all accrued benefits under the Nonbargained Program.
- (3) Effective June 1, 1997, any Grandfathered CB Participant who is not then vested in benefits from the Nonbargained Program will become fully vested in all past and future benefit accruals from the Nonbargained Program.
- (4) Effective January 1, 1999, and immediately following the merger of the Pacific Telesis Group Cash Balance Pension Plan for Salaried Employees into the SBC Pension Benefit Plan, all individuals who are employees of a company that participates in the Pacific Telesis Group Cash Balance Pension Plan for Salaried Employees on December 31, 1998, or who during December 1998 transfers from a company that participates in the Pacific Telesis Group Cash Balance Pension Plan for Salaried Employees to a company that participates in the Program, will be granted participation and full vesting status under the Program, effective January 1, 1999.
- (5) Any individual who is an Employee, including any individual who is on Leave of Absence (henceforth, an "Active SNET Management Employee") on December 31, 1999, will be granted full vesting status under the Nonbargained Program, effective January 1, 2000. Any individual who is on a Temporary Layoff and who is rehired by an SBC company prior to January 1, 2000, will be granted full vesting status under the Nonbargained Program effective with the date of rehire. "Employee", "Leave of Absence" and "Temporary Layoff" have the meanings assigned to them by the SNET Management Pension Plan.
- (6) Any individual who is hired as a Program Eligible Employee (as defined in November 22, 1999, amendment to the Nonbargained Program) on or after January 1, 2000, who was a vested participant in the SNET Pension Plan or the SNET Management Pension Plan at any time prior to January 1, 2000, and who was not an employee of the SBC Company on December 31, 1999, will be fully vested in the Nonbargained Program immediately when hired as a Program Eligible Employee.

- (7) Any individual who is hired as a Program Eligible Employee (as defined in November 22, 1999, amendment to the Nonbargained Program) on or after January 1, 2000, who was a participant in the SNET Management Pension Plan prior to January 1, 2000, who terminated from the SNET Management Pension Plan in a nonvested status, and who is not an employee of an SBC Company on December 31, 1999, will become a fully vested Participant in the Nonbargained Program immediately when hired as a Program Eligible Employee, but only if the length of time between the individual's prior termination of employment and the individual's rehire date as a Program Eligible Employee is five (5) years or less.
- (8) Any individual who is hired as a Program Eligible Employee (as defined in November 22, 1999, amendment to the Nonbargained Program) on or after January 1, 2000, who was a participant in the SNET Pension Plan prior to January 1, 2000, who terminated from the SNET Pension Plan in a nonvested status, and who is not an employee of an SBC Controlled Group of Corporations on December 31, 1999, will become a fully vested Participant in the Nonbargained Program immediately when hired as a Program Eligible Employee, but only if the length of time between the individual's prior termination of employment and the individual's rehire date as a Program Eligible Employee is five (5) years or less.
- (9) Effective February 28, 2003, any Participant who is an Amdocs I Transitioned Employee will become one hundred percent (100%) vested in his accrued benefit as of the date his employment is transitioned to Amdocs.
- (10) Effective January 15, 2005, all Midwest Managers will have a nonforfeitable right to their accrued benefits in the Nonbargained Program as follows:
 - (i) An individual who:
 - (I) was previously a Participant in the Ameritech Management Pension Plan, the Ameritech Pension Plan, the SBC Pension Benefit Plan - Midwest Management Program or the SBC Pension Benefit Plan - Midwest Program;
 - (II) terminates employment with all members of the SBC Controlled Group prior to January 15, 2005, with a nonforfeitable right to benefits under any of the Ameritech Management Pension Plan, the Ameritech Pension Plan, the SBC Pension Benefit Plan - Midwest Management Program or the SBC Pension Benefit Plan - Midwest Program;
 - (III) is not an employee of a Controlled Group member on January 14, 2005;

(IV) becomes an employee of a Controlled Group member on a date that is after January 14, 2005; and

(V) is an Eligible Employee;

will be a fully vested Participant in the Nonbargained Program.

(ii) Any individual who:

(I) was previously a Participant in the Ameritech Management Pension Plan, the Ameritech Pension Plan, the SBC Pension Benefit Plan-Midwest Management Program or the SBC Pension Benefit Plan - Midwest Program;

(II) terminates employment with all members of the SBC Controlled Group prior to January 15, 2005, without a nonforfeitable right to benefits under any of the Ameritech Management Pension Plan, the Ameritech Pension Plan, the SBC Pension Benefit Plan-Midwest Management Program, or the SBC Pension Benefit Plan-Midwest Program;

(III) is not an employee of a Controlled Group member on January 14, 2005;

(IV) becomes an employee of a Controlled Group member on a date that is after January 14, 2005, and that is within five (5) years of such individual's previous termination of employment; and

(V) is an Eligible Employee,

will be a fully vested Participant in the Nonbargained Program.

(11) Effective July 1, 2005, any Participant who is a YellowPages.com Transitioned Employee will become one hundred percent (100%) vested in his accrued benefit as of the date his employment is transitioned to YellowPages.com LLC.

2.1.16 SBC PENSION BENEFIT PLAN - WEST PROGRAM. Effective July 1, 2005, any Participant who is a YellowPages.com Transitioned Employee will become one hundred percent (100%) vested in his accrued benefit as of the date his employment is transitioned to YellowPages.com LLC.

2.1.17 **SNET PENSION PLAN.** With respect to the SNET Pension Plan the following provisions will apply:

- (1) Effective January 1, 2000, each Employee, including any Employee on a Leave of Absence from a Participating Employer who meets the definition of a regular Bargaining Unit Employee at any time during the period January 1, 1999, through December 31, 1999, will be eligible for an early retirement pension.
- (2) A January 2000 Transfer will be eligible for an early retirement pension upon the date of the transfer into the SNET Pension Plan. January 2000 Transfer will mean any Employee who was a participant in the SNET Management Pension Plan on December 31, 1999, and on or before January 2, 2000, transfers to a position in which he meets the definition of regular Bargaining Unit Employee.
- (3) Any Participant who is hired or rehired by a Participating Employer after January 1, 2000, will be eligible for an early retirement pension, if he was previously a Participant in the SNET Pension Plan as a result of his previous employment with a Participating Employer, was not vested at the time of the previous termination of employment, but has not incurred a break in service of five (5) or more years.
- (4) Any Participant who was an Employee on a Participating Employer's active payroll or on an approved Leave of Absence as of January 1, 2000, will be eligible for an early retirement pension.

2.1.18 **DIRECTV PENSION PLAN.** A Participant who was employed by NW Sports Net, LLC on April 20, 2013 and who was a former employee of DIRECTV Sports Net Northwest, LLC, will become one hundred percent (100%) vested in his accrued benefit as of his Severance from Service Date.

SUPPLEMENT 3

AT&T PENSION BENEFIT PLAN

PARTICIPATING EMPLOYERS

AT&T Legacy Bargained Employers

- AT&T Corp.
- AT&T Global Communication Services, Inc.
- AT&T Services, Inc.
- AT&T of the Virgin Islands, Inc.
- Teleport Communications America, LLC

AT&T Legacy Management Employers

- Alascom, Inc.
- AT&T Corp.
- AT&T Digital Life, Inc.
- AT&T Global Communication Services, Inc.
- AT&T Services, Inc.
- AT&T of the Virgin Islands, Inc.
- AT&T World Personnel Services, Inc.
- Teleport Communications America, LLC

Bargained Cash Balance Employers

- AT&T Services, Inc.
- SBC Global Services, Inc.

Bargained Cash Balance #2 Employers

- Alascom, Inc.
- AT&T Billing Southeast, LLC
- AT&T Corp.
- AT&T Global Communication Services, Inc.
- AT&T Mobility Services LLC
- AT&T Services, Inc.
- AT&T of the Virgin Islands, Inc.
- BellSouth Telecommunications, LLC
- DIRECTV, LLC (beginning January 1, 2017)
- Illinois Bell Telephone Company
- Indiana Bell Telephone Company, Incorporated
- Michigan Bell Telephone Company
- Nevada Bell Telephone Company
- The Ohio Bell Telephone Company
- Pacific Bell Telephone Company

- SBC Global Services, Inc.
- Southwestern Bell Telephone Company
- Teleport Communications America, LLC
- Wisconsin Bell, Inc.

DIRECTV Employers (effective December 1, 2016 unless otherwise noted)

- AT&T Services, Inc. (beginning December 16, 2016)
- The DIRECTV Group, Inc. (until December 25, 2016)
- DIRECTV, LLC
- DIRECTV Enterprises, LLC
- DIRECTV Customer Service, Inc. (until December 25, 2016)
- DIRECTV Latin America, LLC (US Employees Only) (until December 25, 2016)

East Employers

- AT&T Services, Inc.

Management Cash Balance Employers

- Alascom, Inc.
- AT&T Billing Southeast, LLC
- AT&T Corp.
- AT&T Digital Life, Inc.
- AT&T Global Communication Services, Inc.
- AT&T Management Services, L.P.
- AT&T Mobility Services LLC
- AT&T Services, Inc.
- AT&T of the Virgin Islands, Inc.
- AT&T World Personnel Services, Inc.
- BellSouth Telecommunications, LLC
- Cricket Wireless LLP
- DIRECTV, LLC (beginning December 16, 2016)
- DIRECTV Enterprises, LLC (beginning December 16, 2016)
- Illinois Bell Telephone Company
- Indiana Bell Telephone Company, Incorporated
- Michigan Bell Telephone Company
- Nevada Bell Telephone Company
- The Ohio Bell Telephone Company
- Pacific Bell Telephone Company
- SBC Global Services, Inc.
- Southwestern Bell Telephone Company
- Teleport Communications America, LLC
- Wisconsin Bell, Inc.

Midwest Employers

- AT&T Services, Inc.
- Illinois Bell Telephone Company
- Indiana Bell Telephone Company, Incorporated
- Michigan Bell Telephone Company
- The Ohio Bell Telephone Company
- SBC Global Services, Inc.
- Wisconsin Bell, Inc.

Mobility Bargained Employers

- AT&T Mobility Services LLC

Mobility Employers

- AT&T Digital Life, Inc.
- AT&T Mobility Services LLC

Nonbargained Employers

- AT&T Digital Life, Inc.
- AT&T Management Services, L.P.
- AT&T Mexico, LLC
- AT&T Services, Inc.
- Illinois Bell Telephone Company
- Indiana Bell Telephone Company, Incorporated
- Michigan Bell Telephone Company
- Nevada Bell Telephone Company
- The Ohio Bell Telephone Company
- Pacific Bell Telephone Company
- SBC Global Services, Inc.
- Southwestern Bell Telephone Company
- Wisconsin Bell, Inc.

Southeast Management Employers

- AT&T Billing Southeast, LLC
- AT&T Corp.
- AT&T Digital Life, Inc.
- BellSouth Telecommunications, LLC

Southeast Employers

- AT&T Billing Southeast, LLC
- AT&T Corp.
- AT&T Services, Inc.
- BellSouth Telecommunications, LLC

Southwest Employers

- AT&T Services, Inc.
- Southwestern Bell Telephone Company

West Employers

- AT&T Services, Inc.
- Nevada Bell Telephone Company
- Pacific Bell Telephone Company

SUPPLEMENT 4 TERM OF EMPLOYMENT

I.

DEFINITION OF TERM OF EMPLOYMENT

1.1 DEFINITION OF TERM OF EMPLOYMENT.

1.1.1 **GENERAL RULE.** A Participant's Term of Employment is his period of continuous employment, measured in whole and fractional twelve (12)-month periods, in the service of the AT&T Controlled Group subject to the provisions of this Supplement and any other special provisions set forth in the applicable Component Pension Program or the Plan relating to the calculation of Term of Employment subject to the following exceptions:

- (1) With respect to the AT&T Legacy Bargained Program, East Program, Midwest Program, Southeast Program, Southwest Program, West Program, Mobility Bargained Program, and the Mobility Program, a Participant's Term of Employment is his period of continuous employment, measured in whole and fractional twelve (12)-month periods, in the service of a Participating Employer, restricted to Participating Employers in the aforementioned Component Pension Program, subject to the provisions of this Supplement and any other special provisions set forth in the applicable Component Pension Program or the Plan relating to the calculation of Term of Employment.
- (2) Effective October 31, 2007, with respect to any Employee of BellSouth Telecommunications, LLC or SBC Internet Services, LLC (in the AT&T Southeast Region) who is a Premise Technician, Customer Specialist, or Dispatcher job title, such Employee's service while covered by such job title will not be included in Term of Employment except to the extent necessary to permit such employee to earn early retirement subsidies on pension benefits accrued prior to being in such job title, and subject to any other special provisions set forth in the applicable Component Pension Program. Effective April 16, 2008, this Paragraph does not apply to any Employee of BellSouth Telecommunications, LLC or SBC Internet Services, LLC (in the AT&T Southeast Region) who is a Customer Specialist.

1.1.2 **SHORT TERM DISABILITY.** Term of Employment will include periods while an Employee is receiving short-term disability benefits from an AT&T Controlled Group Member.

1.1.3 **LONG TERM DISABILITY.** Term of Employment will not include periods while an Employee is receiving long-term disability benefits from an AT&T Controlled Group Member.

- 1.1.4 **LEAVES OF ABSENCE.** Upon reinstatement of an Employee from a Leave of Absence, the amount of service credit recognized under the Leave of Absence policy of the Employee's Participating Employer will be included in the Employee's Term of Employment.
- (1) With respect to the Nonbargained Program, under this Subsection, if a Leave of Absence is granted to an Employee of an Employer that is not a Participating Employer of the Nonbargained Program in accordance with that Employer's Leave of Absence policy, a Leave of Absence may be granted retroactively by the Employee's last employing Participating Employer of the Nonbargained Program, if such Leave of Absence would have been granted under such Participating Employer's Leave of Absence policy had the Employee been employed by such Participating Employer of the Nonbargained Program at the time of such Leave of Absence, provided the Employee had an Hour of Service on or after April 1, 1989.
- 1.1.5 **EFFECT OF RESTATEMENT.** Notwithstanding Section 1.1 and subject to Section 2.1, for purposes of calculating an Employee's Term of Employment, such Employee will be credited, for the period preceding the Restatement Effective Date, with all Term of Employment credited to such Employee under the Plan for such purpose on the day prior to the Restatement Effective Date.
- 1.1.6 **NO DOUBLE-COUNTING OF SERVICE.** Nothing contained in this Supplement will be construed so as to create any double-counting of service for any purpose with respect to the Plan.

II.

BREAK IN TERM OF EMPLOYMENT

2.1 BREAK IN TERM OF EMPLOYMENT.

- 2.1.1 **GENERAL PROVISIONS.** The following general provisions are applicable with respect to determining an Employee's break in Term of Employment.
- (1) Except as otherwise provided in this Supplement, any absence from service without pay will be a break in Term of Employment and the period of the absence will not be included in the Employee's Term of Employment.
- (2) Except as otherwise provided in this Supplement, if an Employee has a break in Term of Employment, and is reemployed, his Term of Employment will be reckoned from his Reemployment Commencement Date, unless he has bridged as provided in this Section, and his Term of Employment since his Reemployment Commencement Date will not be attributable to a period of employment prior to the break.

- (3) If an Employee bridges a break in his Term of Employment pursuant to this Section, then Sections 1.1 and 6.1 will be applied in determining which service of the Employee is eligible to be recognized.
- (4) A Leave of Absence will not constitute a break in an Employee's Term of Employment.
- (5) If an Employee without a Vested Interest is reemployed after incurring five (5) or more consecutive One-Year Breaks in Service, then his Term of Employment prior to the break in service may be restored subject to the bridging rules in this Section.

2.1.2 BRIDGING AFTER SHORT ABSENCES. Upon an Employee's return to service following an absence of six (6) months or less, the absence will not be a break in his Term of Employment and the period of absence will not be included in his Term of Employment subject to the following exceptions:

- (1) With respect to the Mobility Program, upon an Employee's return to service following an absence of twelve (12) months or less, the absence will not be a break in his Term of Employment. The period of absence will be included in his Term of Employment.
- (2) Effective January 1, 2007, through May 31, 2008, with respect to the Management Cash Balance Program, Paragraph (1) above will apply to Employees hired or rehired on or after January 1, 2006, by a Participating Employer of the Mobility Program.

2.1.3 BRIDGING AFTER LONGER ABSENCES.

- (1) **General Rule.** Subject to the exceptions listed below, upon an Employee's return to service following an absence exceeding that provided for in Subsection 2.1.2, the period of absence will not be a break in his Term of Employment, provided that the Employee (a) has a Term of Employment of at least six (6) months before the absence, and (b) completes a continuous Term of Employment of at least five (5) years following his return to service. The period of absence will not be included in his Term of Employment. Notwithstanding the preceding, the requirement to have a Term of Employment of at least six (6) months before the absence will no longer apply to the following Component Pension Programs as of the dates set forth below:
 - (i) Effective January 1, 2002 — the Bargained Cash Balance Program.
 - (ii) Effective for Participants rehired on or after January 1, 2000 — the Nonbargained Program and the East Program.

- (iii) Effective April 1, 2001 — the Southwest Program. If re-employment occurred on or after the dates specified and at the time of the prior Termination of Employment the Program Participant had less than six months of service, then upon rehire the period of service earned since such date will be included in the Term of Employment after the completion of five (5) years of continuous service after rehire, but only with respect to service earned on or after the effective date, subject to the following exceptions:
 - (I) Effective July 1, 2001 — any Employee of Southwestern Bell Messaging Services, Inc. (now known as AT&T Messaging, LLC), Southwestern Bell Telephone Company - Competitive Services Unit, or Southwestern Bell Video Services, Inc.
 - (II) Effective April 1, 2002 — any Employee of Southwestern Bell Yellow Pages, Inc.

- (iv) Effective as of the dates below — the Midwest Program. If re-employment occurs on or after the dates listed below and at the time of the prior Termination of Employment the Program Participant had less than six months of service, then upon rehire the most recent period of service will be included in the Term of Employment after the completion of five years of continuous service after rehire:
 - (I) Effective April 1, 2001, Core CWA/AIS 2004 Employees (2001 Core/AIS CWA Employees before April 4, 2004);
 - (II) Effective November 1, 2001, Core IBEW 2004 Employees (2001 Core IBEW Employees before April 4, 2004);
 - (III) Effective January 1, 2002, SBC Global Services — IBEW Local 21 Employees (2001 AIS 21 Employees before April 4, 2004);
 - (IV) Effective January 1, 2003, SBLD IBEW Employees (ACI IBEW Employees before August 26, 2005);
 - (V) Effective January 1, 2003, Publishing Employees (2002 Publishing Employees before August 14, 2005);
 - (VI) Effective April 1, 2003, 2002 AADS Employees;
 - (VII) Effective April 1, 2003, IBEW Local 58 Employees; and
 - (VIII) Effective January 1, 2011, IBEW Local 134 Employees.

- (v) Effective April 1, 2001 — the West Program. If hired on or after the dates specified and at the time of the prior Termination of Employment the Program Participant had less than six months of service, the prior period of service will be included in the Term of Employment after the completion of five (5) years of continuous service after rehire, subject to the following exceptions:
 - (I) Effective January 1, 2002 — for any Eligible Employees of Pacific Bell Telephone Company who are members of the International Brotherhood of Electrical Workers - Local 1269 (formerly ORTT) or the Telecommunications International Union who are both hired and subsequently rehired on or after January 1, 2002; and
 - (II) Effective January 1, 2003 — for any Eligible Employees of Pacific Bell Directory who are both hired and subsequently rehired on or after January 1, 2003.
- (vi) Effective January 1, 2007 — the Bargained Cash Balance Program #2 and Management Cash Balance Program.
- (vii) Effective September 21, 1992 — the Southeast Management Program.
- (viii) Effective September 21, 1992 — the Southeast Program.

(2) **Special Rules.**

- (i) With respect to the Mobility Program, upon an Employee's return to service following an absence exceeding that provided for in Paragraph 2.1.2(1), the period of absence will not be a break in his Term of Employment. The period of absence will not be included in his Term of Employment.
 - (I) Effective January 1, 2007, through May 31, 2008, with respect to the Management Cash Balance Program, the Paragraph immediately above will apply to Employees hired or rehired on or after January 1, 2006, by a Participating Employer of the Mobility Program.
- (ii) With respect to the Southeast Management Program and the Southeast Program, upon an Employee's return to service following an absence exceeding that provided for in Subsection 2.1.2, the period of absence will not be a break in his Term of Employment, provided that the Employee (a) has a Term of Employment of at least six (6) months before the absence, and (b) completes a continuous Term of Employment of at least three (3) years following his return to service. The period of absence will not be included in his Term of Employment.

2.1.4 ADDITIONAL BRIDGING RULES FOR THE BARGAINED CASH BALANCE PROGRAM #2 AND THE MANAGEMENT CASH BALANCE PROGRAM.

- (1) **Bridging Prior Period of Employment.** With respect to the Bargained Cash Balance Program #2 or the Management Cash Balance Program, if an Employee bridges pursuant to this Section 2.1, his Term of Employment will be bridged back to his Term of Employment recognized as of his most recent Termination of Employment.
- (2) **Subsequent Bridging for Certain Transfers.** If an Employee bridges a Term of Employment pursuant to this Section 2.1 while a Program Participant and subsequently transfers to a Component Pension Program, other than the Management Cash Balance Program or the Bargained Cash Balance Program #2, then he may be eligible for additional service recognition granted under Section 1.1 and Section 6.1 (that may not have bridged due to the limitation in Paragraph (1) above) upon satisfying the requirements of this Section 2.1 for such Component Pension Program.
- (3) **Bridging After Involuntary Terminations.** Notwithstanding any other provision of this Supplement, with respect to Bargained Cash Balance Program #2 and the Management Cash Balance Program, upon an Employee's Reemployment Commencement Date following an involuntary termination of employment by the Employer for reasons other than unsatisfactory job performance or cause, as determined by the payroll and personnel records of the Employer, the Employee's Term of Employment will be bridged back to his Term of Employment recognized as of his most recent Termination of Employment.
- (4) **Bridging After an In-Sourcing, Merger, or Acquisition.** With respect to the Bargained Cash Balance Program #2 or the Management Cash Balance Program, if an Employee's service with a prior employer is recognized pursuant to an amendment to the Plan related to an in-sourcing, merger, or acquisition agreement, Paragraph (1) of this Subsection does not apply, and such Employee shall not be eligible to bridge any prior service except to the extent provided in such amendment.
- (5) Notwithstanding Paragraph (4) immediately above, for any Employee who (i) is employed by a Participating Employer on September 1, 2008 in connection with the agreement entered into with the Company or one of its subsidiaries and Accenture or its subsidiaries ("Accenture"), (ii) has prior Term of Employment with BellSouth Corporation, AT&T Corp., or AT&T Inc. or any of their subsidiaries, and (iii) was not part of the original outsourcing agreement between BellSouth Corporation and Accenture, then such prior Term of Employment with BellSouth Corporation, AT&T Corp., or AT&T Inc. or any of their subsidiaries, will be bridged subject to all other provisions of this Supplement.

(6) With respect to the Bargained Cash Balance Program #2, for employees covered by the CWA District 3 (AT&T Southeast Core Contract), CWA District 3 (BellSouth Telecommunications, LLC (Utility Operations)), and CWA District 3 (AT&T Billing Southeast, LLC) agreements, upon an Employee's return to service following an absence exceeding that provided for in Subsection 2.1.2, the period of absence will not be a break in his Term of Employment, provided that the Employee completes a continuous Term of Employment of at least three (3) years following his return to service. The period of absence will not be included in his Term of Employment.

2.1.5 **SPECIAL BRIDGING RULE FOR THE EAST PROGRAM.** Notwithstanding any other provision of this Supplement to the contrary, with respect to the East Program, any individual hired as a Regular Employee will be eligible to have prior periods of temporary or job bank employment bridged to such regular periods of employment, in accordance with otherwise applicable provisions. Periods of service as a Temporary Employee will be determined by crediting the elapsed time between the start and end dates of such Temporary Employee service. Job bank service will be converted to a period of service by accumulating the actual hours worked (other than overtime hours), dividing the total hours by two thousand eighty (2,080) and multiplying the result by three hundred sixty-five (365). This result will be converted to months and days by using a thirty (30)-day month. The years, months and days of service will be added to the date of hire as a Regular Employee following the job bank service.

2.1.6 **ABSENCE WHILE RECEIVING A DISABILITY PENSION.** A period of absence from service while an Employee is receiving a Disability Pension will not be a break in his Term of Employment, provided that the Employee returns to service with an AT&T Controlled Group Member upon recovering from his disability. The period of absence will not be included in his Term of Employment.

2.1.7 **ABSENCE DUE TO EXPIRATION OF SHORT-TERM DISABILITY BENEFITS.** Any Employee who participates in the AT&T Disability Income Program, the AT&T Disability Income Program for Bargained Employees, and the AT&T Disability Income Program for Southwest Bargained Employees (collectively the "AT&T DIP"), who becomes disabled under the terms of the AT&T DIP and subsequently exercises his right to reinstatement of employment pursuant to the terms of the AT&T DIP, and for whom the period of time between the expiration of short-term disability benefits under the AT&T DIP and the date of reinstatement is one (1) year or less, such period of time between the expiration of benefits and date of reinstatement will not be a break in his Term of Employment. The period of absence will not be included in his Term of Employment.

III.

ABSENCE DUE TO LAYOFF OR INVOLUNTARY FORCE ADJUSTMENT

3.1 ABSENCE DUE TO LAYOFF OR INVOLUNTARY FORCE ADJUSTMENT.

3.1.1 **GENERAL RULE.** With respect to all Component Pension Programs except the Bargained Cash Balance Program #2, the East Program, the Management Cash Balance Program, and the Mobility Program:

- (1) If an Employee has a Termination of Employment from a Participating Employer of a Component Pension Program specified above on account of layoff or involuntary force reduction program, and is subsequently reemployed by such Participating Employer within two (2) years after such Termination of Employment, the period of absence will not be considered a break in the Employee's Term of Employment.
 - (a) Notwithstanding Subparagraph 3.1(1)(a), with respect to the AT&T Legacy Bargained Program, the AT&T Legacy Management Program, and the Southeast Management Program, if an Employee has a Termination of Employment from a Program Employer on account of layoff or involuntary force reduction program, and is subsequently reemployed by a Participating Employer within three (3) years after such Termination of Employment, the period of absence will not be considered a break in the Employee's Term of Employment.
 - (b) Notwithstanding Subparagraph 3.1(1)(a), with respect to the Southeast Program, if an Employee has been recalled as a Regular Employee on or after August 5, 2001, from a Participating Employer of the Southeast Program on account of layoff or involuntary force reduction program, and is subsequently reemployed by a Participating Employer within four (4) years after such Termination of Employment, the period of absence will not be considered a break in the Employee's Term of Employment.
- (2) If the period of absence described in Paragraph (a) is greater than six (6) months in any twelve (12)-consecutive-month period, the period of absence will not be included in the Employee's Term of Employment.
- (3) If the total period of absence described in Paragraph (a) is six (6) months or less in any twelve (12)-consecutive-month period, the period of absence will be included in the Employee's Term of Employment.

- (4) If the total period of absence described in Paragraph (a) exceeds six (6) months in any twelve (12) consecutive months and occurs in multiple periods of absence, the entire period of the last such absence that extended the total absence beyond six (6) months in any twelve (12)-consecutive-month period will be deducted in computing the Employee's Term of Employment, and all subsequent periods of absence will be so deducted until the Employee will have been continuously engaged in the performance of duty for a period of twelve (12) consecutive months.

3.1.2 **EAST PROGRAM RULE.** With respect to the East Program if an Employee experiences a Temporary Layoff, the continuity of his service will not be broken, and such Employee will be eligible to have his prior periods of service bridged (including periods of temporary employment subsequent to the first six (6)-month period following his Termination of Employment) with service credit for up to the first six (6) months of such absence; the remaining period of Temporary Layoff absence will be deducted in computing Term of Employment. If the Employee is not thus reemployed, the continuity of his service will be deemed to have been broken, and such Employee will not receive service credit for any period of such Absence. For purposes of this Paragraph, "Temporary Layoff" will mean a period of layoff from a bargaining unit position, or for Employees who were offered benefits under the SNET Management Severance Pay Plan prior to June 1, 1996, and terminated employment prior to January 1, 1997, a separation from service from a management position where the Employee received benefits under the provisions of the SNET Management Severance Pay Plan (herein referred to as the "Temporary Layoff Date") if the Employee is reemployed as a regular or provisional regular Employee (under such conditions as the policies of the Participating Employer which employs such individual has adopted from time to time may require) as follows: (a) within two (2) years of his Termination of Employment if such Employee completed less than six (6) years of service as of his Termination of Employment; or (b) within four (4) years of his Termination of Employment if such Employee completed six (6) or more years of service as of his Termination of Employment.

3.1.3 **Southeast Rule for the Bargained Cash Balance Program #2.** With respect to the Bargained Cash Balance Program #2, for employees covered by the CWA District 3 (AT&T Southeast Core Contract), CWA District 3 (BellSouth Telecommunications, LLC (Utility Operations)), and CWA District 3 (AT&T Billing Southeast, LLC) agreements, if an Employee has a Termination of Employment from a Participating Company and under one of the collective bargaining agreements referenced in this Paragraph on account of layoff and is subsequently recalled by such Participating Employer pursuant to such applicable collective bargaining agreement and the total period of absence is six (6) months or less in any twelve (12)-consecutive-month period, the period of absence will be included in the Employee's Term of Employment. If the total period of absence described in this Paragraph exceeds six (6) months in any twelve (12) consecutive months and occurs in multiple periods of absence, the entire period of the last such absence that extended the total absence beyond six (6) months in any twelve (12)-consecutive-month period will be deducted in computing the Employee's Term of Employment, and all subsequent periods of absence will be

so deducted until the Employee will have been continuously engaged in the performance of duty for a period of twelve (12) consecutive months.

IV. REEMPLOYMENT BASED ON A SETTLEMENT, AWARD, OR ORDER

4.1 REEMPLOYMENT BASED ON A SETTLEMENT, AWARD, OR ORDER. Notwithstanding any other provision of this Supplement, the Term of Employment of an Employee who is reemployed by a Participating Employer in accordance with the terms of a settlement, award, or order involving litigation relating to his prior Termination of Employment will include, immediately upon reemployment, any time relating to the periods described in Paragraphs (1), (2), (3), and (4), as applicable.

- (1) Any period of time for which back pay or a lump-sum settlement is made, as specified in the award, order, or settlement.
 - (a) If no period of time is specified in the award, order, or settlement, the period of time with respect to which a back pay award or lump-sum payment will be considered to relate will equal the number of weeks determined by dividing the full amount of such award or payment by the Employee's base pay rate (expressed on a weekly basis) in effect at the time of his prior Termination of Employment. In any such case, the amount of the back pay award or lump-sum payment will be deemed to include any amount of compensation or other payment received by the Employee from other sources that has been offset against the amount awarded or paid to the Employee in accordance with the award or settlement.
 - (b) Notwithstanding any other provision of this Subsection, in no event will the period of time included in an Employee's Term of Employment in accordance with the provisions of this Section exceed the actual amount of time from the date of the Employee's Termination of Employment to the date of the Employee's reemployment.
- (2) Any period of time between the date of the prior Termination of Employment and the date of reemployment, not in excess of thirty (30) days, if the settlement is silent as to crediting of such time and the Termination of Employment was converted to a suspension by the AT&T Controlled Group Member.
- (3) Any period of time between the date of the prior Termination of Employment and the date of the reemployment required by the settlement, court order, or court award to be included in the Employee's Term of Employment.

- (4) All periods of service that were included in the Employee's Term of Employment as of the date of his prior termination if:
 - (a) The Termination of Employment is converted to a suspension on the records of the AT&T Controlled Group Member from which he was previously terminated;
 - (b) The period of absence from the date of termination was six (6) months or less; or
 - (c) The provisions of a settlement agreement or court order or court award provide for such inclusion.

V. GENERAL PROVISIONS

- 5.1 USERRA.** Term of Employment will include any period of qualified military service in accordance with the requirements of section 414(u) of the Code.
- 5.2 FAMILY AND MEDICAL LEAVE ACT PROVISIONS.** Term of Employment with respect to qualified family medical leave will be provided to the extent required by the Family Medical Leave Act of 1993, and the Plan will comply with all provisions of such Act with respect to Participants on a qualified leave under the provisions of such act.

VI. ADJUSTMENTS TO TERM OF EMPLOYMENT

- 6.1 ADJUSTMENTS TO TERM OF EMPLOYMENT.** A Participant's Term of Employment may be adjusted for any of the following:
 - 6.1.1 MANDATORY PORTABILITY AGREEMENTS AND INTERCHANGE AGREEMENTS.** A Participant's Term of Employment may be adjusted as provided in Supplement 8 of the Plan.
 - 6.1.2 RECOGNITION OF PRIOR SERVICE.** Prior service as specified below will be recognized for Term of Employment purposes, subject to the application of the provisions of the respective Component Pension Programs. Where a capitalized term is used in this Subsection in reference to recognition of prior service, the capitalized term will have the meaning set forth in the prior version of the Plan document or Component Pension Program that was in effect at the time that the related service recognition occurred or the Plan or Component Pension Program that was amended to describe the related service recognition.

(1) **For Purposes of the AT&T Legacy Bargained Program.**

- (i) If an Employee is eligible for AT&T's Enhanced Leave of Absence ("ELOA") program and is approved for the participation under the terms of the ELOA program, when he returns directly from an ELOA that commenced before April 27, 1989, to the active payroll of a Participating Employer, the period of the ELOA will be included in the Employee's Term of Employment and Years of Service upon his return. If any such eligible Employee returns directly to the active payroll of a Participating Employer from an ELOA that commenced on or after April 27, 1989, the period of the ELOA of up to thirty (30) days will be included in the Employee's Term of Employment and Years of Service upon his return.
- (ii) Effective December 31, 2007, a former Employee who meets the requirements under Section G.04(a) of the AT&T Pension Plan will be eligible for "transition to retirement status." The duration of the transition to retirement status will be added to the former Employee's age and Term of Employment as of the last day the entity was an AT&T Controlled Group entity solely for purposes of determining eligibility for a service pension under C.02(a) and not for any other purpose under the Plan such as calculation of the amount of the pension under Article IV (including the amount of any early retirement discount).
- (iii) Effective January 1, 2002, an ABP employee's Term of Employment will include up to the first five (5) years of continuous ABP service. ABP service will mean service with an AT&T Controlled Group entity that participates in the ABP as evidenced by that entity's own internal records, to the extent that such service, at AT&T's sole determination, would have been service under the AT&T Management Pension Plan as if employed by a Participating Employer.
- (iv) An AME employee's Term of Employment will include his service with AT&T Americas, Inc. from November 6, 1986, through March 1, 1989, as evidenced by AT&T Americas, Inc.'s own internal records.
- (v) A Capital employee's Term of Employment will include his service with a Capital Company after December 31, 1993, and before the earlier of commencement of a pension under the AT&T Pension Plan or January 1, 1999, as evidenced by the Capital Company's own internal records, to the extent that such service, at AT&T's sole determination, would have been service credited under the AT&T Pension Plan as if employed by a Participating Employer. Capital Service shall not be credited under this Plan for purpose of computation of a Capital employee's benefits. To the extent another service bridging rule under this Plan is not applicable, Capital Service shall be deemed to be a break in continuity of Term of Employment under Section 7.04.

- (vi) A HTC employee's Term of Employment will include his service before February 28, 1988, with Hawaiian Telephone Corporation as recognized by Hawaiian Telephone Corporation's defined benefit plan and as reported by Hawaiian Telephone Corporation to AT&T.

For purposes of computation of an HTC employee's benefit, Years and Months of Service will include prior HTC service as follows: one-half (1/2) year of prior HTC service will be credited for each actual full year of Term of Employment (taking into account Section 7.04(a)) with a Participating Employer under the Plan; provided, however, that such service credited will not exceed the total prior HTC service; and provided further that, in determining the amount of an HTC employee's benefit under the Plan, the HTC employee's Monthly Benefit Amount, as in effect on the initial date of Participating Employer employment for the applicable pension band number assigned to the HTC employee on the initial date of Participating Employer employment, as described in this Section G.10, multiplied by the total one-half (1/2) years of prior HTC service credited as described in this Paragraph. This Paragraph will not apply to an HTC employee who is a Transferred Individual or a Lucent Transition Individual (within the meaning of Section G.29) after the HTC employee ceases to be an Employee unless he subsequently becomes an Employee as an AT&T Transition Individual (within the meaning of G.29) or in a position covered by an Interchange Agreement or other arrangement under which this Plan is required, directly or indirectly, to recognize prior HTC service. Prior HTC service will in all instances be considered a break in the continuity of an HTC employee's Term of Employment under this Plan except as described here.

- (vii) A TGC employee's Term of Employment will include his service before July 15, 1990 with TeleGlobe Canada Inc. as recognized under the TeleGlobe Canada Inc.'s defined benefit plan, as evidenced by TeleGlobe Canada Inc.'s own internal records.

For purposes of computation of a TGC employee's benefit, Years and Months of Service will include prior TGC service as follows: one-half (1/2) year of prior TGC service will be credited for each actual full year of Term of Employment (taking into account Section 7.04(a)) credited with a Participating Employer under the Plan; provided, however, that such service credited will not exceed the total prior TGC service; and provided further that, in determining the amount of an TGC employee's benefit under the Plan, the TGC employee's Monthly Benefit Amount, as in effect on the initial date of Participating Employer employment for the applicable pension band number assigned to the TGC employee on the initial date of Participating Employer employment, as described in this Section G.11, multiplied by the total one-half (1/2)

years of prior TGC service credited as described in this Paragraph.

This Paragraph will not apply to a TGC employee who is a Transferred Individual or a Lucent Transition Individual (within the meaning of Section G.29) after the TGC employee ceases to be an Employee unless he subsequently becomes an Employee as an AT&T Transition Individual (within the meaning of Section G.29) or in a position covered by an Interchange Agreement or other arrangement under which this Plan is required, directly or indirectly, to recognize prior TGC service. Prior TGC service will in all instances be considered a break in the continuity of a TGC employee's Term of Employment under this Plan except as described here.

- (viii) A Cincinnati Bell employee's Term of Employment will include his service before October 26, 1992 with Cincinnati Bell, to the extent recognized under the applicable Cincinnati Bell defined benefit plan on the last day of Cincinnati Bell employment, as evidenced by Cincinnati Bell's own internal records. For purposes of this Paragraph the term Cincinnati Bell employee will mean former employees of Cincinnati Bell Telephone Phone Center Stores who, pursuant to the pertinent agreement(s) as of October 26, 1992 between AT&T and Cincinnati Bell Telephone Company ("Cincinnati Bell") in connection with the sale of certain Cincinnati Bell Phone Center Stores to AT&T became AT&T Consumer Products employees.
- (ix) For an employee who meets the requirements under Section G.13(a) of the AT&T Pension Plan, his Term of Employment will include his service before September 29, 1991 with AT&T Global Information Solutions Company, as recognized under the AT&T Global Information Solutions Company Pension Benefit Plan (or other GIS pension plan pursuant to the pertinent agreement(s) concluded between AT&T and GIS).

For the purposes of an employee who is hired by a Participating Employer on or after September 20, 1991 and who was a GIS employee, prior GIS service recognized by the applicable GIS pension plan, as evidenced by GIS's own internal records, will be credited under the Plan (subject to Section 7.04 if there has been a break in service between GIS and Participating Employer employment) for the employee's Years of Service for the purposes of determining eligibility to participate under Prior Plan Section 4.1(e) and eligibility for a nonforfeitable Accrued Benefit under Section 4.02 or Section C.03(a) eligibility for a disability pension before January 1, 1999 under Prior Plan Section 4.1(c), and for the employee's Term of Employment for the purposes of determining eligibility for a service pension under Section C.02(a), eligibility for an automatic survivor annuity under Section 4.07(a)(i)(C), but not for computation of an employee's

benefit (other than determining the amount of any early retirement discount under Section 4.06(a)(ii)(A)(2) or Section C.02(c)).

For the purpose of an employee who was a Participant in the Plan and who is hired by GIS on or after September 20, 1991 into a position covered by an applicable GIS pension plan, GIS service recognized by the applicable GIS pension plan, as evidenced by GIS's own internal records, will be credited under the Plan (subject to Section 7.04 if there has been a break in service between GIS and Participating Employer employment) for the employee's Years of Service for the purposes of determining eligibility for a nonforfeitable Accrued Benefit under Section 4.02 or Section C.03(a) and for the employee's Term of Employment for the purposes of determining eligibility for a service pension under Section C.02(a), eligibility for an automatic survivor annuity under Section 4.07(a)(i)(C), but not for computation of an employee's benefit.

- (x) A Teradata employee's Term of Employment will include his service before July 1, 1992 with Teradata Corporation as recognized under the applicable AT&T Global Information Solutions Company defined benefit plan. For purposes of this Paragraph the term Teradata employee will mean former employees of Teradata Corporation who on July 1, 1992 were active employees of Teradata Corporation, who became covered by the AT&T Global Information Solutions Company defined benefit plan, and were hired by a Participating Company on or after that date.
- (xi) A CSD employee's Term of Employment will include his pre-January 1, 1989 employment service as recognized under the North American Phillips Pension Plan for Salaried Employees as evidenced by CSD's own internal records.

For purposes of computation of a CSD employee's benefit, Term of Employment will include prior CSD service as follows: one-half (1/2) year of prior CSD service will be credited for each actual full year of Term of Employment (taking into account Section 7.04(a)) credited with a Participating Employer under the Plan; provided, however, that such service credited will not exceed the total CSD service; and provided further that, in determining the amount of an CSD employee's benefit under the Plan, the CSD employee's Monthly Benefit Amount, as in effect on the initial date of employment by AT&T Network Systems Group, as described in this Section G.15, multiplied by the total one-half (1/2) years of prior CSD service credited as described in this Paragraph. This Paragraph will not apply to a CSD employee who is a Transferred Individual or a Lucent Transition Individual (within the meaning of G.29) after the CSD employee ceases to be an Employee unless he subsequently becomes an Employee as an AT&T Transition Individual (within the meaning of G.29) or in a position

covered by an Interchange Agreement or other arrangement under which this Plan is required, directly or indirectly, to recognize prior CSD service.

Prior CSD service will in all instances be considered a break in the continuity of a CSD employee's Term of Employment under this Plan, except as provided here.

- (xii) A PR employee's Term of Employment will include his pre-July 1, 1987 employment service as recognized under the ITT Salaried Retirement Plan as of June 30, 1987 as evidenced by ITT/AAC&R's own internal records.

For purposes of computation of a PR employee's benefit, Years and Months of Service will include prior AAC&R service as follows: one-half (1/2) year of prior AAC&R service will be credited for each actual full year of Term of Employment (taking into account Section 7.04(a)) credited with a Participating Employer under the Plan; provided, however, that such service credited will not exceed the total AAC&R service; and provided further that, in determining the amount of a PR employee's benefit under the Plan, the PR employee's Monthly Benefit Amount, as in effect on the initial date of Participating Employer employment, as described in this Section G.16, for the applicable pension band number assigned to the PR employee on the initial date of Participating Employer employment, as described in this Section G.16, multiplied by the total one-half (1/2) years of prior AAC&R service credited as described in this Paragraph. This Paragraph will not apply to a PR employee who is a Transferred Individual or a Lucent Transition Individual (within the meaning of Section G.29) after the PR employee ceases to be an Employee unless he subsequently becomes an Employee as an AT&T Transition Individual (within the meaning of Section G.29) or in a position covered by an Interchange Agreement or other arrangement under which this Plan is required, directly or indirectly, to recognize prior AAC&R service. Prior AAC&R service will in all instances be considered a break in the continuity of a PR employee's Term of Employment under this Plan, except as described here.

- (xiii) A VI employee's Term of Employment will include his pre-July 1, 1987 employment service as recognized under the ITT Salaried Retirement Plan as of June 30, 1987 as evidenced by ITT/CIVI's own internal records.

For purposes of computation of a VI employee's benefit, Term of Employment will include prior service as follows: one-half (1/2) year of prior CIVI service will be credited for each actual full year of Term of Employment (taking into account Section 7.04(a)) credited with a Participating Employer under the Plan; provided, however, that such service credited will not exceed the total CIVI service; and provided further that, in determining the

amount of a VI employee's benefit under the Plan, the VI employee's Monthly Benefit Amount, as in effect on the initial date of Participating Employer employment, as described in this Section G.17, for the applicable pension band number assigned to the VI employee on the initial date of Participating Employer employment, as described in this Section G.17, multiplied by the total one-half (1/2) years of prior CIVI service credited as described in this Paragraph. This Paragraph will not apply to a VI employee who is a Transferred Individual or a Lucent Transition Individual (within the meaning of Section G.29) after the VI employee ceases to be an Employee unless he subsequently becomes an Employee as an AT&T Transition Individual (within the meaning of Section G.29) or in a position covered by an Interchange Agreement or other arrangement under which this Plan is required, directly or indirectly, to recognize prior CIVI service. Prior CIVI service will in all instances be considered a break in the continuity of a VI employee's Term of Employment under this Plan, except as described here.

- (xiv) A Paradyne employee's Term of Employment will include his pre-March 17, 1989 employment service with Paradyne commencing with the most recent date of hire as evidenced by Paradyne's own internal records (but no service credit will be applied for any period of layoff that included March 17, 1989); for employees of Paradyne who transferred directly from Ark or Solid Circuit subsidiaries of Paradyne before October 24, 1990, "prior Paradyne service" will also include service with such subsidiaries commencing with the most recent date of hire.

Prior Paradyne service will in all instances be considered a break in the continuity of a Paradyne employee's Term of Employment under the Plan, except as provided here.

- (xv) Certain former AT&T employees or former Cincinnati Bell Inc. employees agreed to accept employment with either Cincinnati Bell Inc. or AT&T, pursuant to the Service and Plant Agreement, as amended, concluded between AT&T, certain affiliates of AT&T, Cincinnati Bell Inc., and Cincinnati Bell Telephone Company. To the extent that the former employee is not covered under the Mandatory Portability Agreement, Cincinnati Bell Inc. and AT&T will, provide for the mutual recognition of service credit and the transfer of benefit obligations under a former employee's pension plan which is qualified under section 401(a) of the Code, in accordance with the Service and Plant Agreement, as amended.

- (xvi) A WU employee's Term of Employment will include his service as recognized under WU's pension plan as of the last date of WU employment before becoming a WU employee hereunder, as evidenced by Western Union's own internal records. For purposes of this Paragraph the term WU employee will mean former Western Union employees who, pursuant to the pertinent

agreement(s) concluded between AT&T and Western Union Corporation (“WU”) regarding WU’s sale of a portion of its Business Services unit to AT&T, became employed by AT&T as of January 1, 1991 or such later date as specified in the agreement(s).

(xvii) An AT&T Transition Individual’s Term of Employment will include his service with Lucent Technologies Inc. or its affiliates as such service is recognized under the applicable Defined Benefit Pension Plan of Lucent Technologies Inc. as evidenced by Lucent Technologies Inc.’s own internal records. For purposes of this Paragraph the term Transition Individual will mean those individuals who are “Transition Individuals” within the meaning of section 1.38(a) or (d) of the Management Interchange Agreement dated as of April 8, 1996 between AT&T and Lucent Technologies Inc. Individuals described in the preceding sentence are referred to in this Paragraph as “AT&T Transition Individuals.”

(xviii) **CERTAIN TRANSFERRING BELL SOUTH BARGAINED EMPLOYEES**

(A) **APPLICABILITY.** This Article is effective April 1, 2010, and applies to a Participant who is covered by the CWA (or nonmanagement nonunion Employees who receive the same benefits as CWA Employees) and transfers from any of the following bargaining units (or nonmanagement nonunion Employees that receive similar benefits):

- CWA District 3 (AT&T Billing Southeast, LLC)
- CWA District 3 (AT&T Southeast Core Contract)
- CWA District 3 (BellSouth Advertising & Publishing Corporation)
- CWA District 3 (BellSouth Affiliate Services Corporation)
- CWA District 3 (BellSouth Corporation)
- CWA District 3 (BellSouth Long Distance, Inc.)
- CWA District 3 (BellSouth Telecommunications, LLC (Utility Operations))

An individual described in the preceding sentence is referred to as a “Section G.39 Employee”.

(B) **RECOGNITION OF SERVICE.** Subject to the Breaks in Service rules of Section 7.04 of the Plan, a Participant who is a

Section G.39 Employee shall have his or her period of service while such individual was covered under the Southeast Management Program or Southeast Program of the AT&T Pension Benefit Plan (herein "PCS"), included for the following purposes under the Plan.

- (1) Vesting. A Participant who is a Section G.39 Employee shall have his or her PCS included in calculating his or her Years of Service for purposes of determining whether such Participant's Accrued Benefit is nonforfeitable under Section 4.02, but only with respect to a termination of employment occurring on or after April 1, 2010.
 - (2) Pension Band Credits. A Participant who is a Section G.39 Employee shall have his or her PCS included in calculating the Participant's Years and Months of Service for purposes of determining Pension Band Credits under Section 4.04(c)(ii) for crediting periods on or after April 1, 2010.
 - (3) Differential Pay Credits. A Participant who is a Section G.39 Employee shall have his or her PCS included in calculating the Participant's Years and Months of Service for purposes of determining Differential Pay Credits under Section 4.04(d)(ii) for crediting periods on or after April 1, 2010.
 - (4) Special Promotion Credits. A Participant who is a Section G.39 Employee shall have his or her PCS included in calculating the Participant's Years and Months of Service for purposes of determining Special Promotion Credits under Section 4.04(e) for crediting periods on or after April 1, 2010.
 - (5) Commencement of Benefits. A Participant who is a Section G.39 Employee shall have his or her PCS included for purposes of determining the number of years or participation in the Plan for purposes of Section 4.06(d)(ii) of the Plan.
- (C) **SERVICE NOT RECOGNIZED FOR THE FOLLOWING PURPOSES.** A Participant who is a Section G.39 Employee shall not have his or her PCS included for any Plan purposes other than as set forth in the preceding Section G.39 (b). By way of example, but without limitation, such PCS shall not be recognized for any of the following purposes:

- (1) Conversion Benefit. A Participant who is a Section G.39 Employee shall not have his or her PCS included for purposes of Section 2.10 of the Plan.
- (2) Eligible Employee. A Participant who is a Section G.39 Employee shall not have his or her PCS included for purposes of determining his or her status as an Eligible Employee under Section 2.13 of the Plan.
- (3) Pension Band. A Participant who is a Section G.39 Employee shall not have his or her PCS included for purposes of determining his or her benefit, if any, based on the Pension Band formula of Section 4.05 of the Plan.
- (4) Amount of Benefit Payable Before Normal Retirement Age. A Participant who is a Section G.39 Employee shall not have his or her PCS included for purposes of determining the amount of benefit payable before Normal Retirement Age under Section 4.06(a)(ii)(A)(2), Section 4.06(a)(ii)(B)(2) or Section C.02(c) of the Plan.
- (5) Death Benefit. A Participant who is a Section G.39 Employee shall not have his or her PCS included for purposes of calculating his or her Term of Employment or eligibility for a Death Benefit under Article 5 of the Plan.
- (6) Top Heavy. A Participant who is a Section G.39 Employee shall not have his or her PCS included for purposes of determining Top Heavy Years of Service under Section 7.21 of the Plan.

(2) **For Purposes of the AT&T Legacy Management Program**

- (i) Effective December 31, 2006, Term of Employment will include a period of continuous service as an Employee with respect to an individual who becomes an Employee pursuant to the provision of Subparagraph (l) below, regardless of whether such employment is with a Participating Employer.
 - (l) An Employee hired or rehired on or before December 31, 2006 by a company that is a member of the AT&T Controlled Group (as in effect prior to

December 29, 2006) at such date of hire or rehire, who (A) was an “employee” as such term is defined in the AT&T Pension Plan, and (B) who is promoted (other than a temporary promotion) from such a position covered by the AT&T Pension Plan to a salaried management position with a company that participates in this Plan.

- (ii) A period of employment with Royal Dutch Shell or its affiliates (“Shell”) will be included in the Employee’s Term of Employment for any Employee who is employed by a Participating Employer on July 1, 2008 due to the in-sourcing agreement announced on March 31, 2008, but only if such periods were included in the Employee’s Term of Employment with Shell, as reported by Shell.
- (iii) If an Employee is eligible for AT&T’s Enhanced Leave of Absence (“ELOA”) program and is approved for the participation under the terms of the ELOA program, when he returns directly from an ELOA that commenced before April 27, 1989 to the active payroll of a Participating Employer, the period of the ELOA will be included in the Employee’s Term of Employment and Years of Service upon his return. If any such eligible Employee returns directly to the active payroll of a Participating Employer from an ELOA that commenced on or after April 27, 1989, the period of the ELOA of up to thirty (30) days will be included in the Employee’s Term of Employment and Years of Service upon his return.
- (iv) If an Employee is eligible for AT&T’s Special Enhanced Leave of Absence (“SELOA”) program for 1991 or 1993 and is approved for participation under the terms of the program, when he returns directly from a SELOA to the active payroll of a Participating Employer, the period of the SELOA of up to twenty-four (24) months will be included in the Employee’s Term of Employment and Years of Service, upon completing six (6) months of Term of Employment after his return. If the Employee’s SELOA is canceled under the terms of the SELOA program, the Employee will receive no credit under the Plan for the period of the SELOA.
- (v) Effective December 31, 2007, a former Employee who meets the requirements under Section G.05(a) of the AT&T Management Pension Plan will be eligible for “transition to retirement status”. The duration of the transition to retirement status will be added to the former Employee’s age and Term of Employment as of the last day the entity was an AT&T Controlled Group entity solely for purposes of determining eligibility for a Pension Death Benefit under Section 5.04(a) (other than eligibility pursuant to Section 5.04(x)(v)) and not for any other purpose under the AT&T Management Pension Plan such as calculation of the amount of the pension under Article IV (including the amount of any early retirement discount).

- (vi) Effective for the period between November 15, 1995 through October 1, 1996, an Employee who meets the requirement under Section G.06(a) of the AT&T Management Pension Plan will be eligible for “special transition to retirement status”. The duration of the special transition to retirement status will be added to the Employee’s age and Term of Employment at the Employee’s scheduled off-payroll date solely for purposes of determining eligibility for a service pension under Section C.02 and not for any other purpose under the Plan such as calculation of the amount of the pension under Article IV (including the amount of any early retirement discount which will be determined as of the Employee’s termination of employment.
- (vii) Effective January 1, 2002, an ABP employee’s Term of Employment will include up to the first five (5) years of continuous ABP service. ABP service will mean service with an AT&T Controlled Group entity that participates in the ABP as evidenced by that entity’s own internal records, to the extent that such service, at AT&T’s sole determination, would have been service under the AT&T Management Pension Plan as if employed by a Participating Employer.
- (viii) Prior to January 1, 1994, a former AGCS employee’s Term of Employment and Years of Service will include the former AGCS employee’s actual “term of employment” and “years of service” as such actual “term of employment” and “years of service” may have been recognized under the terms of the AGCS Salaried Pension Plan.
- (ix) Effective January 1, 1994, a former AGCS employee’s Term of Employment and Years of Service will include the former AGCS employee’s actual “term of employment” and “years of service” as such actual “term of employment” and “years of service” may be recognized under the terms of the AGCS Salaried Pension Plan. Notwithstanding the preceding sentence, a former AGCS employee’s “term of employment” under the AGCS Salaried Pension Plan will be considered a “break in the continuity of service” under Section 7.04(a)(i) and will not be considered “continuous service after termination of the absence” under Section 7.04(a)(i). Where there has been a break in service with AGCS, as defined in the AGCS Salaried Pension Plan, and the AGCS employee has not satisfied the service bridging requirements of AGCS Salaried Pension Plan as of the last day on the active roll of AGCS, such prior service will be recognized upon such AGCS employee’s completion of an appropriate amount of Term of Employment with a Participating Employer, as may be necessary to satisfy the applicable service bridging rules of the AGCS Salaried Pension Plan and based on Term of Employment as credited under this Plan. For an AGCS employee who received a lump sum distribution of the present value of his pension benefit or withdrawal of past contributions with accumulated interest

under the AGCS Salaried Pension Plan (or its successors) upon prior termination of AGCS service, this Plan will recognize the individual's term of employment and years of service for the foregoing purposes only if the individual has repaid the AGCS Salaried Pension Plan (or its successor) the entire lump sum distribution or withdrawals, as applicable, in accordance with the terms of the AGCS Salaried Pension Plan (or its successor).

- (x) A Chase Employee's Term of Employment will include his service with Chase or its affiliates as such actual service is recognized under Chase's defined benefit plan immediately before the date of hire by AT&T as evidenced by Chase's own internal records. For purposes of this Paragraph Chase Employee will mean former management employees of Chase Manhattan Bank who, pursuant to the pertinent agreement(s) between AT&T and Chase Manhattan Bank ("Chase"), became AT&T Accumaster Management Services Group employees on May 15, 1994 or such later date as provided in such agreement(s).
- (xi) An AME employee's Term of Employment will include his service with AT&T Americas, Inc. from November 6, 1986 through March 1, 1989 as evidenced by AT&T Americas, Inc.'s own internal records.
- (xii) A Capital employee's Term of Employment will include his service with a Capital Company after December 31, 1993 and before the earlier of commencement of a pension under the AT&T Management Pension Plan or January 1, 1999, as evidenced by the Capital Company's own internal records, to the extent that such service, at AT&T's sole determination, would have been service credited under the AT&T Management Pension Plan as if employed by a Participating Employer.
- (xiii) A HTC employee's Term of Employment will include his service before February 28, 1988 with Hawaiian Telephone Corporation as recognized by Hawaiian Telephone Corporation's defined benefit plan and as reported by Hawaiian Telephone Corporation to AT&T.

For purposes of computation of an HTC employee's benefit, Term of Employment will include prior HTC service as follows: one-half (1/2) year of prior HTC service will be credited for each actual full year of Term of Employment (taking into account Section 7.04(a)) credited before August 1, 1997 with a Participating Employer under the Plan; provided, however, that such service credited will not exceed the total prior HTC service; and provided further that, in determining the amount of an HTC employee's benefit under the Plan, the monthly pension benefit attributable to prior HTC service credited here will equal one-twelfth (1/12th) of one and six-tenths percent (1.6%) of the HTC employee's base rate of pay as in effect on February 28, 1988, multiplied by: (1) in the case of an HTC employee described in

Section 4.05(a)(ii), the lesser of (A) the total one-half (1/2) years of prior HTC service credited as described in this Paragraph as of December 31, 1996 plus one (1) or (B) one hundred five percent (105%) of such total one-half (1/2) years of prior HTC service as of December 31, 1996 and (2) in the case of any other HTC employee, the total one-half (1/2) years of prior HTC service credited as described in this Paragraph before August 1997. This Paragraph will not apply to an HTC employee who is a Transferred Individual or a Lucent Transition Individual (within the meaning of Section G.46 after the HTC employee ceases to be an Employee unless he subsequently becomes an Employee as an AT&T Transition Individual (within the meaning of G46) or in a position covered by an Interchange Agreement or other arrangement under which this Plan is required, directly or indirectly, to recognize prior HTC service. Prior HTC service will in all instances be considered a break in the continuity of an HTC employee's Term of Employment under this Plan except as described here.

- (xiv) A TGC employee's Term of Employment as of July 15, 1990, will include his service as recognized under the TeleGlobe Canada Inc.'s defined benefit plan as of July 14, 1990, as evidenced by TeleGlobe Canada Inc.'s own internal records.

For purposes of computation of a TGC employee's benefit, Term of Employment will include prior TGC service as follows: one-half (1/2) year of prior TGC service will be credited for each actual full year of Term of Employment (taking into account Section 7.04(a)) credited before August 1, 1997 with a Participating Employer under the Plan; provided, however, that such service credited will not exceed the total prior TGC service; and provided further that, in determining the amount of an TGC employee's benefit under the Plan, the monthly pension benefit attributable to prior TGC service credited here will equal one-twelfth (1/12th) of one and six-tenths percent (1.6%) of the TGC employee's base rate of pay as in effect on July 15, 1990, multiplied by: (1) in the case of a TGC employee described in Section 4.05(a)(ii), the lesser of (A) the total one-half (1/2) years of prior TGC service credited as described in this Paragraph as of December 31, 1996 plus one (1) or (B) one hundred five percent (105%) of such total one-half (1/2) years of prior TGC service as of December 31, 1996 and (2) in the case of any other TGC employee, the total one-half (1/2) years of prior TGC service credited as described in this Paragraph before August 1, 1997. This Paragraph will not apply to a TGC employee who is a Transferred Individual or a Lucent Transition Individual (within the meaning of Section G.46) after the TGC employee ceases to be an Employee unless he subsequently becomes an Employee as an AT&T Transition Individual (within the meaning of Section G.46) or in a position covered by an Interchange Agreement or other arrangement under which this Plan is required, directly or

indirectly, to recognize prior TGC service. Prior TGC service will in all instances be considered a break in the continuity of a TGC employee's Term of Employment under this Plan except as described here.

- (xv) A Cincinnati Bell employee's Term of Employment will include his service with Cincinnati Bell, to the extent recognized under the applicable Cincinnati Bell defined benefit plan on the last day of Cincinnati Bell employment, as evidenced by Cincinnati Bell's own internal records. For purposes of this Paragraph the term Cincinnati Bell employee will mean former employees of Cincinnati Bell Telephone Phone Center Stores who, pursuant to the pertinent agreement(s) as of October 26, 1992 between AT&T and Cincinnati Bell Telephone Company ("Cincinnati Bell") in connection with the sale of certain Cincinnati Bell Phone Center Stores to AT&T became AT&T Consumer Products employees.
- (xvi) For an employee who meets the requirements under Section G.21(a) of the AT&T Management Pension Plan, his Term of Employment will include his service as recognized under the AT&T Global Information Solutions Company Pension Benefit Plan (or other GIS pension plan pursuant to the pertinent agreement(s) concluded between AT&T and GIS).

For the purposes of an employee who is hired by a Participating Employer on or after September 20, 1991 and who was a GIS employee, prior GIS service recognized by the applicable GIS pension plan, as evidenced by GIS's own internal records, will be credited under the Plan (subject to Section 7.04 if there has been a break in service between GIS and Participating Employer employment) for the employee's Years of Service for the purposes of determining eligibility to participate under Prior Plan Section 4.1(e) and eligibility for a nonforfeitable Accrued Benefit under Section 4.02 or Section C.03(a) eligibility for a disability pension before January 1, 1998 under Prior Plan Section 4.1(c), and for the employee's Term of Employment for the purposes of determining eligibility for a service pension under Section C.02(a), the amount of any early retirement discount under Section 4.06(a)(ii)(B) or Section C.02(c)(ii), eligibility for an automatic survivor annuity under Section 4.07(a)(i)(C), but not for computation of an employee's benefit.

For the purpose of an employee who was a Participant in the Plan and who is hired by GIS on or after September 20, 1991 into a position covered by an applicable GIS pension plan, GIS service recognized by the applicable GIS pension plan, as evidenced by GIS's own internal records, will be credited under the Plan (subject to Section 7.04 if there has been a break in service between GIS and Participating Employer employment) for the employee's Years of Service for the purposes of determining eligibility for a nonforfeitable Accrued Benefit under Section C.03(a) and for the

employee's Term of Employment for the purposes of determining eligibility for a service pension under Section C.02(a), eligibility for an automatic survivor annuity under Section 4.07(a)(i)(C), but not for computation of an employee's benefit.

- (xvii) A Teradata employee's Term of Employment will include his service with Teradata Corporation as recognized under the applicable AT&T Global Information Solutions Company defined benefit plan. For purposes of this Paragraph the term Teradata employee will mean former employees of Teradata Corporation who on July 1, 1992 were active employees of Teradata Corporation, who became covered by the AT&T Global Information Solutions Company defined benefit plan, and were hired by a Participating Company on or after that date.
- (xviii) A CSD employee's Term of Employment will include his pre-January 1, 1989 employment service as recognized under the North American Phillips Pension Plan for Salaried Employees as evidenced by CSD's own internal records.

For purposes of computation of a CSD employee's benefit, Term of Employment will include prior CSD service as follows: one-half (1/2) year of prior CSD service will be credited for each actual full year of Term of Employment (taking into account Section 7.04(a)) credited before August 1, 1997 with a Participating Employer under the Plan; provided, however, that such service credited will not exceed the total CSD service; and provided further that, in determining the amount of a CSD employee's benefit under the Plan, the monthly pension benefit attributable to prior CSD service credited here will equal one-twelfth (1/12th) of one and six-tenths percent (1.6%) of the CSD employee's base rate of pay as in effect on the initial date of hire by AT&T Network Systems Group multiplied by (1) in the case of a CSD employee described in Section 4.05(a)(ii), the lesser of (A) the total one-half (1/2) years of prior CSD service credited as described in this Paragraph as of December 31, 1996 plus one (1) or (B) one hundred five percent (105%) of such total one-half (1/2) years of prior CSD service as of December 31, 1996 and (2) in the case of any other CSD employee, the total one-half (1/2) years of prior CSD service credited as described in this Paragraph before August 1, 1997. This Paragraph will not apply to a CSD employee who is a Transferred Individual or a Lucent Transition Individual (within the meaning of G.46) after the CSD employee ceases to be an Employee unless he subsequently becomes an Employee as an AT&T Transition Individual (within the meaning of G.46) or in a position covered by an Interchange Agreement or other arrangement under which this Plan is required, directly or indirectly, to recognize prior CSD service.

Prior CSD service will in all instances be considered a break in the continuity of a CSD employee's Term of Employment under this Plan, except as provided here.

- (xix) A PR employee's Term of Employment will include his pre-July 1, 1987 employment service as recognized under the ITT Salaried Retirement Plan as of June 30, 1987 as evidenced by ITT/AAC&R's own internal records.

For purposes of computation of a PR employee's benefit, Term of Employment will include prior AAC&R service as follows: one-half (1/2) year of prior AAC&R service will be credited for each actual full year of Term of Employment (taking into account Section 7.04(a)) credited before August 1, 1997 with a Participating Employer under the Plan; provided, however, that such service credited will not exceed the total AAC&R service; and provided further that, in determining the amount of a PR employee's benefit under the Plan, the monthly pension benefit attributable to prior AAC&R service credited here will equal one-twelfth (1/12th) of one and six-tenths percent (1.6%) of the PR employee's base rate of pay as in effect on the initial date of hire by AT&TPR multiplied by (1) in the case of a PR employee described in Section 4.05(a)(ii), the lesser of (A) the total one-half (1/2) years of prior AAC&R service credited as described in this Paragraph as of December 31, 1996 plus one (1) or (B) one hundred five percent (105%) of such total one-half (1/2) years of prior AAC&R service as of December 31, 1996 and (2) in the case of any other PR employee, the total one-half (1/2) years of prior AAC&R service credited as described in this Paragraph before August 1, 1997. This Paragraph will not apply to a PR employee who is a Transferred Individual or a Lucent Transition Individual (within the meaning of Section G.46) after the PR employee ceases to be an Employee unless he subsequently becomes an Employee as an AT&T Transition Individual (within the meaning of Section G.46) or in a position covered by an Interchange Agreement or other arrangement under which this Plan is required, directly or indirectly, to recognize prior AAC&R service. Prior AAC&R service will in all instances be considered a break in the continuity of a PR employee's Term of Employment under this Plan, except as described here.

- (xx) A VI employee's Term of Employment will include his pre-July 1, 1987 employment service as recognized under the ITT Salaried Retirement Plan as of June 30, 1987 as evidenced by ITT/CIVI's own internal records.

For purposes of computation of a VI employee's benefit, Term of Employment will include prior service as follows: one-half (1/2) year of prior CIVI service will be credited for each actual full year of Term of Employment (taking into account Section 7.04(a)) credited before August 1, 1997 with a

Participating Employer under the Plan; provided, however, that such service credited will not exceed the total CIVI service; and provided further that, in determining the amount of a VI employee's benefit under the Plan, the monthly pension benefit attributable to prior CIVI service credited here will equal one-twelfth (1/12th) of one and six-tenths percent (1.6%) of the VI employee's base rate of pay as in effect on the initial date of hire by AT&TVI multiplied by (1) in the case of a VI employee described in Section 4.05(a)(ii), the lesser of (A) the total one-half (1/2) years of prior CIVI service credited as described in this Paragraph as of December 31, 1996 plus one (1) or (B) one hundred five percent (105%) of such total one-half (1/2) years of prior CIVI service as of December 31, 1996 and (2) in the case of any other VI employee the total one-half (1/2) years of prior CIVI service credited as described in this Paragraph before August 1, 1997. This Paragraph will not apply to a VI employee who is a Transferred Individual or a Lucent Transition Individual (within the meaning of Section G.46) after the VI employee ceases to be an Employee unless he subsequently becomes an Employee as an AT&T Transition Individual (within the meaning of Section G.46) or in a position covered by an Interchange Agreement or other arrangement under which this Plan is required, directly or indirectly, to recognize prior CIVI service. Prior CIVI service will in all instances be considered a break in the continuity of a VI employee's Term of Employment under this Plan, except as described here.

- (xxi) A Paradyne employee's Term of Employment will include his pre-March 17, 1989 employment service with Paradyne commencing with the most recent date of hire as evidenced by Paradyne's own internal records (but no service credit will be applied for any period of layoff that included March 17, 1989); for employees of Paradyne who transferred directly from Ark or Solid Circuit subsidiaries of Paradyne before October 24, 1990, "prior Paradyne service" will also include service with such subsidiaries commencing with the most recent date of hire.

Prior Paradyne service will in all instances be considered a break in the continuity of a Paradyne employee's Term of Employment under the Plan, except as provided here.

- (xxii) A JPM employee's Term of Employment will include his service with JPM or its affiliates as such actual service is recognized under JPM's defined benefit plan immediately before the date of hire by AT&T as evidenced by JPM's own internal records. For purposes of this Paragraph the term JPM employee will mean former management employees of J.P. Morgan or its affiliates ("JPM") who, pursuant to the pertinent agreement(s) between AT&T and JPM, became AT&T Solutions employees on or about July 15, 1996 or such later date as provided in such agreement(s).

- (xxiii) Certain former AT&T employees or former Cincinnati Bell Inc. employees agreed to accept employment with either Cincinnati Bell Inc. or AT&T, pursuant to the Service and Plant Agreement, as amended, concluded between AT&T, certain affiliates of AT&T, Cincinnati Bell Inc., and Cincinnati Bell Telephone Company. To the extent that the former employee is not covered under the Mandatory Portability Agreement, Cincinnati Bell Inc. and AT&T will, provide for the mutual recognition of service credit and the transfer of benefit obligations under a former employee's pension plan which is qualified under section 401(a) of the Code, in accordance with the Service and Plant Agreement, as amended.
- (xxiv) A Concert A employee's Term of Employment will include his service on a domestic payroll of Concert commencing with a Concert A employee's date of hire by Concert as evidenced by the Concert's own internal records, to the extent that such service is during the update period (as defined below), and at AT&T's sole determination would have been service credited under this Plan as if employed by a Participating Employer; Update Period will mean the period commencing with a Concert A employee's hire by Concert and ending as of December 31, 2004.
- (xxv) A WU employee's Term of Employment will include his service as recognized under WU's pension plan as of the last date of WU employment before becoming a WU employee hereunder, as evidenced by Western Union's own internal records. For purposes of this Paragraph the term WU employee will mean former Western Union employees who, pursuant to the pertinent agreement(s) concluded between AT&T and Western Union Corporation ("WU") regarding WU's sale of a portion of its Business Services unit to AT&T, became employed by AT&T as of January 1, 1991 or such later date as specified in the agreement(s).
- (xxvi) An AT&T Transition Individual's Term of Employment will include his service with Lucent Technologies Inc. or its affiliates as such service is recognized under the applicable Defined Benefit Pension Plan of Lucent Technologies Inc. as evidenced by Lucent Technologies Inc.'s own internal records. For purposes of this Paragraph the term Transition Individual will mean those individuals who are "Transition Individuals" within the meaning of section 1.38(a) or (d) of the Management Interchange Agreement dated as of April 8, 1996 between AT&T and Lucent Technologies Inc. Individuals described in the preceding sentence are referred to in this Paragraph as "AT&T Transition Individuals."
- (xxvii) A Former Accenture Employee's Term of Employment will include the period of continuous Accenture service ending on the day before his or her move to AT&T, as evidenced by Accenture's own internal records. For purposes of this Paragraph the term Accenture Employee will mean former Employees who terminated

employment with AT&T and became employees of Accenture on or about June 15, 2003 pursuant to the pertinent agreement(s) with regard to outsourcing transactions between AT&T and Accenture.

- (xxviii) A Rehired IBM LPP Employee's Term of Employment will include his service with IBM or its affiliates immediately before the date of hire by AT&T pursuant to the transaction described herein as evidenced by IBM's own internal records that is attributable to periods of time for which the Rehired IBM LPP Employee was employed by AT&T or for which the Rehired IBM LPP Employee, as an employee of IBM, performed services on behalf of AT&T. For purposes of this Paragraph the term Rehired IBM LPP Employee will mean an individual who (i) was an Employee of AT&T immediately prior to being outsourced to IBM and (ii) returns to employment within the AT&T Controlled Group on March 1, 2007 in connection with the in-sourcing from IBM.

- (xxix) Effective January 1, 2010, a period of employment with AT&T Mobility, LLC or its subsidiaries ("AT&T Mobility"), BellSouth Corporation or its subsidiaries ("BellSouth"), AT&T Inc. or its subsidiaries, but excluding AT&T Corp. and its subsidiaries ("AT&T/SBC") that is recognized by the transferring company at the time of the transfer described in Subparagraph (a) hereof will be included in the Management Employee's Term of Employment for any Management Employee who is employed by a Participating Employer on or after January 1, 2010, if:
 - (a) such Management Employee had been transferred between AT&T Mobility and AT&T/SBC or between AT&T Mobility and BellSouth, at any time from January 1, 2001 through December 29, 2006, and

 - (b) such Management Employee:
 - (i) was not involuntarily terminated for cause or performance (as determined in the sole discretion of the Plan Administrator) from one of AT&T Mobility, BellSouth and AT&T/SBC or

 - (ii) did not receive severance benefits pursuant to a severance pay plan sponsored by one of AT&T Mobility, BellSouth and AT&T/SBC, and

 - (c) such Management Employee had a break in service of sixty (60) days or less between ending employment with one of AT&T Mobility, BellSouth and AT&T/SBC and beginning employment with one of AT&T Mobility, BellSouth and AT&T/SBC and

- (d) the Management Employee's period of employment with AT&T Mobility, BellSouth, or AT&T/SBC is not already recognized by the Plan.

(3) For Purposes of the Bargained Cash Balance Program and the Nonbargained Program

- (i) In the case of an Employee who is credited with an Hour of Service on or after April 1, 1989, such individual's period of employment in the service of one or more entities that are either AT&T Controlled Group Members or subsequently acquired by or merged with an AT&T Controlled Group Member will be included in his Term of Employment, provided such Employee was employed by the acquired or merged company, or any part thereof, at any time during the ninety (90)-day period immediately preceding the effective date of the acquisition or merger and is hired by any entity that is an AT&T Controlled Group Member within ninety (90) days after the date of the acquisition or merger.
- (ii) Effective April 1, 1997, all former and current employee service with any entity that would be recognized under the Pacific Telesis Group Cash Balance Pension Plan for Salaried Employees, the Pacific Telesis Group Pension Plan, or a predecessor plan will be included in Term of Employment.
- (iii) Effective October 26, 1998, all former and current employee service with any entity that would be recognized under the SNET Pension Plan, SNET Management Pension Plan or a predecessor plan will be included in Term of Employment.
- (iv) Effective October 8, 1999, all former and current employee service with any entity that would be recognized under the Ameritech Management Pension Plan, the Ameritech Pension Plan, or a predecessor plan will be included in Term of Employment.
- (v) Periods of employment with Sterling Commerce, Inc. or its subsidiaries will be included in the Employee's Term of Employment, for any Employee who is employed by a Participating Employer on or after March 24, 2000, but only if such periods were included in the Employee's term of employment with Sterling Commerce, Inc. or its subsidiaries, as reported by Sterling Commerce, Inc.
- (vi) For each Employee who was hired in accordance with the January 16, 2001, agreement between Lockheed Martin and Pacific Bell Telephone Company, periods of employment with General Telephone Enterprises will be included in the Employee's Term of Employment, but only if such periods were included in such Employee's term of employment with General Telephone Enterprises as reported by General Telephone Enterprises to the Plan.

- (vii) For each Employee who was extended an employment offer no later than June 5, 2001, and was hired in accordance with the February 1, 2001, agreement between International Business Machines Corporation and Ameritech Information Systems, Inc., the periods of employment with International Business Machines Corporation will be included in the Employee's Term of Employment, but only if such periods were included in such Employee's term of employment with International Business Machines Corporation as determined by International Business Machines Corporation.
- (viii) Periods of employment with Prodigy Communications Corporation or its Subsidiaries will be included in the Employee's Term of Employment, for any Employee who is employed by a Participating Employer on or after November 6, 2001, but only if such periods were included in the Employee's term of employment with Prodigy Communications Corporation or its Subsidiaries, as reported by Prodigy Communications L.P.
- (ix) Periods of employment with Ameritech Wireless Holdings, Inc., or its predecessors will be included in the Employee's Term of Employment, for any Employee who is employed by a Participating Employer on December 23, 2001, but only if such periods were included in the Employee's term of employment with Ameritech Wireless Holdings, Inc. or its predecessors.
- (x) Periods of employment with Centel will be included in the Employee's Term of Employment, measured from the Employee's most recent date of hire by Centel prior to the date on which the Employee was hired by Ameritech Corporation, or any of its subsidiaries, if such Employee (A) was an Employee of Centel at any time during the period beginning on September 26, 1997, and ending on October 31, 1997, (B) became a Bargaining Unit Employee of an Ameritech Corporation or any of its subsidiaries during the period beginning on September 29, 1997, and ending on November 3, 1997, and (C) is a Nonbargained Eligible Employee on or after May 6, 2002.
- (xi) Effective December 30, 2003, Term of Employment will include periods of employment with Callisma, Inc., but only if such periods were included in the Employee's Term of Employment with Callisma, Inc., as reported by Callisma, Inc.
- (xii) Notwithstanding anything else in the Nonbargained Program to the contrary, and subject to the notification requirements in Section 3.2 of Supplement 6 of the Plan, the service with the Foreign Service Recognition Company(ies) will be included in the Term of Employment of a Foreign Service Participant subject to otherwise applicable rules regarding recognition of service, including but not limited to rules regarding recognition of prior service after breaks in service. The service to be included will

include all periods of service with the Foreign Service Recognition Company prior to participation in the Nonbargained Program regardless of whether such service occurred before or after the effective date for such Foreign Service Recognition Company. Foreign Service Participant: means each individual who:

- (I) Was on the payroll of one or more Foreign Service Recognition Companies; and
- (II) Subsequent to such foreign employment, becomes employed in a position in which such individual is a Program Participant of the Nonbargained Program, where such participation in the Nonbargained Program includes service on or after January 1, 2006.

The following companies are Foreign Service Recognition Companies:

- (I) Effective as of January 1, 2006 — Southwestern Bell International Holdings, S.A. de C.V.
- (xiii) Effective, November 1, 2001, notwithstanding anything in the Nonbargained Program to the contrary, in the event that an SBC Cingular Transferee is later hired by a Participating Employer, such SBC Cingular Transferee's Term of Employment will include periods of Term of Employment which were previously recognized by the SBC Pension Benefit Plan and subsequently transferred to the Cingular Plan.
- (xiv) Effective January 1, 2007 with respect to Employees represented by the Communications Workers of America (excluding AT&T of Puerto Rico, Inc.) that transfer to the Bargained Cash Balance Program on or after August 1, 2006, for purposes of determining an Employee's Term of Employment within the AT&T Controlled Group, all former and current employee service with AT&T Corp, or one of its subsidiaries, that would be recognized under the AT&T Pension Plan, AT&T Legacy Management Program— AT&T Pension Benefit Plan, AT&T Puerto Rican Pension Benefit Plan — AT&T Legacy Management Program, or any predecessor plan or program will be treated as if such service had always been service within the AT&T Controlled Group, subject to the provisions of the Bargained Cash Balance Program, as applicable, governing recognition of such service.

- (xv) Effective January 1, 2010, a period of employment with AT&T Mobility, LLC or its subsidiaries (“AT&T Mobility”), BellSouth Corporation or its subsidiaries (“BellSouth”), AT&T Inc. or its subsidiaries, but excluding AT&T Corp. and its subsidiaries, (“AT&T/SBC”) that is recognized by the transferring company at the time of the transfer described in Subparagraph (a) hereof will be included in the Management Employee’s Term of Employment for any Management Employee who is employed by a Participating Employer on or after January 1, 2010, if:
- (a) such Management Employee had been transferred between AT&T Mobility and AT&T/SBC or between AT&T Mobility and BellSouth, at any time from January 1, 2001 through December 29, 2006; and
 - (b) such Management Employee:
 - (i) was not involuntarily terminated for cause or performance (as determined in the sole discretion of the Plan Administrator) from one of AT&T Mobility, BellSouth and AT&T/SBC or
 - (ii) did not receive severance benefits pursuant to a severance pay plan sponsored by one of AT&T Mobility, BellSouth and AT&T/SBC, and
 - (c) such Management Employee had a break in service of sixty (60) days or less between ending employment with one of AT&T Mobility, BellSouth and AT&T/SBC and beginning employment with one of AT&T Mobility, BellSouth and AT&T/SBC; and
 - (d) the Management Employee’s period of employment with AT&T Mobility, BellSouth, or AT&T/SBC is not already recognized by the Plan.
- (xvi) Effective January 1, 2010, a period of employment with BellSouth Corporation or its subsidiaries (“BellSouth”) will be included in the CWA District 4 (SBC Global Services, Inc. (COS)) Bargaining Unit Employee’s Term of Employment if such Employee transfers from any of the following Bargaining Units:
- CWA District 3 (AT&T Billing Southeast, LLC)
 - CWA District 3 (AT&T Southeast Core Contract)
 - CWA District 3 (BellSouth Advertising & Publishing Corporation)

- CWA District 3 (BellSouth Telecommunications, LLC (Internet Services))
- CWA District 3 (BellSouth Telecommunications, LLC (National Directory & Customer Assistance))
- CWA District 3 (BellSouth Telecommunications, LLC (Utility Operations))

(xvii) Effective February 2, 2011, for Employees who:

- (a) were covered by the CWA District 3 (AT&T Southeast Core Contract);
- (b) were declared surplus on June 15, 2010;
- (c) voluntarily transferred from the Systems Specialist Technician job title in Atlanta, Georgia on December 4, 2010; and
- (d) voluntarily transferred to like positions in the Richardson, Texas covered by the CWA (SBC Internet Services, LLC (Tier 2)) on December 5, 2010

Term of Employment will include a Bargaining Unit Employee's service with the CWA District 3 (AT&T Southeast Core Contract) that would be recognized under the Southeast Program, as if such service had always been service with the AT&T Controlled Group, subject to the otherwise applicable provisions of the Bargained Cash Balance Program governing recognition of such service.

(xviii) Effective December 1, 2014, a period of employment with AT&T Corp. or its subsidiaries ("Legacy T") will be included in the Management Employee's or Nonmanagement NonUnion Employee's Term of Employment; provided the Legacy T Employee has a Reemployment Commencement Date on or after November 17, 2005 and before January 1, 2007 and such Employee's applicable period of employment with Legacy T is not already recognized by the Plan.

(4) For Purposes of the Bargained Cash Balance Program #2.

- (i) Effective January 1, 2007, all former or current employee service with any entity that would be recognized under the AT&T Legacy Bargained Program, AT&T Legacy Management Program, Bargained Cash Balance Program, Bargained Cash Balance Program #2, East Program, Midwest Program, Nonbargained Program, Southeast Management Program, Southeast Program, Southwest Program, West Program, Mobility Bargained Program, Mobility Program, a predecessor plan or any other plan

maintained by an AT&T Controlled Group Member, will be included in the Employee's Term of Employment.

- (ii) Effective January 1, 2007 with respect to Employees represented by the Communications Workers of America (excluding AT&T of Puerto Rico, Inc.) that transfer to the Bargained Cash Balance Program #2 on or after August 1, 2006, for purposes of determining an Employee's Term of Employment within the AT&T Controlled Group, all former and current employee service with AT&T Corp, or one of its subsidiaries, that would be recognized under the AT&T Pension Plan, AT&T Pension Benefit Plan — AT&T Legacy Management Program, AT&T Puerto Rican Pension Benefit Plan — AT&T Legacy Management Program, or any predecessor plan or program will be treated as if such service had always been service within the AT&T Controlled Group, subject to the provisions of the Bargained Cash Balance Program #2, as applicable, governing recognition of such service.
- (iii) Effective January 24, 2010, a period of employment with Centennial Communications ("Centennial") or its subsidiaries will be included in the Employee's Term of Employment for any Employee who is employed by a Participating Employer on or after January 24, 2010 in connection with the agreement entered into with the Company or one of its subsidiaries on November 7, 2008, but only if such periods were included in the Employee's term of employment with Centennial, as reported by Centennial.
- (iv) With respect to the Bargained Cash Balance Program #2, for employees covered by the CWA District 3 (AT&T Southeast Core Contract), CWA District 3 (BellSouth Telecommunications, LLC (Utility Operations)), and CWA District 3 (AT&T Billing Southeast, LLC) agreements, Employee's Term of Employment will be based on the greater of (1) such Program Participant's Term of Employment as determined under the provisions of the Bargained Cash Balance Program #2 as of January 1, 2013 and (2) such Program Participant's Term of Employment determined as if such employee were an Eligible Employee under the Southeast Program as of December 31, 2012.
- (v) With respect to the Bargained Cash Balance Program #2, for employees covered by the IBEW Midwest Core Contract, a DIRECTV employee's Term of Employment will include his pre-December 1, 2016 employment service recognized as the DIRECTV service date as evidenced by DIRECTV's own internal records. For purposes of this Paragraph the term DIRECTV employee will mean employees of DIRECTV Group, Inc. ("DIRECTV") or its subsidiaries who, pursuant to the pertinent agreement(s) as of July 24, 2015 between AT&T and DIRECTV in connection with the sale of DIRECTV to AT&T, became AT&T employees.

(5) For Purposes of the DIRECTV Program

- (i) A DIRECTV employee's Term of Employment will include his pre-December 1, 2016 employment service recognized as the DIRECTV service date as evidenced by DIRECTV's own internal records. For purposes of this Paragraph the term DIRECTV employee will mean employees of DIRECTV Group, Inc. ("DIRECTV") or its subsidiaries who, pursuant to the pertinent agreement(s) as of July 24, 2015 between AT&T and DIRECTV in connection with the sale of DIRECTV to AT&T, became AT&T employees.

If an Employee is active and eligible for DIRECTV's leave of absence policy and is approved for the participation under the terms of the leave policy, when he returns directly from a leave that commenced before January 1, 2017, to the active payroll of a Participating Employer, the period of the leave will be included in the Employee's Term of Employment and Years of Service upon his return. If any such eligible Employee returns directly to the active payroll of a Participating Employer from a leave that commenced on or after January 1, 2017, the period of the leave will be included in the Employee's Term of Employment and Years of Service upon his return as determined by the applicable AT&T Leave of Absence Policy.

(6) For Purposes of the East Program.

- (i) Effective July 1, 1995, each individual who is eligible to become a Program Participant of the East Program while a SNET Cellular Employee, the computation of Term of Employment will include any periods of Regular or provisional regular employment with SNET Cellular, Inc.
- (ii) The computation of Term of Employment for each employee who transferred to Computer Sciences Corporation ("CSC") in connection with the sale of assets to CSC by SNET effective July 1, 1995, and who is subsequently rehired by a Participating Employer will not include any periods of service prior to the earlier of the effective date of such Rehired CSC Employee's transfer of employment and pension assets and liabilities to CSC.
- (iii) Effective October 26, 1998, all former and current employee service with any entity that would be recognized under the SBC Pension Benefit Plan, or a predecessor plan, will be included in Term of Employment.

- (iv) Effective January 1, 1999, the Term of Employment of each individual who is eligible to participate in the East Program while employed by Woodbury Telephone Company or any Participating Employer will include any periods of regular employment with Woodbury Telephone Company to the same extent that Woodbury Telephone Company would recognize such service.
- (v) Effective January 1, 1999, all former and current employee service with any entity that would be recognized under the Pacific Telesis Group Cash Balance Pension Plan for Salaried Employees, the Pacific Telesis Group Pension Plan, or a predecessor plan will be included in Term of Employment.
- (vi) Effective April 1, 2001, all former and current employee service with any entity that would be recognized under the Ameritech Pension Plan, Ameritech Management Pension Plan, or a predecessor plan, will be included in Term of Employment.
- (vii) Any individual on the active payroll of SNET Mobility, Inc. or SNET Cellular, Inc., on July 1, 2001, who also transferred to Cingular East, LLC on December 16, 2001, and who is subsequently rehired as a Regular Employee any time on or before April 3, 2004, through the SNET Transfer Bureau will have Cingular East, LLC service recognized immediately upon rehire for the purpose of determining the Service Category. Such East Eligible Employee will be eligible to have any Cingular East, LLC service recognized pursuant to the East Program's break in service rules in effect on the date of rehire.
- (viii) Effective November 1, 2008, notwithstanding anything in the Plan to the contrary, in the event that an SBC Cingular Transferee is later hired by a Participating Company, such SBC Cingular Transferee's term of employment shall include periods of employment which were previously recognized by the Plan and subsequently transferred to the Cingular Plan.
- (ix) Effective January 1, 2007 with respect to Employees represented by the Communications Workers of America (excluding AT&T of Puerto Rico, Inc.) that transfer to the East Program on or after August 1, 2006, for purposes of determining an Employee's Term of Employment within the AT&T Controlled Group, all former and current employee service with AT&T Corp, or one of its subsidiaries, that would be recognized under the AT&T Pension Plan, AT&T Pension Benefit Plan — AT&T Legacy Management Program, AT&T Puerto Rican Pension Benefit Plan — AT&T Legacy Management Program, or any predecessor plan or program will be treated as if such service had always been service within the AT&T Controlled Group, subject to the provisions of the East Program, as applicable, governing recognition of such service.

- (x) Effective January 1, 2011, a period of employment with BellSouth Corporation or its subsidiaries (“BellSouth”) will be included in the Term of Employment of each Employee identified in Subparagraph (A) but only if such Employee transfers from any of the Bargaining Units described in Subparagraph (B) hereof:
 - (a) CWA District 1 (AT&T East Core Contract)
CWA District 3 (SNET Information Services, Inc.)
 - (b) CWA District 3 (AT&T Billing Southeast, LLC);
CWA District 3 (AT&T Southeast Core Contract)
CWA District 3 (BellSouth Advertising & Publishing Corporation)
CWA District 3 (BellSouth Affiliate Services Corporation)
CWA District 3 (BellSouth Corporation)
CWA District 3 (BellSouth Long Distance, Inc.)
CWA District 3 (BellSouth Telecommunications, LLC (Utility Operations))
CWA District 3 (BellSouth Telecommunications, LLC (Internet Services))
CWA District 3 (BellSouth Telecommunications, LLC (National Directory & Customer Assistance))

(7) For Purposes of the Management Cash Balance Program

- (i) Effective January 1, 2007, all former or current employee service with any entity that would be recognized under the AT&T Legacy Bargained Program, AT&T Legacy Bargained Program, Bargained Cash Balance Program, Bargained Cash Balance Program #2, East Program, Midwest Program, Nonbargained Program, Southeast Management Program, Southeast Program, Southwest Program, West Program, Mobility Bargained Program, Mobility Program, a predecessor plan, or any other plan maintained by an AT&T Controlled Group Member, will be included in the Employee’s Term of Employment.
- (ii) A period of employment with International Business Machines Corporation or its subsidiaries (“IBM III”) will be included in the Employee’s Term of Employment for any Employee who is employed by a Participating Employer on or after February 1, 2008 in connection with the agreement entered into

with the Company or one of its subsidiaries on October 1, 2007, but only if such periods were included in the Employee's Term of Employment with IBM, as reported by IBM.

- (iii) A period of employment with Interwise, Inc. or its subsidiaries ("Interwise") will be included in the Employee's Term of Employment for any Employee who is employed by a Participating Employer on or after March 1, 2008 in connection with the agreement entered into with the Company or one of its subsidiaries on November 1, 2007, but only if such periods were included in the Employee's Term of Employment with Interwise, as reported by Interwise.
- (iv) A period of employment with Dobson Communications Corporation or its subsidiaries ("Dobson") will be included in the Employee's Term of Employment for any Employee who is employed by a Participating Employer December 16, 2008 in connection with the agreement entered into with the Company or one of its subsidiaries on November 15, 2007 but only if such periods were included in the Employee's Term of Employment with Dobson, as reported by Dobson.
- (v) A period of employment with Edge Wireless, LLC or its subsidiaries ("Edge") will be included in the Employee's Term of Employment for any Employee who is employed by a Participating Employer July 6, 2008 in connection with the agreement entered into with the Company or one of its subsidiaries on April 18, 2008 but only if such periods were included in the Employee's Term of Employment with Edge, as reported by Edge.
- (vi) A period of employment for employees who were previously transitioned to Electronic Data Systems Corporation or its subsidiaries ("EDS") as part of the outsourcing agreement in 1997 between BellSouth Corporation and EDS will be included in the Employee's Term of Employment for any Employee who is employed by a Participating Employer on April 2, 2008, but only if such periods were included in the Employee's Term of Employment with EDS, as reported by EDS.
- (vii) A period of employment with USinternetworking or its subsidiaries ("USinternetworking") will be included in the Employee's Term of Employment for any Employee who is employed by a Participating Employer on December 16, 2008 in connection with the agreement entered into with the Company or one of its subsidiaries on October 20, 2006, but only if such periods were included in the Employee's Term of Employment with USinternetworking, as reported by USinternetworking.
- (viii) A period of employment with Health Net or its subsidiaries ("IBM IV") will be included in the Employee's Term of Employment for any Employee who is employed by a Participating Employer on

October 16, 2008 in connection with the agreement entered into with the Company or one of its subsidiaries on August 20, 2008, but only if such periods were included in the Employee's Term of Employment with Health Net, as reported by Health Net.

- (ix) A period of employment with Accenture or its subsidiaries ("Accenture") will be included in the Employee's Term of Employment for any Employee who is employed by a Participating Employer on September 1, 2008 in connection with the agreement entered into with the Company or one of its subsidiaries, but only if such periods were included in the Employee's Term of Employment with Accenture, as reported by Accenture.
- (x) A period of employment with Rural Cellular Corporation or its subsidiaries ("Unicel") will be included in the Employee's Term of Employment for any Employee who is employed by a Participating Employer on or after December 23, 2008 in connection with a government mandated property swap by and between AT&T Inc. and Verizon Wireless, but only if such periods were included in the Employee's Term of Employment with Unicel, as reported by Unicel. Notwithstanding the preceding sentence, no one who begins employment with the AT&T Controlled Group after June 23, 2009 will be eligible for recognition of Unicel service under this Subparagraph.
- (xi) Effective February 1, 2009, a period of employment with Amgen or its subsidiaries ("IBM V") will be included in the Employee's Term of Employment for any Employee who is employed by a Participating Employer on February 1, 2009 in connection with the subcontracting agreement entered into by IBM or one of its subsidiaries with the Company or one of its subsidiaries in October 2008, but only if such periods were included in the Employee's Term of Employment with Amgen, as reported by Amgen.
- (xii) Effective February 1, 2009, a period of employment with the ServiceMaster Company or its subsidiaries ("IBM VI") will be included in the Employee's Term of Employment for any Employee who is employed by a Participating Employer on February 1, 2009 in connection with the subcontracting agreement entered into by IBM or one of its subsidiaries with the Company or one of its subsidiaries in December 2008, but only if such periods were included in the Employee's Term of Employment with the ServiceMaster Company, as reported by the ServiceMaster Company.
- (xiii) Effective January 1, 2009, a period of employment with International Business Machines Corporation or its subsidiaries ("IBM VII") will be included in the Employee's Term of Employment for any Employee who is employed by a Participating Employer on or after January 1, 2009 due to the expiration of an outsourcing

agreement on December 31, 2008 for IBM to provide Midrange support, but only if such periods were included in the Employee's term of employment with IBM, as reported by IBM. Notwithstanding the preceding sentence, no one who begins employment with the AT&T Controlled Group after June 30, 2009 will be eligible for recognition of IBM service under this Subparagraph.

- (xiv) Effective March 16, 2009, a period of employment with the American Express Company or its subsidiaries will be included in the Employee's Term of Employment for any Employee who is employed by a Participating Employer on or after March 16, 2009 in connection with the in-sourcing agreement entered into by Electronic Data Systems, LLC or one of its subsidiaries with the Company or one of its subsidiaries in February 2009, but only if such periods were included in the Employee's term of employment with the American Express Company, as reported by the American Express Company. Notwithstanding the preceding sentence, no one who begins employment with the AT&T Controlled Group after September 15, 2009 will be eligible for recognition of American Express service under this Subparagraph.
- (xv) Effective April 1, 2009, a period of employment with the International Business Machines Corporation or its subsidiaries ("IBM VIII") will be included in the Employee's Term of Employment for any Employee who is employed by a Participating Employer on or after April 1, 2009 in connection with the notification the Company or one of its subsidiaries gave to IBM in February 2009, that it planned to exercise its right under an existing outsourcing agreement to in-source certain positions, but only if such periods were included in the Employee's term of employment with IBM, as reported by IBM. Notwithstanding the preceding sentence, no one who begins employment with the AT&T Controlled Group after September 30, 2009 will be eligible for recognition of IBM service under this Subparagraph.
- (xvi) Effective May 1, 2009, a period of employment with the State of Georgia or its subsidiaries will be included in the Employee's Term of Employment for any Employee who is employed by a Participating Employer on or after May 1, 2009 in connection with the in-sourcing agreement entered into by the State of Georgia or one of its subsidiaries with the Company or one of its subsidiaries in November 2008, but only if such periods were included in the Employee's term of employment with the State of Georgia, as reported by the State of Georgia. Notwithstanding the preceding sentence, no one who begins employment with the AT&T Controlled Group after April 30, 2011 will be eligible for recognition of State of Georgia service under this Subparagraph.

- (xvii) Effective June 1, 2009, a period of employment with the Whirlpool Corporation or its subsidiaries (“IBM IX”) will be included in the Employee’s Term of Employment for any Employee who is employed by a Participating Employer on or after June 1, 2009 in connection with the in-sourcing agreement entered into by the International Business Machines Corporation or one of its subsidiaries with the Company or one of its subsidiaries in February 2009, but only if such periods were included in the Employee’s term of employment with the Whirlpool Corporation, as reported by the Whirlpool Corporation. Notwithstanding the preceding sentence, no one who begins employment with the AT&T Controlled Group after November 30, 2009 will be eligible for recognition of Whirlpool Corporation service under this Subparagraph.
- (xviii) Effective July 1, 2010, a period of employment with the Sara Lee Corporation or its subsidiaries will be included in the Employee’s Term of Employment for any Employee who is employed by a Participating Employer on or after July 1, 2009 in connection with the in-sourcing agreement entered into by the Sara Lee Corporation or one of its subsidiaries with the Company or one of its subsidiaries in May 2009, but only if such periods were included in the Employee’s term of employment with the Sara Lee Corporation, as reported by the Sara Lee Corporation. Notwithstanding the preceding sentence, no one who begins employment with the AT&T Controlled Group after December 31, 2010 will be eligible for recognition of Sara Lee Corporation service under this Subparagraph.
- (xix) Effective July 1, 2009, a period of employment with TIAA-CREF or its subsidiaries will be included in the Employee’s Term of Employment for any Employee who is employed by a Participating Employer on or after July 1, 2009 in connection with the in-sourcing agreement entered into by TIAA-CREF or one of its subsidiaries with the Company or one of its subsidiaries in May 2009, but only if such periods were included in the Employee’s term of employment with TIAA-CREF, as reported by TIAA-CREF. Notwithstanding the preceding sentence, no one who begins employment with the AT&T Controlled Group after December 31, 2009 will be eligible for recognition of TIAA-CREF service under this Subparagraph.
- (xx) Effective October 1, 2009, a period of employment with VeriSign, Inc. (“VeriSign”) or its subsidiaries will be included in the Employee’s Term of Employment for any Employee who is employed by a Participating Employer on or after October 1, 2009 in connection with the in-sourcing agreement entered into by VeriSign or one of its subsidiaries with the Company or one of its subsidiaries on October 1, 2009, but only if such periods were included in the Employee’s term of employment with VeriSign, as reported by VeriSign. Notwithstanding the preceding sentence, no

one who begins employment with the AT&T Controlled Group after March 31, 2010 will be eligible for recognition of VeriSign service under this Subparagraph.

- (xxi) Effective January 1, 2010, a period of employment with AT&T Mobility, LLC or its subsidiaries (“AT&T Mobility”), BellSouth Corporation or its subsidiaries (“BellSouth”), AT&T Inc. or its subsidiaries, but excluding AT&T Corp. and its subsidiaries, (“AT&T/SBC”) that is recognized by the transferring company at the time of the transfer described in Subparagraph (a) hereof will be included in the Management Employee’s Term of Employment for any Management Employee who is employed by a Participating Employer on or after January 1, 2010, if:
 - (a) such Management Employee had been transferred between AT&T Mobility and AT&T/SBC or between AT&T Mobility and BellSouth, at any time from January 1, 2001 through December 29, 2006; and
 - (b) such Management Employee:
 - (i) was not involuntarily terminated for cause or performance (as determined in the sole discretion of the Plan Administrator) from one of AT&T Mobility, BellSouth and AT&T/SBC or
 - (ii) did not receive severance benefits pursuant to a severance pay plan sponsored by one of AT&T Mobility, BellSouth and AT&T/SBC, and
 - (c) such Management Employee had a break in service of sixty (60) days or less between ending employment with one of AT&T Mobility, BellSouth and AT&T/SBC and beginning employment with one of AT&T Mobility, BellSouth and AT&T/SBC; and
 - (d) the Management Employee’s period of employment with AT&T Mobility, BellSouth, or AT&T/SBC is not already recognized by the Plan.
- (xxii) Effective November 16, 2009, a period of employment with Deutsche Post AG (“DHL”) or its subsidiaries will be included in the Employee’s Term of Employment for any Employee who is employed by a Participating Employer on or after November 16, 2009 in connection with the in-sourcing agreement entered into by DHL or one of its subsidiaries with the Company or one of its subsidiaries on July 8, 2009, but only if such periods were included in the Employee’s term of employment with DHL, as reported by DHL. Notwithstanding the preceding sentence, no one

who begins employment with the AT&T Controlled Group after May 16, 2010 will be eligible for recognition of DHL service under this Subparagraph.

- (xxiii) Effective December 16, 2009, a period of employment with Wayport, Inc. or its subsidiaries (“Wayport”) will be included in the Employee’s Term of Employment for any Employee who is employed by a Participating Employer on or after December 16, 2009, in connection with the agreement entered into with the Company or one of its subsidiaries in November 2008, but only if such periods were included in the Employee’s Term of Employment with Wayport, as reported by Wayport.
- (xxiv) Effective January 1, 2010, a period of employment with Electronic Data Systems Corporation/ Hewlett-Packard (“EDS/HP”) or their subsidiaries will be included in the Employee’s Term of Employment for any Employee who is employed by a Participating Employer on or after January 1, 2010 in connection with the in-sourcing agreement announced by EDS/HP or one of their subsidiaries and the Company or one of its subsidiaries on August 11, 2009, but only if such periods were included in the Employee’s term of employment with EDS/HP, as reported by EDS/HP. Notwithstanding the preceding sentence, no one who begins employment with the AT&T Controlled Group after July 1, 2010 will be eligible for recognition of EDS/HP service under this Subparagraph.
- (xxv) Effective February 15, 2010, a period of employment with Centennial Communications (“Centennial”) or its subsidiaries will be included in the Employee’s Term of Employment for any Employee who is employed by a Participating Employer on or after February 15, 2010 in connection with the agreement entered into with the Company or one of its subsidiaries on November 7, 2008, but only if such periods were included in the Employee’s term of employment with Centennial, as reported by Centennial.
- (xxvi) Effective June 16, 2010, a period of employment with CNA Financial Corporation (“CNA”) or its subsidiaries will be included in the Employee’s Term of Employment for any Employee who is employed by a Participating Employer on or after June 16, 2010 in connection with the agreement entered into with the Company or one of its subsidiaries on March 11, 2010, but only if such periods were included in the Employee’s term of employment with CNA, as reported by CNA. Notwithstanding the preceding sentence, no one who begins employment with the AT&T Controlled Group after December 16, 2010 will be eligible for recognition of CNA service under this Subparagraph.

- (xxvii) Effective June 23, 2010, a period of employment with Alltel Wireless (“Alltel”) or its subsidiaries will be included in the Employee’s Term of Employment for any Employee who is employed by a Participating Employer on or after June 23, 2010 in connection with the government mandated asset swap with Verizon Wireless following the acquisition of Centennial Communications, but only if such periods were included in the Employee’s term of employment with Alltel, as reported by Alltel. Notwithstanding the preceding sentence, no one who begins employment with the AT&T Controlled Group after June 23, 2011 will be eligible for recognition of Alltel service under this Subparagraph.
- (xxviii) Effective August 16, 2010, a period of employment with Hilton Hotels (“Hilton”) or its subsidiaries will be included in the Employee’s Term of Employment for any Employee who is employed by a Participating Employer on or after August 16, 2010 in connection with the agreement entered into with the Company or one of its subsidiaries on August 2, 2010, but only if such periods were included in the Employee’s term of employment with Hilton, as reported by Hilton. Notwithstanding the preceding sentence, no one who begins employment with the AT&T Controlled Group after February 16, 2011 will be eligible for recognition of Hilton service under this Subparagraph.
- (xxix) Effective September 1, 2010, a period of employment with Hilton Hotels (“Hilton”) or its subsidiaries will be included in the Employee’s Term of Employment for any Employee who is employed by a Participating Employer on or after September 1, 2010 in connection with the agreement entered into with the Company or one of its subsidiaries on June 28, 2010, but only if such periods were included in the Employee’s term of employment with Hilton, as reported by Hilton. Notwithstanding the preceding sentence, no one who begins employment with the AT&T Controlled Group after March 1, 2011 will be eligible for recognition of Hilton service under this Subparagraph.
- (xxx) Effective November 1, 2010, a period of employment with inCompass Wireless or its subsidiaries (“inCompass”) will be included in the Employee’s Term of Employment for any Employee who is employed by a Participating Employer on or after November 1, 2010 in connection with the agreement entered into with the Company or one of its subsidiaries on October 15, 2010, but only if such periods were included in the Employee’s term of employment with inCompass, as reported by inCompass. Notwithstanding the preceding sentence, no one who begins employment with the AT&T Controlled Group after May 1, 2011 will be eligible for recognition of inCompass service under this Subparagraph.

- (xxxi) Effective January 1, 2011, a period of employment with Xanboo, Inc. or its subsidiaries (“Xanboo”) will be included in the Employee’s Term of Employment for any Employee who is employed by a Participating Employer on or after January 1, 2011 in connection with the acquisition agreement entered into with the Company or one of its subsidiaries on December 3, 2010, but only if such periods were included in the Employee’s term of employment with Xanboo, as reported by Xanboo. Notwithstanding the preceding sentence, no one who begins employment with the AT&T Controlled Group after July 1, 2011 will be eligible for recognition of Xanboo service under this Subparagraph.
- (xxxii) Effective February 10, 2011, a period of employment with Accenture or its subsidiaries (“Accenture”) will be included in the Employee’s Term of Employment for any Employee who is employed by a Participating Employer on or after February 10, 2011, in connection with the in-sourcing agreement between a subsidiary of AT&T Inc. and Accenture, entered into on January 4, 2011, but only if such periods were included in the Employee’s term of employment with Accenture, as reported by Accenture. Notwithstanding the preceding sentence, no one who begins employment with the AT&T Controlled Group after August 10, 2011 will be eligible under this Subparagraph.
- (xxxiii) Effective November 7, 2011, a period of employment with Automatic Data Processing, Inc., or its subsidiaries (“ADP”) will be included in the Employee’s Term of Employment for any Employee who is employed by a Participating Employer on or after November 7, 2011, in connection with the in-sourcing agreement between a subsidiary of AT&T Inc. and ADP, entered into on April 1, 2010, but only if such periods were included in the Employee’s term of employment with ADP, as reported by ADP. Notwithstanding the preceding sentence, no one who begins employment with the AT&T Controlled Group after July 7, 2012 will be eligible under this Subparagraph.
- (xxxiv) Effective February 1, 2012, a period of employment with Affiliated Computer Services, Inc., or its subsidiaries (“ACS”) will be included in the Employee’s Term of Employment for any Employee who is employed by a Participating Employer on or after February 1, 2012, in connection with the in-sourcing agreement between a subsidiary of AT&T Inc. and ACS, entered into in June 2011, but only if such periods were included in the Employee’s term of employment with ACS, as reported by ACS. Notwithstanding the preceding sentence, no one who begins employment with the AT&T Controlled Group after August 1, 2012 will be eligible under this Subparagraph.

- (xxxv) Effective April 2, 2012, a period of employment with American Medical Association, Inc., or its subsidiaries (“the AMA”) will be included in the Employee’s Term of Employment for any Employee who is employed by a Participating Employer on or after April 2, 2012, in connection with the in-sourcing agreement between a subsidiary of AT&T Inc. and AMA, entered into on February 19, 2012, but only if such periods were included in the Employee’s term of employment with the AMA, as reported by the AMA. Notwithstanding the preceding sentence, no one who begins employment with the AT&T Controlled Group after December 31, 2012 will be eligible under this Subparagraph.
- (xxxvi) Effective November 1, 2012, a period of employment with Orange Communications, or its subsidiaries (“Orange”) will be included in the Employee’s Term of Employment for any Employee who is employed by a Participating Employer on or after November 1, 2012, in connection with the in-sourcing agreement between a subsidiary of AT&T Inc. and Orange, entered into on November 1, 2012, but only if such periods were included in the Employee’s term of employment with Orange, as reported by Orange. Notwithstanding the preceding sentence, no one who begins employment with the AT&T Controlled Group after December 31, 2012 will be eligible under this Subparagraph.
- (xxxvii) Effective May 20, 2013, a period of employment with Macquarie Holdings, U.S.A. (“Macquarie”) will be included in the Employee’s Term of Employment for any Employee who is employed by a Participating Employer on or after May 20, 2013, in connection with the in-sourcing of an Employee between a subsidiary of AT&T Inc. and Macquarie dated May 11, 2012, but only if such periods were included in the Employee’s term of employment with Macquarie, as reported by Macquarie.
- (xxxviii) Effective September 20, 2013, a period of employment with Atlantic Tele-Network Inc. (“Alltel”) will be included in the Employee’s Term of Employment for any Employee who is employed by a Participating Employer on or after September 20, 2013, in connection with the in-sourcing of an Employee between a subsidiary of AT&T Inc. and Alltel dated January 21, 2013, but only if such periods were included in the Employee’s period of employment with Alltel, as reported by Alltel. Notwithstanding the preceding sentence, no one who begins employment with the AT&T Controlled Group after September 20, 2014 will be eligible under this Subparagraph.

- (xxxix) Effective October 1, 2013, a period of employment with Alcatel Lucent (“Alcatel”) will be included in the Employee’s Term of Employment for any Employee who is employed by a Participating Employer on or after October 1, 2013, in connection with the insourcing of an Employee between a subsidiary of AT&T Inc. and Alcatel dated July 22, 2013, but only if such periods were included in the Employee’s period of employment with Alcatel, as reported by Alcatel.

- (xl) Effective January 1, 2014, a period of employment with JVL Ventures, LLC (“JVL”) will be included in the Employee’s Term of Employment for any Employee who was outsourced to JVL between February 1, 2011 and December 31, 2011 and is rehired by a Participating Employer on or after December 31, 2011 and on or before January 15, 2015, and Employee is rehired under the retreat rights set forth in the letter agreement by and between AT&T Inc. and the impacted individuals dated February 18, 2011 or May 25, 2011, as the case may be, but only if such periods were included in the Employee’s period of employment with JVL, as reported by JVL. Such period of employment with JVL will only be counted for eligibility, vesting and participation purposes, but not for benefit accrual purposes under the Plan.

- (xli) Effective January 1, 2014, a period of employment with Computer Systems Corporation (“CSC”) will be included in the Employee’s Term of Employment for any Employee who is employed by a Participating Employer on or after December 1, 2013, in connection with the insourcing of an Employee between a subsidiary of AT&T Inc. and CSC dated August 7, 2013, but only if such periods were included in the Employee’s period of employment with CSC, as reported by CSC. Such period of employment with CSC will only be counted for Term of Employment purposes and will not count toward eligibility, vesting, participation and benefit accrual purposes under the Plan.

- (xlii) Effective March 1, 2014, a period of employment with IBM/United Launch Alliance (“ULA”) will be included in the Employee’s Term of Employment for any Employee who is employed by a Participating Employer on or after March 1, 2014, in connection with the insourcing of an Employee between a subsidiary of AT&T Inc. and IBM dated February 28, 2013, but only if such periods were included in the Employee’s period of employment with IBM, as reported by IBM. Such period of employment with IBM will only be counted for eligibility and vesting purposes, but not for benefit accrual purposes under the Plan.

- (xlili) Effective January 1, 2014, a period of employment with Element Wireless (Element) will be included in the Employee’s Term of Employment for any Employee who becomes employed by a Participating Employer on or after January 1, 2014, in connection with the formation agreement between New Cingular Wireless

PCS, LLC, a subsidiary of AT&T Inc., and Wisconsin RSA #7 LP dated May 1, 2013, as the operators of Element Wireless, but only if such periods were included in the Employee's period of employment with Element, as reported by Element. Such period of employment with Element will only be counted for eligibility and vesting purposes, but not for benefit accrual purposes under the Plan.

- (xlv) Effective April 16, 2014, a period of employment with Alcatel Lucent ("Alcatel") will be included in the Employee's Term of Employment for any Employee who becomes employed by a Participating Employer on or after April 16, 2014, in connection with the insourcing of an Employee between a subsidiary of AT&T Inc. and Alcatel under an agreement dated February 28, 2014, but only if such periods were included in the Employee's period of employment with Alcatel, as reported by Alcatel. Provided further, if the Employee had continuous service with a legacy Bell System company prior to the transfer to Alcatel, has not had an intervening Termination of Employment, and is now rehired by a subsidiary of AT&T Inc. as part of this insourcing, the Employee's prior legacy Bell System service will also be recognized.
- (xlv) Effective April 1, 2014, a period of employment with Fannie Mae/IBM ("Fannie Mae") will be included in the Employee's Term of Employment for any Employee who becomes employed by a Participating Employer on or after April 1, 2014, in connection with the Go-to-Market outsourcing agreement between a subsidiary of AT&T Inc. and IBM dated June 18, 2013, but only if such periods were included in the Employee's period of employment with Fannie Mae, as reported by Fannie Mae.
- (xlvi) Effective December 20, 2014, a period of employment with Cricket Communications, Inc. ("Cricket") will be included in the Employee's Term of Employment for any Employee who is employed by a Participating Employer on or after March 13, 2014, in connection with the acquisition of Cricket by the Company or one of its subsidiaries on March 13, 2014, and remains employed by an AT&T Controlled Group Member as of December 20, 2014, but only if such periods were included in the Employee's period of employment with Cricket, as reported by Cricket.
- (xlvii) A period of employment with Thomson Reuters will be included in the Employee's Term of Service for any Employee who is employed by a Participating Employer on February 1, 2015, in connection with the agreement entered into between the Company and IBM but only if such periods were included in the Employee's Term of Employment with Thomson Reuters, as reported by Thomson Reuters.
- (xlviii) Effective July 24, 2015, a period of employment with DIRECTV will be included in the Term of Employment for any Employee who

was employed by DIRECTV immediately prior to becoming employed as a Management Employee (a "DIRECTV Management Employee") or, except as hereinafter provided, a Bargained Employee (a "DIRECTV Bargained Employee"), in either case with a Participating Employer following the acquisition of DIRECTV on July 24, 2015 (such DIRECTV Management Employees and DIRECTV Bargained Employees, collectively, "DIRECTV Employees"), but only if such periods were included in the DIRECTV Employee's period of employment with DIRECTV, as reported by DIRECTV; and provided further that, for a DIRECTV Bargained Employee who becomes employed as a Bargained Employee other than within an AT&T Mobility Services LLC bargaining unit, such period of service will not be recognized for purposes of determining Term of Employment.

Further, if a DIRECTV Employee had a period of continuous service with AT&T prior to employment with DIRECTV, such service will not be recognized upon subsequent rehire with a Participating Employer as described in this Paragraph, unless such period of service was also recognized by DIRECTV.

Notwithstanding anything in the foregoing paragraphs to the contrary, a DIRECTV Employee's Term of Employment may be adjusted to account for any Mandatory Portability Agreement (MPA) eligible service, as provided in Section 6.1.1 of this Supplement 4 and in Supplement 8 to the Plan.

As of July 24, 2015, a DIRECTV Bargained Employee transferring to an AT&T bargaining unit position will be eligible for the Plan in accordance with the terms and conditions in effect for new hires under the applicable bargaining unit and applicable Program under the Plan. A DIRECTV Management Employee will be eligible for the Management Cash Balance Program of the Plan in accordance with, and to the extent provided by, such Program's terms.

- (xlix) A period of employment with Computer Systems Corporation ("CSC") will be included in an Employee's Term of Service for any Employee who is employed by a Participating Employer as a Management Employee on October 10, 2015, in connection with the agreement entered into between the Company and UBS Financial Services Inc. on June 23, 2015, relating to such CSC population, but only if such periods were included in the Employee's term of employment with CSC, as reported by CSC.
- (l) A period of employment with Carrier IQ ("CIQ") will be included in an Employee's Term of Service for any Employee who is employed by a Participating Employer as a Management Employee on November 16, 2015, in connection with the

agreement entered into between the Company and CIQ on November 9, 2015, but only if such periods were included in the Employee's term of employment with CIQ, as reported by CIQ.

- (ii) A period of employment with QuickPlay Media ("QuickPlay") will be included in an Employee's Term of Service for any Employee who is employed by a Participating Employer as a Management Employee on June 28, 2016, in connection with the agreement entered into between the Company and QuickPlay on May 13, 2016, but only if such periods were included in the Employee's term of employment with QuickPlay, as reported by QuickPlay.
- (iii) A period of employment with Hewlett-Packard ("HP") will be included in an Employee's Term of Service for any Employee who is employed by a Participating Employer as a Management Employee on or after September 1, 2016, in connection with the agreement entered into between the Company and HP on June 30, 2016, but only if such periods were included in the Employee's term of employment with HP, as reported by HP.

(8) For Purposes of the Midwest Program

- (i) Effective July 1, 1999, the Affected Employee's "term of employment," as defined in Paragraph 28 of Section 2, will be calculated to include the Affected Employee's employment with AMS which will be considered service with a Company subsidiary or Ameritech (now known as Teleholdings) affiliate or a Participating Company, as the case may be, solely for the following purposes:
 - (I) For the purpose of determining the extent to which an Affected Employee's pension will be discounted under Section 4, Paragraph 2(j) of the prior Plan;
 - (II) For the purpose of determining an Affected employee's eligibility for a deferred vested pension in accordance with Section 4, Paragraph 1(b) of the prior Plan;
 - (III) For the purpose of determining the Affected Employee's eligibility for a service pension under Section 4, Paragraph 1(a) of the prior Plan;
 - (IV) For the purpose of determining the Affected Employee's eligibility for a disability pension under Section 4, Paragraph 1(c) of the prior Plan;
 - (V) For the purpose of determining the Affected Employee's eligibility for a pensioner death benefit under Section 5, Paragraphs 3 and 10 of the prior Plan;

- (VI) In the event of the Affected Employee's death, for the purposes of Determining whether the Affected Employee's surviving spouse would be entitled to a preretirement surviving spouse annuity under either Subparagraph (3)(d)(i) or Subparagraph (3)(d)(ii) of section 4 of the prior Plan.

- (ii) Effective March 1, 2001, the GTE Employee's "term of employment" as defined in Paragraph 28 of Section 2 will be calculated to include the GTE Employee's employment with General Telephone Enterprises as reported by General Telephone Enterprises to the Plan, which will be considered service with a Company subsidiary or Ameritech (now known as Teleholdings) affiliate or a Participating Company as the case may be for the following purposes:
 - (I) For the purpose of determining the extent to which such GTE Employee's pension will be discounted under Section 4, Paragraph 2(j) of the prior Plan;
 - (II) For the purpose of determining such GTE Employee's eligibility for a deferred vested pension in accordance with Section 4, Paragraph 1(b) of the prior Plan;
 - (III) For the purpose of determining such GTE Employee's eligibility for a service pension in accordance with Section 4, Paragraph 1(a) of the prior Plan;
 - (IV) For the purpose of determining such GTE Employee's eligibility for a disability pension in accordance with Section 4, Paragraph 1(c) of the prior Plan;
 - (V) For the purpose of determining such GTE Employee's eligibility For a pensioner death benefit under Section 5, Paragraphs 3 and 10 of the Plan;

In the event of such GTE Employee's death, for the purpose of determining whether the GTE Employee's surviving spouse would be entitled to a preretirement surviving spouse annuity under either Subparagraph (3)(d)(i) or Subparagraph (3)(d)(ii) of Section 4 of the prior Plan.

- (iii) Effective September 24, 2001, the Sprint/Centel Employee's employment with Central Telephone Company of Illinois (a subsidiary of Sprint Corporation) as reported by Central Telephone Company of Illinois to the Plan, will be considered service with a Company subsidiary or Ameritech (now known as Teleholdings) affiliate or a Participating Company once the Sprint/Centel Employee has at least five (5) years and zero (0) months of service with Ameritech (now known as Teleholdings) solely for the following purposes:

- (I) For the purpose of determining such Sprint/Centel Employee's eligibility for a deferred vested pension in accordance with Section 4, Paragraph 1(b) of the prior Plan; and
 - (II) For the purpose of determining such Sprint/Centel Employee's eligibility for a Service Pension in accordance with Section 4, Paragraph 1(a) of the prior Plan.
- (iv) Effective January 1, 2002, a 2001 AIS 21 Employee's service will be included in the 2001 AIS 21 Employee's 'term of employment', under the Midwest Program or Plan solely for the following purposes:
- (I) For the purpose of determining a 2001 AIS 21 Employee's eligibility for a Service Pension in accordance with Section 4, Paragraph 1(a) of the prior Plan;
 - (II) For the purpose of determining the extent to which a 2001 AIS 21 Employee's pension will be discounted under Section 4, Paragraph 2(j) of the prior Plan;
 - (III) For the purpose of determining a 2001 AIS 21 Employee's eligibility for a disability pension in accordance with Section 4, Paragraph 1(c) of the prior Plan;
 - (IV) For the purpose of determining a 2001 AIS 21 Employee's eligibility for a pensioner death benefit under Section 5, Paragraphs 3 and 10 of the prior Plan; and
 - (V) In the event of the 2001 AIS 21 Employee's death, for the purpose of determining whether the 2001 AIS 21 Employee's surviving spouse would be entitled to a Pre-Retirement survivor benefit under either Paragraph (3)(d) of Section 4 of the prior Plan.
- (v) Effective April 1, 2003, an IBEW Local 58 Employee's service will be included in the IBEW Local 58 Employee's 'term of employment' under the Plan (as those terms are defined or described in the Prior Plan and to the extent not otherwise so included) solely for the following purposes:
- (I) For the purpose of determining an IBEW Local 58 Employee's eligibility for a Service Pension in accordance with Section 4, Paragraph 1(a) of the prior Plan,
 - (II) For the purpose of determining an IBEW Local 58 Employee's eligibility for a deferred vested pension in accordance with Section 4, Paragraph 1(b) of the prior Plan,

- (III) For the purpose of determining an IBEW Local 58 Employee's eligibility for a disability pension in accordance with Section 4, Paragraph 1(c) of the prior Plan,
 - (IV) For the purpose of determining the extent to which an IBEW Local 58 Employee's pension will be discounted under Section 4, Paragraph 2(j) of the prior Plan;
 - (V) In the event of the IBEW Local 58 Employee's death, for the purpose of determining whether the IBEW Local 58 Employee's surviving spouse would be entitled to a pre retirement survivor benefit under Section 4, Paragraph (3)(d) of the prior Plan, and
 - (VI) For the purpose of determining an IBEW Local 58 Employee's eligibility for a pensioner death benefit under Section 5, Paragraphs 3 and 10 of the prior Plan.
- (vi) Beginning January 1, 2000 (except as otherwise provided in Paragraph 6 of this Supplement), a CPE Employee's CPE Service will be included in the CPE Employee's term of employment (as those terms are defined or described in the Plan and to the extent not otherwise so included) solely for the following purposes:
- (I) For the purpose of determining the CPE Employee's eligibility for a service pension under Section 4, Paragraph 1(a) of the prior Plan;
 - (II) For the purpose of determining the extent to which a CPE Employee's pension will be discounted under Section 4, Paragraph 2(j) of the prior Plan;
 - (III) For the purpose of determining the CPE Employee's eligibility for a disability pension under Section 4, Paragraph 1(c) of the prior Plan;
 - (IV) For the purpose of determining the CPE Employee's eligibility for a pensioner death benefit under Section 5, Paragraphs 3 and 10 of the prior Plan; and
 - (V) In the event of the CPE Employee's death, for the purpose of determining whether the CPE Employee's surviving spouse would be entitled to a preretirement surviving spouse annuity under either Subparagraph (3)(d)(i) or Subparagraph (3)(d)(ii) of Section 4 of the prior Plan.
- (vii) Beginning January 1, 2002 (except as otherwise provided in the above Paragraph or Supplement 13 of the Midwest Program), a CPE Employee's CPE Service will be included in the CPE Employee's 'term of employment' under the Plan (as those terms

are defined or described in the Plan and to the extent not otherwise so included) for all purposes under the plan.

- (viii) Effective for the groups shown below as of the indicated effective dates, all former and current employees service with any entity that would be recognized under the SBC Pension Benefit Plan, Pacific Telesis Group Pension Plan, or SNET Pension Plan, or a predecessor plan, will be included in Term of Employment:
 - (I) Effective April 1, 2001 Core CWA AIS 2004 Employee (2001 Core/AIS CWA Employees before April 4, 2004);
 - (II) Effective November 1, 2001 Core IBEW 2004 Employee (2001 Core IBEW Employees before April 4, 2004);
 - (III) Effective January 1, 2002 SBC Global Services — IBEW Local 21 Employees (2001 AIS IBEW Local 21 Employees before April 4, 2004);
 - (IV) Effective January 1, 2003 SBLD — IBEW Local 21 Employees (ACI IBEW Local 21 Employees before August 26, 2005);
 - (V) Effective January 1, 2003 Publishing Employees (2002 Publishing Employees before August 14, 2005);
 - (VI) Effective April 1, 2003 2002 AADS Employees;
 - (VII) Effective April 1, 2003 IBEW Local 58 Employees; and
 - (VIII) Effective January 1, 2011 IBEW Local 134 Employees.
- (ix) Effective January 1, 2007 with respect to Employees represented by the Communications Workers of America (excluding AT&T Puerto Rico, Inc.) that transfer to the Midwest Program on or after August 1, 2006, for purposes of determining an Employee's Term of Employment within the AT&T Controlled Group, all former and current employee service with AT&T Corp, or one of its subsidiaries, that would be recognized under the AT&T Pension Plan, AT&T Pension Benefit Plan — AT&T Legacy Management Program, AT&T Puerto Rican Pension Benefit Plan — AT&T Legacy Management Program, or any predecessor plan or program will be treated as if such service had always been service within the AT&T Controlled Group, subject to the provisions of the Midwest Program, as applicable, governing recognition of such service.
- (x) Effective January 1, 2010, a period of employment with BellSouth Corporation or its subsidiaries ("BellSouth") will be included in the Term of Employment of each Employee identified in Subparagraph (a) but only if such Employee transfers from any of the Bargaining Units or Nonmanagement Nonunion Employee positions described in Subparagraph (b) hereof:

(a) CWA District 4 (AT&T Midwest Core Contract)

CWA District 4 (SBC Global Services, Inc. (CPE) (Appendix G to the CWA AT&T Midwest Core Contract)

Nonmanagement Nonunion Employees in the same business units as CWA District 4 (AT&T Midwest Core Contract)

(b) CWA District 3 (AT&T Billing Southeast, LLC)

CWA District 3 (AT&T Southeast Core Contract)

CWA District 3 (BellSouth Advertising & Publishing Corporation)

CWA District 3 (BellSouth Telecommunications, LLC (Internet Services))

CWA District 3 (BellSouth Telecommunications, LLC (National Directory & Customer Assistance))

CWA District 3 (BellSouth Telecommunications, LLC (Utility Operations))

(xi) Effective January 1, 2010, a period of employment with AT&T Corp. or its subsidiaries ("Legacy AT&T") will be included in the Term of Employment of each Employee identified in Subparagraph (a) but only if such Employee transfers from any of the Bargaining Units or Nonmanagement Nonunion Employee positions described in Subparagraph (b) hereof:

(a) IBEW System Council T-3 (AT&T Midwest Contract)

Nonmanagement Nonunion Employees in the same business units as IBEW System Council T-3 (AT&T Midwest Contract)

(b) IBEW System Council T-3 (AT&T Corp. National Contract)

(xii) Effective April 1, 2010, a period of employment with AT&T Corp. or its subsidiaries ("Legacy AT&T") will be included in the Term of Employment of each Employee identified in Subparagraph (a) but only if such Employee transfers from any of the Bargaining Units or Nonmanagement Nonunion Employee positions described in Subparagraph (b) hereof:

(a) IBEW Local 21 (SBC Global Services, Inc. (Appendix D to the AT&T Midwest Core Contract))

IBEW Local 58 (SBC Global Services, Inc. (Appendix E to the AT&T Midwest Core Contract))

IBEW Local 134 (SBC Global Services, Inc. (Appendix F to the AT&T Midwest Core Contract))

(b) IBEW System Council T-3 (AT&T Corp. National Contract)

(xiii) Effective June 1, 2011, a period of employment with BellSouth Corporation or its subsidiaries ("BellSouth") will be included in the Term of Employment of each Employee represented by CWA District 4 (Ameritech Publishing, Inc.) but only if such Employee transfers from any of the Bargaining Units described below:

- CWA District 3 (AT&T Billing Southeast, LLC)
- CWA District 3 (AT&T Southeast Core Contract)
- CWA District 3 (BellSouth Advertising & Publishing Corporation)
- CWA District 3 (BellSouth Telecommunications, LLC (Utility Operations))
- CWA District 3 (BellSouth Telecommunications, LLC (Internet Services))
- CWA District 3 (BellSouth Telecommunications, LLC (National Directory & Customer Assistance))

(9) For Purposes of the Mobility Program

(i) Effective November 1, 2001, with respect to any Participant other than a Participant described in Paragraphs (ii), (iii), and (iv) hereof, Term of Employment will mean the total of (1) his service credited under the Accelerated Service Bridging and One-Time Prior Service Recognition Program of the Controlling Company and (2) the number of whole and partial Years of Service earned under the Plan on and after the date such Participant first became an Employee of a Participating Employer.

(ii) Effective November 1, 2001, with respect to a SBC Transferred Participant who was a covered employee under the SBC Plan, "Net Credited Service" will mean the total of (i) his years of pension eligibility service determined under Section 2.67 of Appendix A of the SBC Plan as of such SBC Transferred Participant's Transfer Date, (ii) his service credited under the Accelerated Service Bridging and One-Time Prior Service Recognition Program of the Controlling Company, and (iii) the

number of whole and partial Years of Service earned under the Plan on and after such Transfer Date.

- (iii) Effective November 1, 2001, with respect to a BellSouth Transferred Participant, Term of Employment will mean the total of (1) his net credited service determined under Section 10.02 of the BellSouth Personal Retirement Account Pension Plan as of such BellSouth Transferred Participant's Transfer Date, (2) his service credited under the Accelerated Service Bridging and One-Time Prior Service Recognition Program of the Controlling Company, and (3) the number of whole and partial Years of Service earned under the Cingular Wireless Pension Plan on and after such Transfer Date.
- (iv) Effective November 1, 2001, with respect to an Ameritech Transferred Employee, Term of Employment will mean the total of (1) his term of employment determined under Section B-2(e) of the Ameritech Management Pension Plan as of such Transferred Employee's Transfer Date, (2) his service credited under the Accelerated Service Bridging and One-Time Prior Service Recognition Program of the Controlling Company, and (3) the number of whole and partial Years of Service earned under the Cingular Wireless Pension Plan on and after such Transferred Employee's Transfer Date.
- (v) Effective November 1, 2001, a period of employment recognized by the Mobility Bargained Program will be included in the Employee's Term of Employment under this Program.
- (vi) Effective October 19, 2008, a period of employment with Dobson Communications Corporation or its subsidiaries ("Dobson") will be included in the Employee's Term of Employment for any Employee who is employed by a Participating Employer October 19, 2008 in connection with the agreement entered into with the Company or one of its subsidiaries on November 15, 2007 but only if such periods were included in the Employee's Term of Employment with Dobson, as reported by Dobson.

- (vii) Effective January 1, 2010, a period of employment with AT&T Mobility, LLC or its subsidiaries (“AT&T Mobility”), BellSouth Corporation or its subsidiaries (“BellSouth”), AT&T Inc. or its subsidiaries, but excluding AT&T Corp. and its subsidiaries (“AT&T/SBC”) that is recognized by the transferring company at the time of the transfer described in Subparagraph (a) hereof will be included in the Management Employee’s Term of Employment for any Management Employee who is employed by a Participating Employer on or after January 1, 2010, if:
 - (a) such Management Employee had been transferred between AT&T Mobility and AT&T/SBC or between AT&T Mobility and BellSouth, at any time from January 1, 2001 through December 29, 2006, and
 - (b) such Management Employee:
 - (i) was not involuntarily terminated for cause or performance (as determined in the sole discretion of the Plan Administrator) from one of AT&T Mobility, BellSouth and AT&T/SBC or
 - (ii) did not receive severance benefits pursuant to a severance pay plan sponsored by one of AT&T Mobility, BellSouth and AT&T/SBC, and
 - (c) such Management Employee had a break in service of sixty (60) days or less between ending employment with one of AT&T Mobility, BellSouth and AT&T/SBC and beginning employment with one of AT&T Mobility, BellSouth and AT&T/SBC and
 - (d) the Management Employee’s period of employment with AT&T Mobility, BellSouth, or AT&T/SBC is not already recognized by the Plan.
- (viii) Effective February 21, 2010, a period of employment with Centennial Communications (“Centennial”) or its subsidiaries will be included in the Employee’s Term of Employment for any Employee who is employed by a Participating Employer on or after February 21, 2010 in connection with the agreement entered into with the Company or one of its subsidiaries on November 7, 2008, but only if such periods were included in the Employee’s term of employment with Centennial, as reported by Centennial.
- (ix) Effective September 1, 2011, for any Management Employee who is employed by a Participating Employer on or after September 1, 2011, a period of employment with the AT&T

Controlled Group that was recognized by the Plan under any other Component Pension Program and included in an Employee's Term of Employment immediately prior to such Employee becoming eligible for the Program, the Bargained Cash Balance Program #2, or the Mobility Bargained Program, as a Bargaining Unit Employee will again be included in the Management Employee's Term of Employment for any such Employee meeting the requirements set forth in (a) and (b) below:

- (a) such Employee transferred from a management position with an AT&T Controlled Group Member to a position as a Bargaining Unit Employee eligible for this Program, the Bargained Cash Balance Program #2, or the Mobility Bargained Program at any time after December 29, 2006, and
- (b) such Employee then transferred from such position as a Bargaining Unit Employee eligible for this Program, the Bargained Cash Balance Program #2, or the Mobility Bargained Program back to a management position with an AT&T Controlled Group Member.

(10) For Purposes of the Mobility Bargained Program.

- (i) Effective November 1, 2001, with respect to a former Employee of SBC Communications, Inc. or an affiliate thereof who became a bargained employee of Cingular Wireless LLC or its successors in connection with the formation of Cingular Wireless LLC will have his Term of Employment under the SBC Pension Benefit Plan — Bargained Program taken into account in determining his Term of Employment.
- (ii) Effective November 1, 2001, a period of employment with the Mobility Program will be included in the Employee's Term of Employment under this Program.
- (iii) Effective October 19, 2008, a period of employment with Dobson Communications Corporation or its subsidiaries ("Dobson") will be included in the Employee's Term of Employment for any Employee who is employed by a Participating Employer October 19, 2008 in connection with the agreement entered into with the Company or one of its subsidiaries on November 15, 2007 but only if such periods were included in the Employee's Term of Employment with Dobson, as reported by Dobson.

(11) **For Purposes of the Southeast Management Program.**

- (i) Part-Time Service. In the case of a Southeast Management Employee who was (i) initially hired on or after January 1, 1990, or (ii) rehired after January 1, 1990, following a One-Year Break in Service, any periods of part-time employment will be credited as a Term of Employment and/or credited toward a Year of Vesting Service on a prorated basis. The proration will be determined by the number of hours worked per week as a percent of thirty-seven and one-half (37.5) hours.
- (ii) Occasional Service. An Occasional Employee is credited with one (1) day of Term of Employment and/or credited toward a Year of Vesting Service for each day during which he completes at least four (4) Hours of Service for a Participating Employer or an AT&T Controlled Group Member. An Occasional Employee who is credited with thirty (30) days of Term of Employment and/or has thirty (30) credited toward a Year of Vesting Service will be credited with one (1) month of Term of Employment and/or have the same credited toward his Year of Vesting Service. Except as otherwise required by section 414(u) of the Code or other applicable law, an Occasional Employee will receive no Term of Employment or credit toward his Year of Vesting Service for any Leave of Absence.
- (iii) A period of employment of a Southeast Management Eligible Employee will include only the Term of Employment recognized by BellSouth Corporation as of December 26, 2006, plus any service earned with an AT&T Controlled Group Member but only beginning as of the date that such entity becomes an AT&T Controlled Group Member, subject to any collective bargaining agreements.
- (iv) Effective January 1, 2010, a period of employment with AT&T Mobility, LLC or one of its subsidiaries ("AT&T Mobility"), a Participating Company, or AT&T Inc. or one of its subsidiaries, but excluding AT&T Corp. and its subsidiaries ("AT&T/SBC") that was recognized by the transferring company at the time of the transfer described in Subparagraph (a) hereof will be included in the Eligible Employee's Term of Employment for any Eligible Employee who is employed by a Participating Company on or after January 1, 2010, if:
 - (a) such Eligible Employee had been transferred between a Participating Company and AT&T Mobility or between AT&T/SBC and AT&T Mobility, at any time from January 1, 2001 through December 29, 2006;
 - (b) such Eligible Employee: (i) was not involuntarily terminated for cause or performance (as determined in the sole discretion of the Plan Administrator) from one of AT&T

Mobility, a Participating Company and AT&T/SBC or (ii) did not receive severance benefits pursuant to a severance pay plan sponsored by one of AT&T Mobility, a Participating Company and AT&T/SBC;

- (c) such Eligible Employee had a Break in Service of sixty (60) days or less between ending employment with one of AT&T Mobility, a Participating Company, or AT&T/SBC and beginning employment with one of AT&T Mobility, a Participating Company, or AT&T/SBC; and
- (d) the Eligible Employee's period of employment with AT&T Mobility, a Participating Company, or AT&T/SBC is not already recognized by the Plan.

(12) For Purposes of the Southeast Program.

- (i) Effective with respect to Employees with at least one (1) Hour of Service on or after January 1, 1990, service performed by part-time Employees on or after such date shall be converted for purposes of determining Seniority to the equivalent full-time service on a monthly basis. The Company may administer such conversion by making appropriate adjustments to the Employee's Seniority date solely for the purposes set out below, with conversion to equivalent full-time service being determined by the number of hours worked per week as a percentage of thirty-seven and one-half (37 ½) hours. It is intended that such full-time and equivalent full-time service be used for the following purposes: (a) eligibility for all pensions, (b) calculation of a Participant's accrued benefit, (c) the early retirement discount rules in Paragraph 6.04, (d) eligibility for the election of an early payment of a deferred vested pension in Paragraph 5.05, and (e) the bridging of service under the company bridging rules as provided in Paragraph 10.01.
- (ii) Service performed by part-time Employees covered under the working agreements between CWA and BellSouth Long Distance, BellSouth Internet Services, National Directory and Customer Assistance, and BST for Utility Operations shall be converted to equivalent full-time service for purposes of determining Seniority. The adjusted Seniority date shall be used solely for the purposes outlined in the Paragraph above. The conversion to equivalent full-time service shall be determined by the number of hours worked per week as a percentage of forty (40) hours. For purposes of determining an Employee's Seniority and Pension Service Credit, a "green circled employee" shall be credited with his service with BellSouth Communication Systems, Inc. ("BCS") from the date of his transfer from BellSouth Telecommunications, LLC ("BST") or BellSouth Business Systems, Inc. ("BBS") to BellSouth Communications Systems, Inc. until his first separation from the service of BCS for any reason. Service credited pursuant to the

immediately preceding sentence shall be credited for purposes of calculating an Employee's Seniority, eligibility to participate, vested interest, pension eligibility and Pension Service Credit for pension amount. A "green circled employee" shall mean an Employee who was transferred from the service of BST or BBS to BCS as the result of a group transfer initiated by BST, BBS or BCS.

- (iii) Seniority computed for current actively employed Participants who are also former employees of Hughes Telephone Company (such company was acquired by BellSouth in 1990) will include a period service for the term of employment at Hughes Telephone Company prior to April 1, 1990. The period of employment at Hughes Telephone Company will not be included in the Participants' years of Pension Service Credit.
- (iv) For certain employees hired by BellSouth Long Distance on September 1, 2003 pursuant to the CWA Memorandum of Agreement executed on July 24, 2003, and who were previously employed by Nortel Networks. Seniority shall include periods of employment at Nortel Networks. Such former Nortel employees will not have prior Nortel employment periods included in Pension Service Credit.
- (v) Effective November 1, 2007, Seniority computed for Eligible Employees who:
 - (a) were covered by the 2004 SBC- East Labor Agreement,
 - (b) were declared surplus on July 31, 2007,
 - (c) voluntarily transferred from the Meriden, Connecticut Network Reliability Center, and
 - (d) voluntarily transferred to like positions in the Nashville, Tennessee Network Reliability Center,

Will include any period of "Credited Service" recognized by the AT&T Pension Benefit Plan – East Program. Such Credited Service will not be included in the Eligible Employees' years of Pension Service Credit.

- (vi) Effective January 1, 2009, a period of employment with International Business Machines Corporation or its subsidiaries ("IBM VII") will be included in the Employee's Term of Employment for any Employee who is employed by a Participating Employer on or after January 1, 2009 due to the expiration of an outsourcing agreement on December 31, 2008 for IBM to provide Midrange support, but only if such periods were included in the Employee's term of employment with IBM, as reported by IBM. Notwithstanding the preceding sentence, no one who begins

employment with the AT&T Controlled Group after June 30, 2009 will be eligible for recognition of IBM service under this Subparagraph.

- (vii) Effective August 13, 2010, Seniority computed for Eligible Employees who were covered by CWA District 6 (AT&T Video Services, Inc.) will include any period of Term of Employment recognized by the Southwest Program of the Plan. Such Term of Employment will not be included in the Eligible Employees' years of Pension Service Credit.
- (viii) Effective January 1, 2011, Seniority computed for Eligible Employees who were covered by any of the following bargaining units will include any period of Term of Employment recognized by the AT&T Legacy Bargained Program, Bargained Cash Balance Program, East Program, Midwest Program, Southwest Program, or West Program of the Plan. Such Term of Employment will not be included in the Eligible Employees' years of Pension Service Credit.

CWA District 4 (AT&T Midwest Core Contract)	CWA District 4 (SBC Global Services, Inc. (CPE) Appendix G to the AT&T Midwest Core Contract)
CWA District 4 (SBC Global Services, Inc. (COS))	CWA District 9 (AT&T West Core Contract)
CWA (AT&T Core Contract)	CWA District 6 (AT&T Southwest Core Contract)
CWA District 6 (AT&T Messaging, LLC)	CWA District 1 (AT&T East Core Contract)
CWA District 1 (SNET Information Services, Inc.)	

- (ix) Effective June 1, 2011, Seniority computed for Eligible Employees who were covered by CWA District 4 (Ameritech Publishing, Inc.) will include any period of Term of Employment recognized by the Midwest Program of the Plan. Such Term of Employment will not be included in the Eligible Employees' years of Pension Service Credit.

(13) For Purposes of the Southwest Program.

- (i) If an Employee was previously a Nonbargained Eligible Employee, any period of service that was recognized for purposes of determining such Employee's Term of Employment under the Nonbargained Program will be included in the Employee's Term of Employment.
- (ii) In the case of a Southwestern Bell Telecommunications, Inc. Employee or former Employee who was credited with an Hour of Service on or after October 1, 1984, such individual's period of continuous employment in the service of the Electra Division of

Masco Corporation of Indiana, or any part thereof, acquired by Southwestern Bell Telecommunications, Inc. will be included in the Employee's Term of Employment, provided the Employee or former Employee was employed by the Electra Division of Masco Corporation of Indiana, or any part thereof, at any time during the ninety (90) day period immediately preceding October 1, 1984, and was hired by Southwestern Bell Telecommunications, Inc. within ninety (90) days after October 1, 1984.

- (iii) Effective October 26, 1998, if any former or current employee service with any entity that would be recognized under the SNET Management Pension Plan, SNET Pension Plan, or predecessor plan, will be included in the Employee's Term of Employment.
- (iv) Effective January 1, 1999 all former and current employee service with any entity that would be recognized under the Pacific Telesis Group Cash Balance Pension Plan for Salaried Employees, the Pacific Telesis Group Pension Plan, or a predecessor plan will be included in Term of Employment.
- (v) Effective for the groups shown below as of the indicated effective dates, all former and current employee service with any entity that would be recognized under the Ameritech Management Pension Plan, the Ameritech Pension Plan, or a predecessor plan will be included in Term of Employment.
 - (I) Effective April 1, 2001:
 - (a) AT&T Southwest Core Contract
 - (II) Effective July 1, 2001:
 - (a) Southwestern Bell Messaging Services, Inc. (now known as AT&T Messaging, LLC);
 - (b) Southwestern Bell Telephone Company Competitive Services Unit; and
 - (c) Southwestern Bell Video Services, Inc. (now known as AT&T Video Services, Inc.)
 - (III) Effective April 1, 2002:
 - (a) Southwestern Bell Yellow Pages, Inc.
- (vi) Effective, November 1, 2001, notwithstanding anything in the Southwest Program to the contrary, in the event that an SBC Cingular Transferee is later hired by a Participating Employer, such SBC Cingular Transferee's Term of Employment will include periods of Term of Employment which were previously recognized by the SBC Pension Benefit Plan and subsequently transferred to the Cingular Plan.

- (vii) For Employees who meet the following requirements, his Term of Employment will include his service recognized by the AT&T Pension Plan.
 - (I) were covered by the 2005 CWA-AT&T Labor Agreement,
 - (II) were declared surplus on June 20, 2006,
 - (III) voluntarily transferred from the Charlotte, North Carolina Bill Print Center, and
 - (IV) voluntarily transferred to like positions in the Houston, Texas Bill Print Center;

- (viii) Effective January 1, 2007 with respect to Employees represented by the Communications Workers of America (excluding AT&T of Puerto Rico, Inc.) that transfer to the Southwest Program on or after August 1, 2006, for purposes of determining an Employee's Term of Employment within the AT&T Controlled Group, all former and current employee service with AT&T Corp, or one of its subsidiaries, that would be recognized under the AT&T Pension Plan, AT&T Pension Benefit Plan — AT&T Legacy Management Program, AT&T Puerto Rican Pension Benefit Plan — AT&T Legacy Management Program, or any predecessor plan or program will be treated as if such service had always been service within the AT&T Controlled Group, subject to the provisions of the Southwest Program, as applicable, governing recognition of such service.

- (ix) Effective for the groups shown below as of the indicated effective dates, Term of Employment will include a Bargaining Unit Employee's service with one (1) or more of the BellSouth Corporation companies or their predecessors that would be recognized under the BellSouth Pension Plan or any predecessor plan as if such service had always been service with the AT&T Controlled Group, subject to the otherwise applicable provisions of the Southwest Program governing recognition of such service:
 - (I) Effective October 12, 2007 Employees who:
 - (a) were covered by the 2004 BellSouth Telecommunications Labor Agreement;
 - (b) were declared surplus on September 14, 2007;
 - (c) voluntarily transferred from the Subpoena Compliance Center in Atlanta, Georgia; and
 - (d) voluntarily transferred to like positions in the Dallas, Texas Subpoena Compliance Center.

- (II) Effective October 12, 2007 Employees who:
 - (a) were covered by the BellSouth Telecommunications Labor Agreement;
 - (b) were declared surplus on September 14, 2007;
 - (c) voluntarily transferred from the Miami, Florida Credit and Collections office; and
 - (d) voluntarily transferred to like positions in the San Antonio, Texas Credit and Collections office.

- (III) Effective October 12, 2007 Employees who:
 - (a) were covered by the 2004 BellSouth Telecommunications Labor Agreement;
 - (b) were declared surplus on September 15, 2007;
 - (c) voluntarily transferred from the Florence, South Carolina Supply Chain Management; and
 - (d) voluntarily transferred to like positions in the St. Louis, Missouri Fleet Call Center.

- (x) Effective April 1, 2010, a period of employment with BellSouth Corporation or its subsidiaries ("BellSouth") will be included in the Term of Employment of each Employee identified in Subparagraph (a) but only if such Employee transfers from any of the Bargaining Units or Nonmanagement Nonunion Employee positions described in Subparagraph (b) hereof:
 - (a) CWA District 6 (AT&T Southwest Core Contract)
CWA District 6 (AT&T Messaging, LLC)
Nonmanagement Nonunion Employees in the same business units as CWA District 6 (AT&T Southwest Core Contract)

 - (b) CWA District 3 (AT&T Billing Southeast, LLC)
CWA District 3 (AT&T Southeast Core Contract)
CWA District 3 (BellSouth Advertising & Publishing Corporation)
CWA District 3 (BellSouth Telecommunications, LLC (Internet Services))
CWA District 3 (BellSouth Telecommunications, LLC (National Directory & Customer Assistance))

CWA District 3 (BellSouth Telecommunications, LLC
(Utility Operations))

- (xi) Effective August 13, 2010, a period of employment with BellSouth Corporation or its subsidiaries ("BellSouth") will be included in the Term of Employment of each Employee represented CWA District 6 (AT&T Video Services, Inc.) but only if such Employee transfers from any of the Bargaining Units or Nonmanagement Nonunion Employee positions described below:
- CWA District 3 (AT&T Billing Southeast, LLC)
 - CWA District 3 (AT&T Southeast Core Contract)
 - CWA District 3 (BellSouth Advertising & Publishing Corporation);
 - CWA District 3 (BellSouth Telecommunications, LLC (Internet Services))
 - CWA District 3 (BellSouth Telecommunications, LLC (National Directory & Customer Assistance))

(14) For Purposes of the West Program.

- (i) Service before April 1, 1994 with the Employer Group, including PacTel Corporation and any of its subsidiaries, will be included in an Eligible Employee's Term of Employment if such service was transferred to this Plan under Section 8.4 and 8.5 of the Plan in effect before April 1, 1994 and remained in this Plan as of such date. Pre-April 1994 Employer Group service would have been transferred to this Plan, or deemed transferred, on behalf of any Employee who (i) was employed by a Participating Company on April 1, 1994 or (ii) was not employed by a Participating Company after April 1, 1994, but whose last employment with an Employer Group member immediately prior to April 1, 1994 was with a member other than PacTel Corporation or any of its subsidiaries.
- (ii) Effective January 1, 1999, all former or current employee service with any entity that would be recognized under the SBC Pension Plan, or a predecessor plan, will be included in the Employee's Term of Employment.
- (iii) Effective October 26, 1998, if any former or current employee service with any entity that would be recognized under the SNET Management Pension Plan, SNET Pension Plan, or predecessor plan, will be included in the Employee's Term of Employment.

- (iv) Effective for the groups shown below as of the indicated effective dates, all former and current employee service with any entity that would be recognized under the Ameritech Pension Plan, the Ameritech Management Pension Plan, or a predecessor plan, will be included in the Employee's Term of Employment.
 - (I) Effective April 1, 2001 Core CWA Bargaining Group (PTG 2001 Group prior to April 4, 2004);
 - (II) Effective January 1, 2002 eligible employees of Pacific Bell Telephone Company who are members of the International Brotherhood of Electrical Workers — Local 1269 (formerly ORTT) or the Telecommunications International Union; and
 - (III) Effective January 1, 2003 eligible employees of Pacific Bell Directory.

Notwithstanding the preceding provisions of this Paragraph, a Participant's Term of Employment will not include any period of employment which was transferred from the Pacific Telesis Group Pension Plan to another qualified defined benefit plan maintained by the AT&T Controlled Group, including transfers to the PacTel Corporation Employees Pension Plan effective before April 1, 1994.

- (v) Effective November 1, 2001, notwithstanding anything in the Plan to the contrary, in the event that an SBC Cingular Transferee is later hired by a Participating Company, such SBC Cingular Transferee's term of employment shall include periods of employment which were previously recognized by the Plan and subsequently transferred to the Cingular Plan.
- (vi) Effective January 1, 2007 with respect to Employees represented by the Communications Workers of America (excluding AT&T Puerto Rico, Inc.) that transfer to the West Program on or after August 1, 2006, for purposes of determining an Employee's Term of Employment within the AT&T Controlled Group, all former and current employee service with AT&T Corp, or one of its subsidiaries, that would be recognized under the AT&T Pension Plan, AT&T Pension Benefit Plan — AT&T Legacy Management Program, AT&T Puerto Rican Pension Benefit Plan — AT&T Legacy Management Program, or any predecessor plan or program will be treated as if such service had always been service within the AT&T Controlled Group, subject to the provisions of the West Program, as applicable, governing recognition of such service.
- (vii) Effective January 1, 2010, a period of employment with BellSouth Corporation or its subsidiaries ("BellSouth") will be included in the Term of Employment of each Employee identified in

Subparagraph (a) but only if such Employee transfers from any of the Bargaining Units or Nonmanagement Nonunion Employee positions described in Subparagraph (b) hereof:

- (a) CWA District 9 (AT&T West Core Contract)

Nonmanagement Nonunion Employees in the same business units as CWA District 9 (AT&T West Core Contract)

- (b) CWA District 3 (AT&T Billing Southeast, LLC)

CWA District 3 (AT&T Southeast Core Contract)

CWA District 3 (BellSouth Advertising & Publishing Corporation)

CWA District 3 (BellSouth Telecommunications, LLC (Internet Services))

CWA District 3 (BellSouth Telecommunications, LLC (National Directory & Customer Assistance))

CWA District 3 (BellSouth Telecommunications, LLC (Utility Operations))

(15) For Purposes of YP Transferees who Were Bargained Employees.

- (i) Effective on the YP Close Date, subject to Article II of Supplement 4, in the event that a Bargained Employee who is also a YP Transferee is later hired by a Participating Employer, such YP Transferee's Term of Employment will include periods of Term of Employment that were previously recognized by the Plan and subsequently transferred to the newly created pension plan established by YP Holdings LLC.

(16) Frontier Transferees

- (i) Effective on the Frontier Closing Date, subject to Article II of Supplement 4, in the event that a Frontier Transferee is later rehired by a Participating Employer, such Frontier Transferee's Term of Employment will include periods of service recognized by AT&T prior to such individual's transfer to Frontier, subject to and in accordance with the applicable bridging rules set forth in this Supplement 4 upon such rehire.
- (ii) In no event will service earned while employed by Frontier be recognized or eligible for bridging under the Plan.

6.1.3 WHEN YOU ARE NOT ELIGIBLE FOR A PENSION PROGRAM.

- (i) Effective January 1, 2013, for Employees of an AT&T Controlled Group Member except for Employees reporting to AT&T Government Solutions, your Term of Employment while not a Program Eligible Employee will be determined as follows:
 - (a) Employees who are not represented by a collective bargaining unit will follow the Term of Employment provisions applicable to the Management Cash Balance Program; and
 - (b) Employees who are represented by a collective bargaining unit will follow the Term of Employment provisions applicable to the Bargained Cash Balance Program # 2.

SUPPLEMENT 5

AT&T PENSION BENEFIT PLAN

UNIONS/BARGAINING UNITS

AT&T Legacy Bargained Program Unions/Bargaining Units

- CWA (AT&T Corp. Core Contract)
- IBEW System Council T-3 (AT&T Corp. National Contract)

Bargained Cash Balance Program Unions/Bargaining Units

- CWA (AT&T Services, Inc. (National Internet Contract - Tier 2))
- CWA District 4 (SBC Global Services, Inc. (COS))
- CWA District 9 (SBC Global Services, Inc. (Appendix D to the AT&T West Core Contract))

Bargained Cash Balance Program #2 Unions/Bargaining Units

- CWA (AT&T Corp.)
- CWA (AT&T Services, Inc. (National Internet Contract - Tier 1))
- CWA (AT&T Services, Inc. (National Internet Contract - Tier 2))
- CWA District 1 (AT&T East Core Contract)
- CWA District 1 (AT&T Mobility Services LLC)
- CWA District 2 (AT&T Mobility Services LLC)
- CWA District 3 (AT&T Billing Southeast, LLC)
- CWA District 3 (AT&T Mobility Services, LLC)
- CWA District 3 (AT&T Southeast Core Contract)
- CWA District 3 (BellSouth Telecommunications, LLC (Utility Operations))
- CWA District 4 (AT&T Midwest Core Contract)
- CWA District 4 (AT&T Mobility Services LLC)
- CWA District 4 (SBC Global Services, Inc. (COS))
- CWA District 4 (SBC Global Services, Inc. (CPE) Appendix G to the AT&T Midwest Core Contract)
- CWA District 6 (AT&T Mobility Services LLC)
- CWA District 6 (AT&T Southwest Core Contract)
- CWA District 7 (AT&T Mobility Services LLC)
- CWA District 9 (AT&T Mobility Services LLC)
- CWA District 9 (AT&T West Core Contract)
- CWA District 13 (AT&T Mobility Services LLC)
- CWA District 9 (SBC Global Services, Inc. (Appendix D to the AT&T West Core Contract))
- IBEW System Council T-3 (AT&T Corp. National Contract)
- IBEW System Council T-3 (AT&T Midwest Contract)

- IBEW Local 21 (SBC Global Services, Inc. (Appendix D to the AT&T Midwest Contract))
- IBEW Local 58 (SBC Global Services, Inc. (Appendix E to the AT&T Midwest Contract))
- IBEW Local 134 (SBC Global Services, Inc. Appendix F to the AT&T Midwest Contract))
- IBEW Local 55 (DIRECTV, LLC. Appendix to the AT&T Midwest Contract – (Iowa) – (Out-of-Region Technicians Agreement)), effective January 1, 2017
- IBEW Local 89 (DIRECTV, LLC. Appendix to the AT&T Midwest Contract – (Washington) – (Out-of-Region Technicians Agreement)), effective January 1, 2017
- IBEW Local 111 (DIRECTV, LLC. Appendix to the AT&T Midwest Contract – (Colorado, Wyoming – Laramie, Rawlins, Cheyenne, Casper, and Evansville) – (Out-of-Region Technicians Agreement)), effective January 1, 2017
- IBEW Local 206 (DIRECTV, LLC. Appendix to the AT&T Midwest Contract – (Montana, Wyoming – Powell, Gillette, Sheridan, and Cody) – (Out-of-Region Technicians Agreement)), effective January 1, 2017
- IBEW Local 291 (DIRECTV, LLC. / AT&T Services, Inc. Appendix to the AT&T Midwest Contract – (Call Center Employees Agreement)), effective January 1, 2017
- IBEW Local 291 (DIRECTV, LLC. Appendix to the AT&T Midwest Contract – (Out-of-Region Technicians Agreement)), effective January 1, 2017
- IBEW Local 354 (DIRECTV, LLC. Appendix to the AT&T Midwest Contract – (Utah, Wyoming – Rock Springs, Evanston, Green River, and Opal) – (Out-of-Region Technicians Agreement)), effective January 1, 2017
- IBEW Local 426 (DIRECTV, LLC. Appendix to the AT&T Midwest Contract – (South Dakota - Tea) – (Out-of-Region Technicians Agreement)), effective January 1, 2017
- IBEW Local 449 (DIRECTV, LLC. Appendix to the AT&T Midwest Contract – (Idaho – Twin Falls, and Idaho Falls, Wyoming – Pindale and Alpine) – (Out-of-Region Technicians Agreement)), effective January 1, 2017
- IBEW Local 714 (DIRECTV, LLC. Appendix to the AT&T Midwest Contract – (North Dakota – Bismark and Minot) – (Out-of-Region Technicians Agreement)), effective January 1, 2017
- IBEW Local 768 (DIRECTV, LLC. / AT&T Services, Inc. Appendix to the AT&T Midwest Contract – (Call Center Employees Agreement)), effective January 1, 2017
- IBEW Local 769 (DIRECTV, LLC. Appendix to the AT&T Midwest Contract – (Arizona) – (Out-of-Region Technicians Agreement)), effective January 1, 2017
- IBEW Local 827 (DIRECTV, LLC. Appendix to the AT&T Midwest Contract – (Pennsylvania) – (Out-of-Region Technicians Agreement)), effective January 1, 2017
- IBEW Local 949 (DIRECTV, LLC. Appendix to the AT&T Midwest Contract – (Minnesota) – (Out-of-Region Technicians Agreement)), effective January 1, 2017
- IBEW Local 1186 (DIRECTV, LLC. Appendix to the AT&T Midwest Contract – (Hawaii) – (Out-of-Region Technicians Agreement)), effective January 1, 2017
- IBEW Local 1250 (DIRECTV, LLC. Appendix to the AT&T Midwest Contract – (South Dakota – Rapid City, Wyoming – Newcastle) – (Out-of-Region Technicians Agreement)), effective January 1, 2017
- IBEW Local 1426 (DIRECTV, LLC. Appendix to the AT&T Midwest Contract – (North Dakota – Fargo) – (Out-of-Region Technicians Agreement)), effective January 1, 2017
- IBEW Local 1597 (DIRECTV, LLC. Appendix to the AT&T Midwest Contract – (Nebraska) – (Out-of-Region Technicians Agreement)), effective January 1, 2017

- IBEW Local 1269 (Pacific Bell Telephone Company)
- IBEW Local 1547 (AT&T Mobility Services LLC)
- IBEW Local 1547 (AT&T Alascom, Inc.)

East Program Unions/Bargaining Units

- CWA District 1 (AT&T East Core Contract)

Midwest Program Unions/Bargaining Units

- CWA District 4 (AT&T Midwest Core Contract)
- CWA District 4 (SBC Global Services, Inc. (CPE) Appendix G to the AT&T Midwest Core Contract)
- IBEW System Council T-3 (AT&T Midwest Contract)
- IBEW Local 21 (SBC Global Services, Inc. (Appendix D to the AT&T Midwest Core Contract))
- IBEW Local 58 (SBC Global Services, Inc. (Appendix E to the AT&T Midwest Core Contract))
- IBEW Local 134 (SBC Global Services, Inc. (Appendix F to the AT&T Midwest Core Contract))

Mobility Bargained Program Unions/Bargaining Units

- CWA District 6 (AT&T Mobility Services LLC)

Mobility Program Unions/Bargaining Units

- CWA District 1 (AT&T Mobility Services LLC)
- CWA District 2 (AT&T Mobility Services LLC)
- CWA District 3 (AT&T Mobility Services LLC)
- CWA District 4 (AT&T Mobility Services LLC)
- CWA District 7 (AT&T Mobility Services LLC)
- CWA District 9 (AT&T Mobility Services LLC)
- CWA District 13 (AT&T Mobility Services LLC)

Southeast Program Unions/Bargaining Units

- CWA District 3 (AT&T Billing Southeast, LLC)
- CWA District 3 (AT&T Southeast Core Contract)
- CWA District 3 (BellSouth Telecommunications, LLC (Utility Operations))

Southwest Program Unions/Bargaining Units

- CWA District 6 (AT&T Southwest Core Contract)

West Program Unions/Bargaining Units

- CWA District 9 (AT&T West Core Contract)
- IBEW Local 1269 (Pacific Bell Telephone Company)

DIRECTV Program Unions/Bargaining Units

- IBEW System Council T-3 (AT&T Midwest Contract) (Out-of-Region Technicians Agreement) Local 55 (Participation End Date December 31, 2016)
- IBEW System Council T-3 (AT&T Midwest Contract) (Out-of-Region Technicians Agreement) Local 89 (Participation End Date December 31, 2016)
- IBEW System Council T-3 (AT&T Midwest Contract) (Out-of-Region Technicians Agreement) Local 111 (Participation End Date December 31, 2016)
- IBEW System Council T-3 (AT&T Midwest Contract) (Out-of-Region Technicians Agreement) Local 206 (Participation End Date December 31, 2016)
- IBEW System Council T-3 (AT&T Midwest Contract) (Out-of-Region Technicians Agreement) Local 291 (Participation End Date December 31, 2016)
- IBEW System Council T-3 (AT&T Midwest Contract) (Call Center Employees Agreement) Local 291 (Participation End Date December 31, 2016)
- IBEW System Council T-3 (AT&T Midwest Contract) (Out-of-Region Technicians Agreement) Local 354 (Participation End Date December 31, 2016)
- IBEW System Council T-3 (AT&T Midwest Contract) (Out-of-Region Technicians Agreement) Local 426 (Participation End Date December 31, 2016)
- IBEW System Council T-3 (AT&T Midwest Contract) (Out-of-Region Technicians Agreement) Local 449 (Participation End Date December 31, 2016)
- IBEW System Council T-3 (AT&T Midwest Contract) (Out-of-Region Technicians Agreement) Local 714 (Participation End Date December 31, 2016)
- IBEW System Council T-3 (AT&T Midwest Contract) (Call Center Employees Agreement) Local 768 (Participation End Date December 31, 2016)
- IBEW System Council T-3 (AT&T Midwest Contract) (Out-of-Region Technicians Agreement) Local 769 (Participation End Date December 31, 2016)
- IBEW System Council T-3 (AT&T Midwest Contract) (Out-of-Region Technicians Agreement) Local 827 (Participation End Date December 31, 2016)
- IBEW System Council T-3 (AT&T Midwest Contract) (Out-of-Region Technicians Agreement) Local 949 (Participation End Date December 31, 2016)
- IBEW System Council T-3 (AT&T Midwest Contract) (Out-of-Region Technicians Agreement) Local 1186 (Participation End Date December 31, 2016)
- IBEW System Council T-3 (AT&T Midwest Contract) (Out-of-Region Technicians Agreement) Local 1250 (Participation End Date December 31, 2016)
- IBEW System Council T-3 (AT&T Midwest Contract) (Out-of-Region Technicians Agreement) Local 1426 (Participation End Date December 31, 2016)
- IBEW System Council T-3 (AT&T Midwest Contract) (Out-of-Region Technicians Agreement) Local 1597 (Participation End Date December 31, 2016)

SUPPLEMENT 6

RECOGNITION OF SERVICE FOR CERTAIN PERIODS OF EMPLOYMENT OUTSIDE THE UNITED STATES

I. SCOPE

- 1.1 **SCOPE.** This Supplement is applicable to any individual who is a Foreign Service Participant.

II. DEFINITIONS

- 2.1 **DEFINITIONS.** For purposes of this Supplement, each of the following terms when capitalized has the respective meaning set forth below or defined in the Plan or the applicable Component Pension Program:

- (1) **Foreign Service Participant:** means each individual who:
- (a) Was on the payroll of one (1) or more Foreign Service Recognition Companies; and
 - (b) Subsequent to such foreign employment, becomes employed in a position in which such individual is a Nonbargained Participant, where such participation in the Nonbargained Program includes service on or after January 1, 2006.
- (2) **Foreign Service Recognition Company:** means Southwestern Bell International Holdings, S.A. de C.V., effective as of January 1, 2006.

III. SERVICE RECOGNITION

- 3.1 **SERVICE RECOGNITION.** Notwithstanding anything else in the Nonbargained Program to the contrary, the service with the Foreign Service Recognition Company(ies) will be included in the Pension Eligibility Service and Pension Calculation Service of a Foreign Service Participant subject to otherwise applicable rules regarding recognition of service, including, but not limited to, rules regarding recognition of prior service after breaks in service. The service to be included will include all periods of service with the Foreign Service Recognition Company prior to participation in the Nonbargained Program, regardless of whether such service occurred before or after the effective date for such Foreign Service Recognition Company.

In no event will there be any double-crediting of pay or service in calculating the benefit for or on behalf of any Participant hereunder. The benefit will be subject to the application of Section 14.2 "Pension Benefits Under Other Plans or Programs" of the Nonbargained Program (regarding offsets of benefits payable from other plans).

If the service cannot be accurately determined, the Plan Administrator is authorized to use any reasonable methodology for estimating such service.

- 3.2 NOTIFICATION.** As a condition for receiving service recognition pursuant to this Supplement, a Foreign Service Participant will notify the Plan Administrator in writing of the service with the Foreign Service Recognition Company(ies) and will cooperate fully with the Plan Administrator in determining the amount of such service (such cooperation to include, but not be limited to, the executing of any releases necessary for the Plan Administrator to acquire information related to the service with the Foreign Service Recognition Company(ies)). The Plan Administrator is under no obligation to notify any Participant who might be a Foreign Service Participant that he is entitled to service recognition hereunder other than through notice in the summary plan description or a summary of material modifications.

The period of time during which a Participant may file a claim for service recognition pursuant to this Supplement begins on the first day such individual becomes a Participant in the Nonbargained Program subsequent to service with the applicable Foreign Service Recognition Company(ies) and ends one (1) year after such individual's Termination of Employment with the Controlled Group.

**SUPPLEMENT 7
RESERVED**

**(SEE PRION PLAN DOCUMENT DATED JANUARY 1, 2013 FOR
SUPPLEMENT INFORMATION)**

SUPPLEMENT 8 MANDATORY PORTABILITY AGREEMENT AND INTERCHANGE AGREEMENTS

I. DEFINITIONS

1.1 DEFINITIONS. Unless otherwise defined below, all terms used herein will have the meaning assigned to them by the Plan.

- (1) **Annual Base Rate of Pay:** means the annualized fixed rate of pay assigned by the employing Interchange Company to an employee. Annual Base Rate of Pay excludes all other compensation such employee may receive or be entitled to, including, but not limited to, bonuses, incentive pay, commissions, team or merit awards or temporary higher classification pay, special project allowances and area differentials, and all other at-risk pay. The Annual Base Rate of Pay for a part-time employee will be the actual annualized base pay received by that employee, not its full-time equivalent. The Annual Base Rate of Pay for an employee who worked only a portion of a full year (or whose Annual Base Rate of Pay at the relevant time had not been in effect for a full year) will be determined by annualizing the employee's base rate of pay on the relevant date as if it had been in effect for one full year.
- (2) **Covered Employee:** means each individual who:
 - (a) On December 31, 1983, was:
 - (i) An active employee in a Covered Position at an Interchange Company; or
 - (ii) On a leave of absence from a Covered Position at an Interchange Company, provided that such individual was reinstated during the period of the leave or any extension thereof; or
 - (iii) In a layoff status from a Covered Position at an Interchange Company as to which such individual had recall or rehire rights as of December 31, 1983, and was rehired during the period of such rehire or recall rights; and
 - (b) On or after January 1, 1985, commenced employment with an Interchange Company in a Covered Position after the termination of employment from a Covered Position with another Interchange Company (whether or not there was any intervening break in service), including a period of employment with a company that was not an Interchange Company.

- (3) **Covered Position**: means a job title or position with an Interchange Company for which either:
- (a) The employee is not a “supervisor” (as defined below); or
 - (b) The employee's Annual Base Rate of Pay does not exceed an amount that equals the sum of fifty thousand dollars (\$50,000), plus (for any Covered Position after December 31, 1983) an amount equal to the product of fifty thousand dollars (\$50,000) and the cumulative percentage change, compounded on a monthly basis, in the Consumer Price Index for the period from December 31, 1983, to the applicable termination date from or employment date into such position.

As used in Paragraph (a) above, the term “supervisor” has the meaning given to it by section 2(11) of the National Labor Relations Act, 29 U.S.C. section 152(11), namely, an employee who has the authority, in the interest of the employer, to hire, transfer, assign, reward, or discipline other employees, or responsibility to direct them, or to adjust their grievances, or effectively to recommend such action if in connection with the foregoing exercise of such authority is not merely routine or clerical in nature, but requires the use of independent judgment.

- (4) **Interchange Agreement**: means any agreement that provides for the interchange of benefit obligations and the mutual recognition of service credit upon the transfer of a person between an AT&T Controlled Group Member and another employer, including, but not limited to:
- (a) The agreement between the regional Bell operating companies and Bell Communications Research, Inc., which was provided for under the Plan of Reorganization, and that provides for the interchange of benefit obligations and the mutual recognition of service credit upon the transfer of a person between a regional Bell operating company and Bell Communications Research, Inc. (the “BellCore Agreement”);
 - (b) The agreement between the Company, American Telephone and Telegraph Company, and one or more other companies in connection with the reorganization of American Telephone and Telegraph Company and its subsidiaries on January 1, 1984, that provides for the portability of benefits with respect to certain employees (the “Divestiture Interchange Agreement”);
 - (c) The agreement between the Company, American Telephone and Telegraph Company, and each of the other entities subject to the “modified final judgment” as such term is defined in the Tax Reform Act of 1984, which agreement provides for the portability of benefits with respect to certain employees (the “Mandatory Portability Agreement” or “MPA”); and
 - (d) Any other agreement providing for benefit transfers and/or service counting pursuant to the Plan of Reorganization.

- (5) **Interchange Company:** means each company that is a party to an Interchange Agreement, but only so long as such Interchange Agreement is in force and effect.

II.

INTERCHANGE COMPANY TRANSFERS

2.1 INTERCHANGE COMPANY TRANSFERS.

2.1.1 **ELIGIBILITY FOR INTERCHANGE COMPANY TRANSFERS.** The benefit under the Plan or an Interchange Company's defined benefit pension plan of an individual who terminates employment with an Interchange Company on or after December 31, 1983, and is subsequently rehired by an Interchange Company may be transferred pursuant to an Interchange Agreement if such individual satisfies the criteria set forth in subsections 2.1.1(1), 2.1.1(2) and 2.1.1(3) hereof.

(1) As of December 31, 1983, the individual was either:

(a) An active employee or an employee on a leave of absence (but only if reemployed at or before the expiration of the leave) who was eligible for participation in the Interchange Company's defined benefit pension plan; or

(b) In a Covered Position.

(2) As of his date of termination, the individual was either:

(a) An employee eligible for participation in a collectively bargained defined benefit pension plan; or

(b) In a Covered Position.

(3) As of his date of rehire, the individual is either:

(a) An employee eligible for participation in a collectively bargained defined benefit pension plan; or

(b) In a Covered Position.

(c) Notwithstanding the preceding, an individual is not eligible for an Interchange Company transfer if his service has already been recognized under the Plan.

2.1.2 **WAIVER OF INTERCHANGE COMPANY TRANSFER.** An individual whose benefit under the Plan or under an Interchange Company's defined benefit pension plan is transferable pursuant to Subsection 2.1.1 hereof, may irrevocably elect for his benefit to not so transfer by completing a written waiver form as required by the Plan.

2.1.3 **PROCESS FOR APPLYING FOR AN INTERCHANGE COMPANY TRANSFER.** Any individual whose benefit under the Plan or under an Interchange Company's defined benefit pension plan is transferable pursuant to Subsection 2.1.1 hereof must apply for such transfer in accordance with and pursuant to the time periods established by the Plan.

2.1.4 **TIMING OF TRANSFER.** Any individual's benefit transfer provided for under this Section 2.1 will not occur until such individual's service credited under the terms of the transferor plan would be taken into account under the terms of the receiving plan had such service previously been credited under the terms of the receiving plan (*i.e.*, until such prior service would "bridge"). Until such time, such individual will be treated as a new hire under the receiving plan.

2.1.5 **EFFECT OF TRANSFERS TO AN INTERCHANGE COMPANY.**

(1) **In General.** If a Participant who is eligible for an Interchange Company transfer pursuant to Subsection 2.1.1 hereof terminates employment with any AT&T Controlled Group Member and is hired by an Interchange Company, he will not be entitled to a distribution from the Plan if (A) the applicable Interchange Agreement provides for transfer of his Accrued Benefit to a defined benefit pension plan of the Interchange Company, (B) the Participant does not waive such transfer pursuant to Subsection 2.1.2 hereof and (C) the Participant elects to have the terms of the Interchange Agreement apply in accordance with Subsection 2.1.3 hereof. Upon the transfer of such Participant's Accrued Benefit to the defined benefit pension plan of the Interchange Company, he will not be entitled to any further benefits under the Plan.

(2) **Repayment of Lump Sum Benefits.** Notwithstanding anything herein to the contrary, if (A) a Participant becomes a Covered Employee under an Interchange Company's defined benefit pension plan after receiving a distribution of his Accrued Benefit in the form of a single-sum payment pursuant to Article XIII of the Plan; (B) such Interchange Company's defined benefit pension plan generally requires the repayment of previous single-sum payments as a condition of recognizing prior service and benefit accruals; and (C) such Interchange Company's defined benefit pension plan requires a corresponding transfer of assets from the Plan to such Interchange Company's defined benefit pension plan as a condition of recognizing such individual's service under the Plan, such individual will have the right under the Plan to repay to the Plan his single-sum payment from the Plan plus interest as may be required by the Plan Administrator and in accordance with such procedures as may be established by the Plan Administrator.

2.1.6 **EFFECT OF TRANSFERS FROM AN INTERCHANGE COMPANY.**

(1) **In General.** If an Eligible Employee's accrued benefit is transferred to the Plan from an Interchange Company's defined benefit pension plan, such accrued benefit will be transferred as required by, and as determined in accordance with Code and actuarial standards, and other terms and

provisions as set forth in the Interchange Agreement. In no event will the Eligible Employee's Accrued Benefit under the Plan be less than the benefit so transferred. If an Eligible Employee's accrued benefit under an Interchange Company's defined benefit pension plan is transferred to the Plan, such Eligible Employee's service credited under the Interchange Company's defined benefit pension plan will be taken into account under the Plan for purposes of determining his Years of Participation Service, Years of Vesting Service, Term of Employment and Pension Calculation Service.

(2) **Monthly Pension Benefit Computation.** If the Component Pension Program provides for the computation of a Pension Benefit in a different manner from that provided under a Covered Employee's Interchange Company's defined benefit pension plan, the amount of such Covered Employee's Pension Benefit under the Component Pension Program will equal the greater of:

(a) The sum of:

(i) The monthly pension benefit determined under such Interchange Company's defined benefit pension plan, in accordance with the provisions of such plan as in effect on the last date such Covered Employee was covered by such plan; plus

(ii) The monthly Pension Benefit determined under the applicable Component Pension Program, without regard to this Supplement, for all periods of service during which such Covered Employee was covered by the applicable Component Pension Program; or

(b) The monthly Pension Benefit determined by including as Pension Calculation Service all service credit used to determine Covered Employee's pension benefit under such Interchange Company's defined benefit pension plan and all Pension Calculation Service during which such Covered Employee was covered by the Component Pension Program, in accordance with the provisions of the Component Pension Program.

The immediately preceding Paragraphs also apply with respect to a transfer between Component Pension Programs for a Covered Employee for which MPA is otherwise applicable.

(3) **Prior Interchange Company Lump Sum.** Notwithstanding anything herein to the contrary, in the case of any individual who becomes a Participant in the Plan after receiving a lump sum distribution of his accumulated benefit under an Interchange Company's defined benefit pension plan and whose service credit used to determine a Covered Employee's pension benefit otherwise would be recognized by the Plan pursuant to an Interchange Agreement, such individual's service with the Interchange Company will not be taken into account under the Plan, other

than for purposes of Years of Vesting Service, Years of Participation Service, and Term of Employment, unless and until such individual satisfies the provisions of the Interchange Company's defined benefit pension plan for the repayment or other treatment of such previous lump sum distribution. If the Interchange Company's defined benefit pension plan does not require repayment of a lump sum distribution by reemployed participants as a condition to recognizing prior pension service credit, but instead provides for an offset in benefits to reflect a prior lump sum distribution, the Plan will recognize such individual's service credit used to determine a Covered Employee's pension benefit under the Interchange Company and provide a benefit offset as determined by such Interchange Company in accordance with the provisions of the Interchange Company's defined benefit pension plan, provided that such Interchange Company transfers assets under the Interchange Agreement sufficient to provide for the benefits to be so recognized.

- (4) **Prior Interchange Company Annuity Payments.** Notwithstanding anything herein to the contrary, if a Participant is receiving annuity payments under the Plan, or under an Interchange Company's defined benefit pension plan for which the benefit obligation has been or will be transferred to the Plan pursuant to an Interchange Agreement, the pension subsequently payable to such Participant under the Plan will be adjusted actuarially to reflect such annuity payments.

2.1.7 **TRANSFERRED SERVICE.** No service or period of employment earned under the Plan before January 1, 1985, that was transferred pursuant to the provisions of the Plan of Reorganization will be taken into account under the provisions of the Plan, except as otherwise transferred back to the Plan pursuant to this Supplement. In addition, no service or period of employment subsequently transferred pursuant to the terms of this Supplement will be taken into account under the Plan, except as otherwise transferred back to the Plan pursuant to this Supplement.

2.1.8 **NO DOUBLE-COUNTING OF SERVICE.** Nothing contained in this Supplement will be construed so as to create any double-counting of service for any purpose with respect to the Plan.

2.1.9 **INTERPRETATION.** This Supplement will be subject to and interpreted in accordance with the terms of section 559 of the Deficit Reduction Act of 1984 to the extent applicable.

2.1.10 **TRANSFERS WITHIN THE AT&T CONTROLLED GROUP.** Effective January 1, 2011, notwithstanding anything in the Mandatory Portability Agreement or any other Interchange Agreement to the contrary, individuals who have prior service with one or more Interchange Company that is now a member of the AT&T Controlled Group and would otherwise qualify to port his or her service under the Mandatory Portability Agreement or any other Interchange Agreement, shall be eligible to have such service recognized under the Plan in a manner consistent with the terms and conditions of the Mandatory Portability Agreement or any other Interchange Agreement.

SUPPLEMENT 9 ACTUARIAL EQUIVALENT

I. SCOPE

- 1.1 SCOPE.** This Supplement sets out the Applicable Mortality Table and the Applicable Interest Rate that is used in determining the Actuarial Equivalent in the Component Pension Programs.
- 1.2 LUMP-SUM ACTUARIAL EQUIVALENT.** Except as provided in 1.2.1 and under Paragraph 1.4 below, for purposes of determining a Lump Sum or other single-sum payments, the term Actuarial Equivalent shall be determined based on Applicable Interest Rate and the Applicable Mortality Table:
- 1.2.1 ACTUARIAL EQUIVALENT FOR THE EAST PROGRAM AND THE BARGAINED CASH BALANCE PROGRAM.** The Actuarial Equivalent shall be determined using the greater of: (1) the Statutory Applicable Interest Rate and the Statutory Applicable Mortality Table; or (2) the Applicable Interest Rate and the Applicable Mortality Table. For purposes of this Subsection, "greater of" means the actuarial basis that produces the highest Lump Sum or other single-sum payment.
- 1.3 ANNUITY ACTUARIAL EQUIVALENT.** Except as provided under Paragraph 1.4 below, for purposes of calculating a Single Life Annuity, or other annuity conversions where Actuarial Equivalent is used, the term Actuarial Equivalent shall be determined as follows:
- 1.3.1 ACTUARIAL EQUIVALENT GENERAL RULE.** The Actuarial Equivalent shall be determined using the Applicable Interest Rate and Applicable Mortality Table.
- 1.3.2 RESERVED**
- 1.4 Actuarial equivalent for the DIRECTV Program.**
- 1.4.1 LUMP-SUM ACTUARIAL EQUIVALENT.** For purposes of determining optional form of benefit subject to section 417(e)(3) of the Code (determined conclusively by or under direction of the Plan Administrator), the term Actuarial Equivalent or Actuarially Equivalent shall be determined using the following factors that provided the greatest benefit amount: (1) (i) the DIRECTV Applicable Interest Rate and the DIRECTV Applicable Mortality Table or (ii) the GATT Applicable Interest Rate and the GATT Applicable Mortality Table; or (2) the Statutory Applicable Interest Rate and the Statutory Applicable Mortality Table.

- 1.4.2 **ANNUITY ACTUARIAL EQUIVALENT.** Except as provided in Section 1.4.3 and 1.4.4, for purposes of determining optional form of benefit not subject to section 417(e)(3) of the Code (determined conclusively by or under direction of the Plan Administrator), the Joint and 50% Survivor Annuity, the Joint and 75% Survivor Annuity, the Joint and 100% Survivor Annuity, or other annuity conversions, the term Actuarial Equivalent or Actuarially Equivalent shall be determined using the Applicable Mortality Table and the Applicable Interest Rate.
- 1.4.3 **CASH BALANCE ACTUARIAL EQUIVALENT.** For purposes of determining a single life annuity or 10-year certain benefit from the Cash Balance Account, the term Actuarial Equivalent or Actuarially Equivalent shall be determined using the annual rate of interest of 30-year Treasury Constant Maturities applied using the stability period of December 1 to November 30 and lookback period of August preceding the first day of the stability period and GATT Applicable Mortality Table.
- 1.4.4 **PARTICIPANT CONTRIBUTIONS ACCOUNT BALANCE ACTUARIAL EQUIVALENT.** For purposes of determining a single life annuity benefit from the Participant Contributions Account of Section 1.3-A of Exhibit A to Supplement 1 of the DIRECTV Program, the term Actuarial Equivalent or Actuarially Equivalent shall be determined using the following factors that provide the smallest single life annuity: (1) (i) the DIRECTV Applicable Interest Rate and the DIRECTV Applicable Mortality Table or (ii) the GATT Applicable Interest Rate and the GATT Applicable Mortality Table; or (2) the Statutory Applicable Interest Rate and the Statutory Applicable Mortality Table

II. DEFINITIONS

- 2.1 **GATT Applicable Mortality Table:** means the GAR-94 mortality table prescribed in Rev. Ruling 2001-62.
- 2.2 **GATT Applicable Interest Rate:** means the annual rate of interest of 30-year Treasury securities applied using the stability period and lookback period of the applicable Component Pension Program, as set forth in Article IV of this Supplement, except that for the DIRECTV Program, means the annual rate of interest of 30-year Treasury Constant Maturities applied using the stability period of December 1 to November 30 and lookback period of either August or October preceding the first day of the stability period.
- 2.3 **Statutory Applicable Mortality Table:** means the mortality table determined in accordance with section 417(e)(3)(B) of the Code and associated regulations.
- 2.4 **Statutory Applicable Interest Rate:** means the annual rate of interest specified in section 417(e)(3)(C) of the Code applied using the Plan Year as the stability period and the November preceding the first day of the stability period as the lookback period.

- 2.5 **DIRECTV Applicable Mortality Table:** means the mortality table determined in accordance with section 417(e)(3)(B) of the Code and associated regulations applied using the stability period of December 1 to November 30.
- 2.6 **DIRECTV Applicable Interest Rate:** means the annual rate of interest specified in section 417(e)(3)(C) of the Code applied using the stability period of December 1 to November 30 and lookback period of August or October preceding the first day of the stability period.
- 2.7 **PBGC Applicable Mortality Table:** means the 1971 Group Annuity Mortality Table calculated by combining 80% of the rate for males and 20% of the rate for females.
- 2.8 **PBGC Applicable Interest Rate:** means the lesser of (1) 100% of the Pension Benefit Guaranty Corporation's lump sum interest rates for private-sector payments in effect on October 1 preceding the stability period of December 1 to November 30, or (2) 100% of the Pension Benefit Guaranty Corporation's lump sum interest rates for private-sector payments in effect on December 1 which is the first day of the stability period of December 1 to November 30.

III.

APPLICABLE MORTALITY TABLE

- 3.1 **GENERAL RULE FOR LUMP SUM CALCULATIONS.** Except with respect to Component Pension Programs referenced in Section 3.1.1 or 3.2 below, for purposes of calculating a Lump Sum where Actuarial Equivalent is used, Applicable Mortality Table means the Statutory Applicable Mortality Table.
- 3.1.1 **DIRECTV PROGRAM.** For purposes of calculating optional form of benefit subject to section 417(e)(3) of the Code (determined conclusively by or under direction of the Plan Administrator), where Actuarial Equivalent is used, Applicable Mortality Table means the DIRECTV Applicable Mortality Table, the GATT Applicable Mortality Table, or the Statutory Applicable Mortality Table when completing the greater of calculation described in Subsection 1.4.1.
- 3.2 **SPECIAL RULES FOR CERTAIN COMPONENT PENSION PROGRAMS FOR LUMP SUM CALCULATIONS.**
- (1) **EAST PROGRAM AND BARGAINED CASH BALANCE PROGRAM.** For purposes of calculating a Lump Sum under the East Program and the Bargained Cash Balance Program, Applicable Mortality Table means the GATT Applicable Mortality Table.
- 3.3 **GENERAL RULE FOR ANNUITY CONVERSIONS.** Except with respect to Component Pension Programs referenced in Sections 3.3.1, 3.3.2, 3.3.3, and 3.4 below, for purposes of calculating a Single Life Annuity or other annuity conversions where Actuarial Equivalent is used, Applicable Mortality Table means the GATT Applicable Mortality Table.

- 3.3.1 **DIRECTV PROGRAM.** Except with respect to Applicable Exhibits referenced in Section 3.3.2, Section 3.3.3 or Section 3.4(3) below, for purposes of calculating optional form of benefit not subject to section 417(e)(3) of the Code (determined conclusively by or under direction of the Plan Administrator), the Joint and 50% Survivor Annuity, the Joint and 75% Survivor Annuity, the Joint and 100% Survivor Annuity, or other annuity conversions where Actuarial Equivalent is used, Applicable Mortality Table means, using the attained age of the Participant in the year in which benefits commence, the PBGC Applicable Mortality Table when completing the calculation in Subsection 1.4.2.
- 3.3.2 **DIRECTV PROGRAM – GENERAL RULE FOR CASH BALANCE ANNUITY CONVERSIONS.** For purposes of determining a single life annuity or 10-year certain benefit from the Cash Balance Account, where Actuarial Equivalent is used, Applicable Mortality Table means the GATT Applicable Mortality Table when completing the calculation in Subsection 1.4.3.
- 3.3.3 **DIRECTV PROGRAM – GENERAL RULE FOR PARTICIPANT CONTRIBUTIONS ACCOUNT BALANCE ANNUITY CONVERSIONS.** For purposes of determining a single life annuity benefit from the Participant Contributions Account of Section 1.3-A of Exhibit A to Supplement 1 of the DIRECTV Program, where Actuarial Equivalent is used, Applicable Mortality Table means the DIRECTV Applicable Mortality Table, the GATT Applicable Mortality Table, or the Statutory Applicable Mortality Table when completing the greater of calculation described in Subsection 1.4.4.
- 3.4 SPECIAL RULES FOR CERTAIN COMPONENT PENSION PROGRAMS FOR ANNUITY CONVERSIONS.**
- (1) **NONBARGAINED PROGRAM AND AT&T LEGACY MANAGEMENT PROGRAM.** For purposes of calculating a Single Life Annuity, or other annuity conversions where Actuarial Equivalent is used, under the Nonbargained Program and the AT&T Legacy Management Program, Applicable Mortality Table means the Statutory Applicable Mortality Table.
- (2) **SOUTHEAST MANAGEMENT PROGRAM.** For purposes of calculating a Single Life Annuity, or other annuity conversions where Actuarial Equivalent is used, under the Southeast Management Program, Applicable Mortality Table means the Statutory Applicable Mortality Table.
- (3) **DIRECTV PROGRAM – SUPPLEMENT 1 EXHIBITS FOR ANNUITY CONVERSIONS – EXHIBIT D.** For purposes of calculating a Normal Retirement Benefit or optional form of benefit not subject to section 417(e)(3) of the Code (determined conclusively by or under direction of the Plan Administrator), where Actuarial Equivalent is used in Exhibit D to Supplement 1 of the DIRECTV Program, Applicable Mortality Table means the 1984 Unisex Pension mortality table. For any values involving a single life, the mortality table shall be set back one (1) year and for values involving joint lives, there shall be no adjustment for the primary annuitant and a setback of three (3) years for contingent/joint annuitant.

IV. APPLICABLE INTEREST RATE

- 4.1 AT&T LEGACY BARGAINED PROGRAM.** Applicable Interest Rate means the Statutory Applicable Interest Rate.

For purposes other than determining the Statutory Applicable Interest Rate, stability period is the Plan Year in which the relevant event (such as Annuity Starting Date) occurs and the lookback period is the August preceding the first day of the stability period.

- 4.2 AT&T Legacy Management Program.** Applicable Interest Rate means the Statutory Applicable Interest Rate.

For purposes other than determining the Statutory Applicable Interest Rate, stability period is the Plan Year in which the relevant event (such as Annuity Starting Date) occurs and the lookback period is the August preceding the first day of the stability period.

- 4.3 BARGAINED CASH BALANCE PROGRAM.** Applicable Interest Rate means the GATT Applicable Interest Rate.

Stability period is the calendar quarter in which the relevant event (such as Annuity Starting Date) occurs and the lookback period is the second calendar month preceding the first day of the stability period.

- 4.4 Bargained Cash Balance Program #2.** Applicable Interest Rate means an annual rate of five percent (5%).

- 4.5 DIRECTV Program.** Applicable Interest Rate means:

4.5.1 For purposes of determining optional form of benefit subject to section 417(e)(3) of the Code (determined conclusively by or under direction of the Plan Administrator) under Section 1.4.1 where Actuarial Equivalent or Actuarially Equivalent is used, Applicable Interest Rate means:

- (1) The GATT Applicable Interest Rate when performing the greater of calculation described in Subsection 1.4.1(1)(ii);
- (2) The DIRECTV Applicable Interest Rate when performing the greater of calculation described in Subsection 1.4.1(1)(i); and
- (3) The Statutory Applicable Interest Rate when performing the calculation described in Subsection 1.4.1(2).

4.5.2 For purposes of determining optional form of benefit not subject to section 417(e)(3) of the Code (determined conclusively by or under direction of the Plan Administrator), the Joint and 50% Survivor Annuity, the Joint and 75% Survivor Annuity, the Joint and 100% Survivor Annuity, or other annuity conversions under Section 1.4.2 where Actuarial Equivalent or Actuarially Equivalent is used, Applicable Interest Rate means the PBGC Applicable Interest Rate.

4.5.3 For purposes of determining a single life annuity or 10-year certain benefit from the Cash Balance Account under Section 1.4.3 of this Supplement, where Actuarial Equivalent or Actuarially Equivalent is used, Applicable Interest Rate means the annual rate of interest of 30-year Treasury Constant Maturities applied using the stability period of December 1 to November 30 and lookback period of August preceding the first day of the stability period when performing the calculation described in Subsection 1.4.3.

4.5.4 **Exhibit A to Supplement 1 of the DIRECTV Program.** Applicable Interest Rate means:

4.5.4.1 For purposes of determining optional form of benefit subject to section 417(e)(3) of the Code (determined conclusively by or under direction of the Plan Administrator) under Section 1.4.1, where Actuarial Equivalent or Actuarially Equivalent is used, Applicable Interest Rate means:

- (1) The GATT Applicable Interest Rate when performing the greater of calculation described in Subsection 1.4.1(1)(ii);
- (2) The DIRECTV Applicable Interest Rate when performing the greater of calculation described in Subsection 1.4.1(1)(i); and
- (3) The Statutory Applicable Interest Rate when performing the calculation described in Subsection 1.4.1(2).

4.5.4.2 For purposes of determining optional form of benefit not subject to section 417(e)(3) of the Code (determined conclusively by or under direction of the Plan Administrator), the Joint and 50% Survivor Annuity, the Joint and 75% Survivor Annuity, the Joint and 100% Survivor Annuity, or other annuity conversion under Section 1.4.2, where Actuarial Equivalent or Actuarially Equivalent is used, Applicable Interest Rate means the PBGC Applicable Interest Rate.

4.5.4.3 For purposes of determining a single life annuity benefit from the Participant Contributions Account of Section 1.3-A of Exhibit A to Supplement 1 of the DIRECTV Program under Section 1.4.4 of this Supplement, where Actuarial Equivalent or Actuarially Equivalent is used, Applicable Interest Rate means:

- (1) The GATT Applicable Interest Rate when performing the greater of calculation described in Subsection 1.4.4(1)(ii);
- (2) The DIRECTV Applicable Interest Rate when performing the greater of calculation described in Subsection 1.4.4(1)(i); and
- (3) The Statutory Applicable Interest Rate when performing the calculation described in Subsection 1.4.4(2)

4.5.5 **Exhibit B to Supplement 1 of the DIRECTV Program.** Applicable Interest Rate means:

4.5.5.1 For purposes of determining optional form of benefit subject to section 417(e)(3) of the Code (determined conclusively by or under direction of the Plan Administrator) under Section 1.4.1, where Actuarial Equivalent or Actuarially Equivalent is used, Applicable Interest Rate means:

- (1) The GATT Applicable Interest Rate when performing the greater of calculation described in Subsection 1.4.1(1)(ii);
- (2) The DIRECTV Applicable Interest Rate when performing the greater of calculation described in Subsection 1.4.1(1)(i); and
- (3) The Statutory Applicable Interest Rate when performing the calculation described in Subsection 1.4.1(2).

4.5.5.2 For purposes of determining optional form of benefit not subject to section 417(e)(3) of the Code (determined conclusively by or under direction of the Plan Administrator), the Joint and 50% Survivor Annuity, the Joint and 75% Survivor Annuity, the Joint and 100% Survivor Annuity, or other annuity conversion under Section 1.4.2, where Actuarial Equivalent or Actuarially Equivalent is used, Applicable Interest Rate means the PBGC Applicable Interest Rate.

4.5.6 Exhibit D to Supplement 1 of the DIRECTV Program. Applicable Interest Rate means:

4.5.6.1 For purposes of determining optional form of benefit subject to section 417(e)(3) of the Code (determined conclusively by or under direction of the Plan Administrator) under Section 1.4.1, where Actuarial Equivalent or Actuarially Equivalent is used, Applicable Interest Rate means:

- (1) The GATT Applicable Interest Rate when performing the greater of calculation described in Subsection 1.4.1(1)(ii);
- (2) The DIRECTV Applicable Interest Rate when performing the greater of calculation described in Subsection 1.4.1(1)(i); and
- (3) The Statutory Applicable Interest Rate when performing the calculation described in Subsection 1.4.1(2).

4.5.6.2 For purposes of determining optional form of benefit not subject to section 417(e)(3) of the Code (determined conclusively by or under direction of the Plan Administrator), the Joint and 50% Survivor Annuity, the Joint and 75% Survivor Annuity, the Joint and 100% Survivor Annuity, or other annuity conversions under Section 1.4.2, where Actuarial Equivalent or Actuarially Equivalent is used, Applicable Interest Rate means seven percent (7%) per annum compound interest. Notwithstanding the above, if a benefit is distributed in accordance with an option described in Section 4.10-D(C) of Exhibit D to Supplement 1 of the DIRECTV Program, the applicable interest rate in determining the benefit shall be either the interest rates described in the preceding Section or seven percent (7%) per annum compound interest, whichever would produce the greater benefit.

4.6 EAST PROGRAM. Applicable Interest Rate means the GATT Applicable Interest Rate.

Stability period is the Plan Year in which the relevant event (such as Annuity Starting Date) occurs and the lookback period is the November preceding the first day of the stability period.

4.7 MANAGEMENT CASH BALANCE PROGRAM. Applicable Interest Rate means an annual rate of five percent (5%).

4.8 MIDWEST PROGRAM. Applicable Interest Rate means as set forth in Subsections 4.8.1 or 4.8.2, whichever is applicable:

4.8.1 For purposes of calculating a Lump Sum, Applicable Interest Rate means the Statutory Applicable Interest Rate.

Stability period is the Plan Year in which the relevant event (such as Annuity Starting Date) occurs and the lookback period is the November preceding the first day of the stability period.

4.8.2 For purposes of calculating a Single Life Annuity, or other annuity conversions where Actuarial Equivalent is used, Applicable Interest Rate means the GATT Applicable Interest Rate.

4.8.3 With respect to the Midwest Publishing Ventures Supplement of the Midwest Program, Applicable Interest Rate means the Statutory Applicable Interest Rate.

Stability period is the Plan Year in which the relevant event (such as Annuity Starting Date) occurs and the lookback period is the November preceding the first day of the stability period.

4.9 NONBARGAINED PROGRAM. Applicable Interest Rate means the Statutory Applicable Interest Rate.

For purposes other than determining the Statutory Applicable Interest Rate, stability period is the calendar quarter in which the relevant event (such as Annuity Starting Date) occurs and the lookback period is the second calendar month preceding the first day of the stability period.

With respect to the Midwest Publishing Ventures Supplement of the Nonbargained Program, Applicable Interest Rate means the Statutory Applicable Interest Rate.

Stability period is the Plan Year in which the relevant event (such as Annuity Starting Date) occurs and the lookback period is the November preceding the first day of the stability period.

4.10 SOUTHEAST MANAGEMENT PROGRAM. Applicable Interest Rate means the Statutory Applicable Interest Rate.

Stability period is the Plan Year in which the relevant event (such as Annuity Starting Date) occurs and the lookback period is the November preceding the first day of the stability period.

4.11 SOUTHEAST PROGRAM. Applicable Interest Rate means as set forth in Subsections 4.11.1 or 4.11.2, whichever is applicable:

4.11.1 For purposes of calculating a Lump Sum, Applicable Interest Rate means the Statutory Applicable Interest.

Stability period is the Plan Year in which the relevant event (such as Annuity Starting Date) occurs and the lookback period is the November preceding the first day of the stability period.

4.11.2 For purposes of calculating a Single Life Annuity, or other annuity conversions where Actuarial Equivalent is used, Applicable Interest Rate means the GATT Applicable Interest Rate

Stability period is the Plan Year in which the relevant event (such as Annuity Starting Date) occurs and the lookback period is the November preceding the first day of the stability period.

4.12 SOUTHWEST PROGRAM. Applicable Interest Rate means as set forth in Subsections 4.12.1 or 4.12.2, whichever is applicable:

4.12.1 For purposes of calculating a Lump Sum, Applicable Interest Rate means the Statutory Applicable Interest.

Stability period is the Plan Year in which the relevant event (such as Annuity Starting Date) occurs and the lookback period is the November preceding the first day of the stability period.

4.12.2 For purposes of calculating a Single Life Annuity, or other annuity conversions where Actuarial Equivalent is used, Applicable Interest Rate means the GATT Applicable Interest Rate.

Stability period is the Plan Year in which the relevant event (such as Annuity Starting Date) occurs and the lookback period is the November preceding the first day of the stability period.

4.13 MOBILITY BARGAINED PROGRAM. Applicable Interest Rate means as set forth in Subsections 4.13.1, 4.13.2, 4.13.3 or 4.13.4, whichever is applicable:

4.13.1 **GENERAL RULE.** For all purposes except those set forth in Subsections 4.13.2, 4.13.3 or 4.13.4 hereof the Statutory Applicable Interest Rate.

Stability period is the Plan Year in which the relevant event (such as Annuity Starting Date) occurs and the lookback period is the November preceding the first day of the stability period.

- 4.13.2 **SNET FROZEN CORE PENSION BENEFIT.** Solely for purposes of calculating a Lump Sum of an SNET Transferred Participant's Frozen Core Pension Benefit pursuant to Supplement 4 of the Mobility Bargained Program, Applicable Interest Rate will mean the lesser of (a) 7.5% or (b) the GATT Applicable Interest.

Stability period is the Plan Year in which the relevant event (such as Annuity Starting Date) occurs and the lookback period is the November preceding the first day of the stability period.

- 4.13.3 **ANNUITY CONVERSIONS.** For purposes of calculating a Single Life Annuity, or other annuity conversions where Actuarial Equivalent is used, Applicable Interest Rate means the GATT Applicable Interest Rate.

Stability period is the calendar quarter in which the relevant event (such as Annuity Starting Date) occurs and the lookback period is the second calendar month preceding the first day of the stability period.

- 4.13.4 **MANDATORY CASH OUT.** For purposes of applying the mandatory cash out provisions of Section 13.5 of the Plan the Statutory Applicable Interest Rate.

For purposes other than determining the Statutory Applicable Interest Rate, stability period is the calendar quarter in which the relevant event (such as Annuity Starting Date) occurs and the lookback period is the second calendar month preceding the first day of the stability period.

- 4.14 MOBILITY PROGRAM (SUPPLEMENT 7 – DISTRICT 1 PROGRAM).** Applicable Interest Rate means as set forth in Subsections 4.14.1, 4.14.2 or 4.14.3, whichever is applicable:

- 4.14.1 **GENERAL RULE.** For all purposes except those set forth in Subsection 4.14.2 or 4.14.3 the Statutory Applicable Interest Rate.

For purposes other than determining the Statutory Applicable Interest Rate, stability period is the calendar quarter in which the relevant event (such as Annuity Starting Date) occurs and the lookback period is the second calendar month preceding the first day of the stability period.

- 4.14.2 **SNET FROZEN CORE PENSION BENEFIT.** Solely for purposes of calculating a Lump Sum of an SNET Transferred Participant's Frozen Core Pension Benefit pursuant to Supplement 4 of the Mobility Bargained Program, Applicable Interest Rate will mean the lesser of (a) 7.5% or (b) the GATT Applicable Interest Rate.

Stability period is the Plan Year in which the relevant event (such as Annuity Starting Date) occurs and the lookback period is the November preceding the first day of the stability period.

- 4.14.3 **ANNUITY CONVERSIONS.** For purposes of calculating a Single Life Annuity, or other annuity conversions where Actuarial Equivalent is used, Applicable Interest Rate means the GATT Applicable Interest Rate.

Stability period is the calendar quarter in which the relevant event (such as Annuity Starting Date) occurs and the lookback period is the second calendar month preceding the first day of the stability period.

4.15 MOBILITY PROGRAM (SUPPLEMENT 8 – DISTRICT 9 PROGRAM). Applicable Interest Rate means as set forth in Subsections 4.14.1 or 4.14.2, whichever is applicable:

4.15.1 For purposes of calculating a Lump Sum, Applicable Interest Rate means the Statutory Applicable Interest Rate.

For purposes other than determining the Statutory Applicable Interest Rate, stability period is the calendar quarter in which the relevant event (such as Annuity Starting Date) occurs and the lookback period is the second calendar month preceding the first day of the stability period.

4.15.2 For purposes of calculating a Single Life Annuity, or other annuity conversions where Actuarial Equivalent is used, Applicable Interest Rate means the GATT Applicable Interest Rate.

Stability period is the calendar quarter in which the relevant event (such as Annuity Starting Date) occurs and the lookback period is the second calendar month preceding the first day of the stability period.

4.16 MOBILITY PROGRAM. Applicable Interest Rate means as set forth in Subsections 4.16.1, 4.16.2, or 4.16.3, whichever is applicable:

4.16.1 For purposes of calculating a Lump Sum, Applicable Interest Rate means the Statutory Applicable Interest Rate.

For purposes other than determining the Statutory Applicable Interest Rate, stability period is the calendar quarter in which the relevant event (such as Annuity Starting Date) occurs and the lookback period is the second calendar month preceding the first day of the stability period.

4.16.2 For purposes of calculating a Single Life Annuity, or other annuity conversions where Actuarial Equivalent is used, Applicable Interest Rate means the GATT Applicable Interest Rate

Stability period is the calendar quarter in which the relevant event (such as Annuity Starting Date) occurs and the lookback period is the second calendar month preceding the first day of the stability period.

4.16.3 **SNET FROZEN CORE PENSION BENEFIT.** Solely for purposes of calculating a Lump Sum of an SNET Transferred Participant's Frozen Core Pension Benefit pursuant to Supplement 4 of the Mobility Bargained Program, Applicable Interest Rate will mean the lesser of (a) 7.5% or (b) the GATT Applicable Interest Rate

Stability period is the Plan Year in which the relevant event (such as Annuity Starting Date) occurs and the lookback period is the November preceding the first day of the stability period.

4.17 WEST PROGRAM. Applicable Interest Rate means as set forth in Subsections 4.17.1 or 4.17.2, whichever is applicable:

4.17.1 For purposes of calculating a Lump Sum, Applicable Interest Rate means the Statutory Applicable Interest Rate.

Stability period means as defined in (i) or (ii) below:

- (i) unless otherwise specified in (ii), the Plan Year in which the relevant event (such as Annuity Starting Date) occurs; or
- (ii) for purposes other than determining the Statutory Applicable Interest Rate, for IBEW Local 1269 (Pacific Bell Directory) and IBEW Local 2139 (Pacific Bell Directory), the calendar quarter in which the relevant event (such as Annuity Starting Date) occurs.

Lookback period means as defined in (i) or (ii) below:

- (i) unless otherwise specified in (ii), the November preceding the first day of the stability period; or
- (ii) for purposes other than determining the Statutory Applicable Interest Rate, for IBEW Local 1269 (Pacific Bell Directory) and IBEW Local 2139 (Pacific Bell Directory), the second calendar month preceding the first day of the stability period.

4.17.2 For purposes of calculating a Single Life Annuity, or other annuity conversions where Actuarial Equivalent is used, Applicable Interest Rate means the GATT Applicable Interest Rate.

Stability period means as defined in (i) or (ii) below:

- (i) unless otherwise specified in (ii), the Plan Year in which the relevant event (such as Annuity Starting Date) occurs; or
- (ii) for IBEW Local 1269 (Pacific Bell Directory) and IBEW Local 2139 (Pacific Bell Directory), the calendar quarter in which the relevant event (such as Annuity Starting Date) occurs.

Lookback period means as defined in (i) or (ii) below:

- (i) unless otherwise specified in (ii), the November preceding the first day of the stability period; or
- (ii) for IBEW Local 1269 (Pacific Bell Directory) and IBEW Local 2139 (Pacific Bell Directory), the second calendar month preceding the first day of the stability period.

SUPPLEMENT 10 ENTITIES INELIGIBLE FOR SILOING

I. IN GENERAL

1.1 IN GENERAL. Defined terms will have the same meanings as assigned by the Plan.

II. TERMINATION OF PARTICIPATION DUE TO TRANSFER

2.1 TERMINATION OF PARTICIPATION DUE TO TRANSFER. A Participant in the AT&T Legacy Management Program, the DIRECTV Program, the Nonbargained Program, the Southeast Management Program, or the Mobility Program will cease to be a Participant in such program pursuant to Article IV of such Component Pension Program as of the date he transfers to (or becomes) one of the following:

- (1) AT&T Communications Services of Jamaica, LLC;
- (2) AT&T Government Solutions, Inc. (including Employees of AT&T World Personnel Services, Inc. assigned to AT&T Government Solutions, Inc.);
- (3) AT&T Support Services, Inc.;
- (4) AT&T Technical Services Company, Inc.;
- (5) A bargained or nonmanagement nonunion position with any AT&T Controlled Group Member;
- (6) A position as an employee of an international member of an AT&T Controlled Group Member that does not participate in the Plan;
- (7) A resident of the Commonwealth of Puerto Rico; or
- (8) Any company who becomes a member of the AT&T Controlled Group through merger or acquisition after the Restatement Effective Date and does not become a Participating Employer with respect to the AT&T Legacy Management Program, the DIRECTV Program, the Nonbargained Program, the Southeast Management Program, or the Mobility Program, as applicable.

2.2 TERMINATION OF PARTICIPATION IN CERTAIN COMPONENT PENSION PROGRAMS DUE TO BARGAINED TRANSFER OR DEMOTIONS.

2.2.1 Transfers to Other Bargaining Units and Demotions. Subject to any other provision of the Plan, any Eligible Employee who is (i) a Bargaining Unit Employee (including a Bargaining Unit Employee on layoff status who is later rehired from such layoff with recall rights), or (ii) a Nonmanagement Nonunion

Employee employed in the same business unit as the Bargaining Unit Employee, that is not covered on August 8, 2009, by one of the collective bargaining units set forth below and transfers, or is demoted, to any of such collective bargaining units on or after August 9, 2009, will not be eligible to participate in any of the AT&T Legacy Bargained Program, Bargained Cash Balance Program, East Program, Midwest Program, Southeast Program, Southwest Program, or West Program and will instead become eligible to participate in the Bargained Cash Balance Program #2:

CWA District 4 (AT&T Midwest Core Contract)	CWA District 4 (SBC Global Services, Inc. (CPE) Appendix G to the AT&T Midwest Core Contract)
CWA District 4 (SBC Global Services, Inc. (COS))	CWA District 9 (AT&T West Core Contract)
IBEW System Council T-3 (AT&T Midwest Contract)	TIU (Pacific Bell Telephone Company)
IBEW System Council T-3 (AT&T Corp. National Contract)	IBEW Local 1269 (Pacific Bell Telephone Company)
CWA (AT&T Core Contract)	IBEW Local 58 (SBC Global Services, Inc. (Appendix E to the AT&T Midwest Core Contract))
CWA District 6 (AT&T Messaging, LLC)	IBEW Local 134 (SBC Global Services, Inc. (Appendix F to the AT&T Midwest Core Contract))
CWA District 6 (AT&T Southwest Core Contract)	IBEW Local 1269 (AT&T Digital Graphics ADvantage)
IBEW Local 21 (SBC Global Services, Inc. (Appendix D to the AT&T Midwest Core Contract))	CWA District 3 (AT&T Billing Southeast, LLC.)
CWA District 3 (AT&T Southeast Core Contract)	CWA District 3 (BellSouth Advertising & Publishing Corporation)
CWA District 3 (BellSouth Telecommunications, Inc. (Internet Services))	CWA District 3 (BellSouth Telecommunications, Inc. (Utility Operations))
CWA District 1 (AT&T East Core Contract)	CWA District 1 (SNET Information Services, Inc.)

2.2.2 **Transfers from the CWA to Other Bargaining Units.** Subject to any other provision of the Plan, any Eligible Employee who is (i) a Bargaining Unit Employee (including a Bargaining Unit Employee on layoff status who is later rehired from such layoff with recall rights) or (ii) a Nonmanagement Nonunion Employee employed in the same business unit as the Bargaining Unit Employee, that is covered on August 8, 2009, by one of the following CWA collective bargaining units (hereafter “CWA Bargaining Units”):

CWA Bargaining Units

CWA District 4 (AT&T Midwest Core Contract)	CWA District 4 (SBC Global Services, Inc. (CPE) Appendix G to the AT&T Midwest Core Contract)
CWA District 4 (SBC Global Services, Inc. (COS))	CWA District 9 (AT&T West Core Contract)
CWA (AT&T Core Contract)	CWA District 6 (AT&T Southwest Core Contract)
CWA District 6 (AT&T Messaging, LLC)	CWA District 3 (AT&T Billing Southeast, LLC.)
CWA District 3 (AT&T Southeast Core Contract)	CWA District 3 (BellSouth Advertising & Publishing Corporation)
CWA District 3 (BellSouth Telecommunications, Inc. (Internet Services))	CWA District 3 (BellSouth Telecommunications, Inc. (Utility Operations))
CWA District 1 (AT&T East Core Contract)	CWA District 1 (SNET Information Services, Inc.)

and is transferred on or after August 9, 2009, to any of the collective bargaining agreements below:

IBEW Local 1269 (Pacific Bell Telephone Company)	IBEW System Council T-3 (AT&T Corp. National Contract)
IBEW Local 21 (SBC Global Services, Inc. (Appendix D to the AT&T Midwest Core Contract))	IBEW Local 134 (SBC Global Services, Inc. (Appendix F to the AT&T Midwest Core Contract))
IBEW Local 58 (SBC Global Services, Inc. (Appendix E to the AT&T Midwest Core Contract))	IBEW Local 1269 (AT&T Digital Graphics ADvantage)
IBEW System Council T-3 (AT&T Midwest Contract)	

will not be eligible to participate in any of the AT&T Legacy Bargained Program, Bargained Cash Balance Program, East Program, Midwest Program, Southeast Program, Southwest Program or West Program and will instead become eligible to participate in the Bargained Cash Balance Program #2, but only while the Bargaining Unit Employee or Nonmanagement Nonunion Employee continues in job titles not covered by one of the CWA Bargaining Units. Upon transfer back to a job title covered by one of the CWA Bargaining Units, such Bargaining Unit Employee or Nonmanagement Nonunion Employee will again become eligible for the Component Pension Program that is offered to other Employees employed prior to August 9, 2009, in the CWA Bargaining Units to which such Bargaining Unit Employee or Nonmanagement Nonunion Employee transfers. Effective on the ratification dates of the various applicable collective bargaining agreements in 2012/2013, upon a subsequent transfer back to a job title covered by a CWA bargaining agreement, such individual will remain eligible for the Bargained Cash Balance Program #2 if otherwise an Eligible Employee for the Bargained Cash Balance Program #2.

2.2.3 Reserved.

2.2.4 Transfers from Certain IBEW Bargaining Units to Other Bargaining Units.

Subject to any other provision of the Plan, any Eligible Employee who is (i) a Bargaining Unit Employee (including a Bargaining Unit Employee on layoff status who is later rehired from such layoff with recall rights) or (ii) a Nonmanagement Nonunion Employee employed in the same business unit as the Bargaining Unit Employee, that is covered by the IBEW System Council T-3 (AT&T Midwest Contract), IBEW Local 21 (SBC Global Services, Inc. (Appendix D to the AT&T Midwest Core Contract)), IBEW Local 58 (SBC Global Services, Inc. (Appendix E to the AT&T Midwest Core Contract)), IBEW Local 134 (SBC Global Services, Inc. (Appendix F to the AT&T Midwest Core Contract)), or IBEW System Council T-3 (AT&T Corp. National Contract) (hereafter "IBEW Bargaining Units") on August 8, 2009, and who transfers on or after August 9, 2009, to any of the collective bargaining agreements below:

CWA District 4 (AT&T Midwest Core Contract)	CWA District 1 (SNET Information Services, Inc.)
CWA District 4 (SBC Global Services, Inc. (COS))	CWA District 9 (AT&T West Core Contract)
CWA District 4 (SBC Global Services, Inc. (CPE) Appendix G to the AT&T Midwest Core Contract)	IBEW Local 1269 (Pacific Bell Telephone Company)
CWA (AT&T Core Contract)	CWA District 6 (AT&T Southwest Core Contract)
CWA District 6 (AT&T Messaging, LLC)	IBEW Local 1269 (AT&T Digital Graphics ADvantage)
CWA District 3 (AT&T Billing Southeast, LLC.)	CWA District 3 (BellSouth Advertising & Publishing Corporation)

CWA District 3 (AT&T Southeast Core Contract)	CWA District 3 (BellSouth Telecommunications, Inc. (Utility Operations))
CWA District 3 (BellSouth Telecommunications, Inc. (Internet Services))	CWA District 1 (AT&T East Core Contract)

will not be eligible to participate in any of the AT&T Legacy Bargained Program, Bargained Cash Balance Program, East Program, Midwest Program, Southeast Program, Southwest Program, or West Program, and will instead become eligible to participate in the Bargained Cash Balance Program #2, but only while the Bargaining Unit Employee or Nonmanagement Nonunion Employee continues in job titles not covered by one of the IBEW Bargaining Units. Upon transfer back to a job title covered by one of the IBEW Bargaining Units, such Bargaining Unit Employee or Nonmanagement Nonunion Employee will again become eligible for the pension program that is offered to other Employees employed prior to August 9, 2009, in the IBEW Bargaining Units to which such Bargaining Unit Employee or Nonmanagement Nonunion Employee transfers. Effective on the ratification dates of the various applicable collective bargaining agreements in 2012/2013, upon a subsequent transfer back to a job title covered by an IBEW bargaining agreement, such individual will remain eligible for the Bargained Cash Balance Program #2 if otherwise an Eligible Employee for the Bargained Cash Balance Program #2.

2.2.5 Reserved.

2.2.6 Transfers from Certain Mobility Bargaining Units to Certain CWA Core Bargaining Units. Subject to any other provision of the Plan, a Mobility Employee, as defined below, who transfers and becomes a CWA Core Employee, as defined below on or after August 9, 2009, will not be eligible to participate in any of the AT&T Legacy Bargained Program, Bargained Cash Balance Program, East Program, Midwest Program, Mobility Program, Mobility Bargained Program, Southeast Program, Southwest Program or West Program and will instead become eligible to participate in the Bargained Cash Balance Program #2 effective as of the applicable dates for each collective bargaining agreement specified in Supplement 1-D of the Bargained Cash Balance Program #2 or the date of such transfer, if later.

- (1) CWA Core Employees: Bargaining Unit Employees of the following Bargaining Units (and Nonmanagement Nonunion Employees employed in the same business unit as such Bargaining Unit Employees, where applicable):

CWA District 4 (AT&T Midwest Core Contract)	CWA District 6 (AT&T Southwest Core Contract)
CWA District 4 (SBC Global Services, Inc. (COS))	CWA District 3 (BellSouth Telecommunications, LLC (Utility Operations))
CWA District 3 (AT&T Southeast Core Contract)	CWA District 6 (AT&T Southwest Core Contract) CWA District 1 (AT&T East Core Contract)
CWA District 3 (AT&T Billing Southeast, LLC.)	CWA District 1 (AT&T East Core Contract) CWA (AT&T Corp. Core Contract)
CWA District 9 (AT&T West Core Contract)	

- (2) Mobility Employees: Bargaining Unit Employees of the following Bargaining Units:

CWA District 1 (AT&T Mobility Services LLC)	CWA District 6 (AT&T Mobility Services LLC)
CWA District 2 (AT&T Mobility Services LLC)	CWA District 7 (AT&T Mobility Services LLC)
CWA District 3 (AT&T Mobility Services LLC)	CWA District 9 (AT&T Mobility Services LLC)
CWA District 4 (AT&T Mobility Services LLC)	CWA District 13 (AT&T Mobility Services LLC)

III.

ELIGIBILITY FOR PARTICIPATION DUE TO TRANSFER

3.1 ELIGIBILITY FOR PARTICIPATION DUE TO TRANSFER. An individual hired or rehired on or before December 31, 2006, by an AT&T Controlled Group Member and who transfers (or changes status) to a management position with a Participating Employer of the AT&T Legacy Management Program, the Nonbargained Program, the Southeast Management Program, or the Mobility Program prior to December 1, 2008, will be an Eligible Employee in such Component Pension Program as of the date of such transfer (or change of status), provided such transfer (or change of status) is from one of the following:

- (1) AT&T Communications Services of Jamaica, LLC;
- (2) AT&T Government Solutions, Inc. (including Employees of AT&T World Personnel Services, Inc. assigned to AT&T Government Solutions, Inc.);
- (3) AT&T Support Services, Inc.;
- (4) AT&T Technical Services Company, Inc.;
- (5) A bargaining position with AT&T Alascom, Inc. that does not participate in the Plan;
- (6) A bargained or nonmanagement nonunion position that is not covered by a pension plan sponsored by the Company or an AT&T Controlled Group Member;
- (7) A position as an employee of an international member of an AT&T Controlled Group Member that does not participate in the Plan; or
- (8) A resident of the Commonwealth of Puerto Rico.

3.2 CONTINUATION OF PARTICIPATION IN A LEGACY BARGAINED PROGRAM DUE TO BARGAINED TRANSFER.

3.2.1 Transfers Within Certain Groups of Bargaining Units. Subject to any other provision of the Plan, any Eligible Employee who is (i) a Bargaining Unit Employee (including a Bargaining Unit Employee on layoff status who is later rehired from such layoff with recall rights), or (ii) a Nonmanagement Nonunion Employee employed in the same business unit as the Bargaining Unit Employee, covered by one of the collective bargaining agreements below on the Applicable Date for such collective bargaining agreement that the Bargaining Unit Employee is transferring from, and that transfers within Group A, within Group B, or within Group C, pursuant to a transfer agreement between such bargaining units within such Groups, shall be eligible to participate in the Component Pension Program that is offered to other Bargaining Unit Employees employed on or before the Applicable Date for such collective bargaining agreement to which such Bargaining Unit Employee or Nonmanagement Nonunion Employee transfers.

Group A - Applicable Date – Group A – August 8, 2009

CWA District 4 (AT&T Midwest Core Contract)	CWA District 4 (SBC Global Services, Inc. (CPE) Appendix G to the AT&T Midwest Core Contract)
CWA District 4 (SBC Global Services, Inc. (COS))	CWA District 9 (AT&T West Core Contract)
CWA (AT&T Core Contract)	CWA District 6 (AT&T Southwest Core Contract)
CWA District 1 (AT&T East Core Contract)	CWA District 3 (BellSouth Telecommunications, LLC (Internet Services))
CWA District 3 (AT&T Billing Southeast, LLC)	CWA District 3 (BellSouth Telecommunications, LLC (Utility Operations))
CWA District 3 (AT&T Southeast Core Contract)	CWA District 3 (BellSouth Telecommunications, LLC (National Directory & Customer Assistance))

Group B - Applicable Date – December 31, 2010

CWA (AT&T Services, Inc. (Tier 1))	CWA (AT&T Services, Inc. (Tier 2))
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Group C – Applicable Date – August 8, 2009

IBEW System Council T-3 (AT&T Midwest Contract)	IBEW System Council T-3 (AT&T Corp. National Contract)
IBEW Local 21 (SBC Global Services, Inc. (Appendix D to the AT&T Midwest Core Contract))	IBEW Local 134 (SBC Global Services, Inc. (Appendix F to AT&T Midwest Core Contract))
IBEW Local 58 (SBC Global Services, Inc. (Appendix E to the AT&T Midwest Core Contract))	

SUPPLEMENT 11 LUMP-SUM REPAYMENT AFTER RECALL FROM LAYOFF

I. SCOPE

- 1.1 **SCOPE.** This Supplement is applicable to any individual who is a Recalled Employee, as defined below.

II. DEFINITIONS

- 2.1 **DEFINITIONS.** For purposes of this Supplement, each of the following terms when capitalized has the respective meaning set forth below or defined in the Plan or the applicable Component Pension Program:

- (1) **Recalled Employee:** means, effective December 15, 2009, any Participant in the Bargaining Units shown immediately below:

East Program Unions/Bargaining Units

- CWA District 1 (AT&T East Core Contract)

Midwest Program Unions/Bargaining Units

- CWA District 4 (AT&T Midwest Core Contract)
- CWA District 4 (SBC Global Services, Inc. (CPE) - Appendix G to the AT&T Midwest Core Contract)
- IBEW System Council T-3 (AT&T Midwest Contract)
- IBEW Local 21 (SBC Global Services, Inc. - Appendix D to the AT&T Midwest Core Contract))
- IBEW Local 134 (SBC Global Services, Inc. - Appendix F to the AT&T Midwest Core Contract))

Southwest Program Unions/Bargaining Units

- CWA District 6 (AT&T Southwest Core Contract)

West Program Unions/Bargaining Units

- CWA District 9 (AT&T West Core Contract)
- IBEW Local 1269 (Pacific Bell Telephone Company)

who:

- (i) was placed on layoff status in accordance with the provisions of an applicable collective bargaining agreement;
- (ii) received a Lump Sum from the Plan in connection with such layoff;
- (iii) is placed on the payroll following rehire or recall from such layoff determined in accordance with the appropriate collective bargaining agreement; and
- (iv) such rehire or recall occurs in no event later than:
 - (a) for all Component Pension Programs, other than the East Program, the recall rights are allowed under the applicable collective bargaining agreement, or
 - (b) with respect to the East Program, two (2) years from date of layoff for Participants with less than six (6) years of Term of Employment at the time of layoff, or four (4) years from date of layoff for Participants with six (6) or more years of Term of Employment at the time of layoff.

III.

**REPAYMENT OF PRIOR
LUMP SUM DISTRIBUTION**

3.1 REPAYMENT OF PRIOR LUMP SUM DISTRIBUTION. Notwithstanding anything in the Plan to the contrary, a Recalled Employee may elect to repay such Lump Sum upon rehire or recall, subject to the following rules:

- (i) Such Recalled Employee shall be permitted to repay the Lump Sum (plus interest) to the Plan within ninety (90) days after the later of: (A) December 15, 2009, or (B) the date of such recall or rehire, and
- (ii) Interest shall be determined using an annual interest rate of eight and five-tenths percent (8.5%) on a monthly compounding basis from the date of distribution until the date of repayment by the Recalled Employee, and

- (iii) If the Lump Sum (plus interest) is repaid, the Recalled Employee shall be treated for all Plan purposes as if he had never received such Lump Sum distribution. In particular, the Lump Sum repayment plus interest shall be treated, for purposes of section 411(c) of the Code (or any successor provisions), as an Employer contribution and not as an Employee contribution.

SUPPLEMENT 12 FRONTIER COMMUNICATIONS ASSET TRANSFER

I. SCOPE

- 1.1 SCOPE.** This Supplement is applicable to any individual who is a Frontier Transferee as defined in Article II of the Plan.

II. DEFINITIONS

- 2.1 DEFINITIONS.** For purposes of this Supplement, each of the following terms when capitalized has the respective meaning set forth below or defined in the Plan or the applicable Component Pension Program:
- (1) “Frontier Plan” means the defined benefit pension plan or plans specified by Frontier to receive the assets and liabilities associated with Frontier Transferees.
 - (2) “Subsection 414(l)” means Code section 414(l) and its associated regulations.

III. TRANSFER OF ASSETS

- 3.1** As soon as administratively practicable, but in no event earlier than the day following the Frontier Closing Date, assets and liabilities for Frontier Non-Disability Transferees shall be spun off from the Plan and transferred to the Frontier Plan. In addition, as soon as administratively practicable but no later than the quarter following a return to work by a Frontier Disability Transferee, assets and liabilities for such Frontier Disability Transferees shall be spun off from the Plan and transferred to the Frontier Plan. The amount of assets to be transferred pursuant to this Paragraph shall be determined by the Plan Administrator and calculated by the Plan’s actuary and shall be in accordance with Subsection 414(l).

The Plan Administrator is authorized to transfer an estimated amount (or portion thereof) at or around the time of the Frontier Closing Date and transfer the remaining amount at a later date.

IV. TRANSFER OF LIABILITIES

- 4.1** As of the day following the Frontier Closing Date, the Plan shall have no liability for the accrued benefits and other Plan benefits to which a Frontier Non-Disability Transferee is entitled under the Plan. The Frontier Plan shall be liable and responsible for all such liabilities and benefits as of the day following the Frontier Closing Date, and following the Frontier Closing Date, all benefit payments to Frontier Non-Disability Transferee's shall be made from the Frontier Plan. In addition, as of the day following the return to work for each Frontier Disability Transferee, the Plan shall have no liability for the accrued benefits and other Plan benefits to which a Frontier Disability Transferee is entitled under the Plan. The Frontier Plan shall be liable and responsible for all such liabilities and benefits as of the day following such return(s) to work, and following such return(s) to work, all benefit payments to Frontier Disability Transferee's shall be made from the Frontier Plan.

In addition, effective as of the Frontier Closing Date, no Frontier Non-Disability Transferee shall be deemed eligible to receive a distribution from the Plan by virtue of the occurrence of such closing. Further, to the extent that an individual becomes a Frontier Disability Transferee, he or she shall not be deemed eligible to receive a distribution from the Plan by virtue of his or her transfer to Frontier pursuant to and in accordance with this Supplement.

SUPPLEMENT 13 ENHANCED PENSION OFFER

I. PURPOSE

- 1.1 PURPOSE.** This Supplement describes the Enhanced Pension Offer (EPO). EPO is a special, limited-time pension window benefit that will allow EPO Eligible Participants to terminate employment with all AT&T Controlled Group Members and elect their entire Pension Benefit under the Plan to be payable under EPO as enhanced by the Pension Benefit Enhancement. In addition, where a full Lump Sum is not available, EPO provides eligibility for an EPO Lump Sum. EPO is also available to Metered Employees and Reachback Employees, as described herein.

II. DEFINITIONS

- 2.1 DEFINITIONS.** Except as otherwise noted below, where a capitalized term is used in this Supplement the capitalized term will have the meaning set forth in the Program or Plan, as applicable.
- 2.1.1 ENHANCED PENSION OFFER (EPO):** means the special, limited-time pension window benefit described in this Supplement and includes the Pension Benefit Enhancement and the opportunity for the EPO Lump Sum.
- 2.1.2 EPO BENEFIT COMMENCEMENT DATE:** means the Annuity Starting Date applicable to an EPO Eligible Participant, a Metered Employee, or a Reachback Employee, as applicable, and as described in Article IV of this Supplement.
- 2.1.3 EPO ELECTION:** means the irrevocable election to participate in the EPO described in Section 3.2 of this Supplement.
- 2.1.4 EPO ELIGIBLE PARTICIPANT:** means a Participant with a Pension Benefit under the Plan who meets all of the following requirements:
- (1) Is a Management Employee on December 10, 2014, and does not become a Bargaining Unit Employee prior to his or her Termination of Employment;
 - (2) Meets the Modified Rule of 75 as of March 31, 2015;
 - (3) Has a vested Pension Benefit that is payable but not yet commenced from the Plan;
 - (4) Makes an EPO Election;

- (5) Terminates employment with all AT&T Controlled Group Members as of March 31, 2015, unless subject to Metering; and
- (6) Elects an Annuity Starting Date of April 1, 2015, unless subject to Metering.

Notwithstanding the preceding, an EPO Eligible Participant does not include any Bargaining Unit Employee nor any Employee who is classified as an "officer level" Employee (L6 and above) as determined by the payroll records of the Employer.

- 2.1.5 **EPO LUMP SUM:** means the single-sum amount, including the Pension Benefit Enhancement, payable to an EPO Eligible Participant, a Metered Employee, or a Reachback Employee, as set forth in Article VI of this Supplement.
- 2.1.6 **METERED EMPLOYEE:** means an EPO Eligible Participant who meets all of the following requirements:
- (1) Is identified by the applicable business organization to be eligible for Metering based upon the need for continuity of the business and/or knowledge transfer needs;
 - (2) Agrees to extend his or her off-payroll date as requested by the applicable business unit, consistent with procedures established by such business unit; and
 - (3) Elects the next available Annuity Starting Date(s) with respect to his or her entire Pension Benefit under the Plan on or after his or her Termination of Employment, as determined under the applicable Program(s).
- 2.1.7 **METERING:** means the ability to defer the termination date for Metered Employees, as described in Article VII of this Supplement.
- 2.1.8 **PENSION BENEFIT ENHANCEMENT:** means the enhancement to the Pension Benefit (including any prior management and prior bargained-for benefits not yet commenced) payable from the Plan in the amount of ten percent (10%) of the Accrued Benefit.
- 2.1.9 **REACHBACK EMPLOYEE:** means a Participant with a Pension Benefit under the Program who meets the following requirements:
- (1) Was a Management Employee as of his or her Termination of Employment;
 - (2) Met the Modified Rule of 75 as of his or her Termination of Employment;

- (3) Terminated employment with all AT&T Controlled Group Members (i) during the period beginning October 20, 2014, and ending December 19, 2014, inclusive, and such Termination of Employment was classified on the payroll records of the Employer as a voluntary termination of employment; (ii) during the period beginning October 20, 2014, and ending March 31, 2015, inclusive, and such Termination of Employment was classified on the payroll records of the Employer as a termination of employment due to expiration of short-term disability benefits; or (iii) during the period beginning October 20, 2014, and ending March 31, 2015, inclusive, and such Termination of Employment was classified on the payroll records of the Employer as an involuntary termination of employment due to a surplus condition; and
- (4) Elects an Annuity Starting Date of April 1, 2015 (except as provided in Subsection 4.2.3 of this Supplement).

Notwithstanding the preceding, a Reachback Employee does not include any Bargaining Unit Employee nor any Employee who is classified as an "officer level" employee (L6 and above) as determined by the payroll records of the Employer.

III. ELIGIBILITY FOR EPO

- 3.1 ELIGIBILITY FOR EPO.** EPO Eligible Participants, including Metered Employees, who elect the EPO, as described in Section 3.2 of this Supplement, and Reachback Employees will be eligible to receive the Pension Benefit Enhancement and will be eligible for an EPO Lump Sum as of the EPO Benefit Commencement Date.
- 3.2 EPO ELECTION.** EPO Eligible Participants must affirmatively elect to participate in the EPO. This election is known as the EPO Election. The EPO Election must meet all of the following:
 - 3.2.1 The EPO Election is irrevocable and includes an agreement to voluntarily terminate employment on March 31, 2015, unless subject to Metering. The EPO Election also includes a release of claims against the Plan and against all AT&T Controlled Group Members as of the date such EPO Election is made.
 - 3.2.2 All EPO Elections must be made in the manner specified in Subsection 3.2.3 of this Supplement during the period beginning February 3, 2015, and ending March 6, 2015, at 5 p.m. Central time.

3.2.3 EPO Elections are required to be made online via an online election tool; however, paper elections will be made available for EPO Eligible Participants who are on a Leave of Absence or receiving short-term disability benefits from an Employer or are otherwise unable to access the online election tool. Paper elections must be faxed, mailed, or scanned and emailed as specified on such paper election form within the time period specified under Subsection 3.2.2 of this Supplement. EPO Elections are NOT permitted to be made via telephone.

IV. ELECTION OF PENSION COMMENCEMENT

4.1 ELECTION OF PENSION BENEFIT ENHANCEMENT AND EPO LUMP SUM. Participants who meet the eligibility requirements for the EPO described in Article III must elect to commence their entire Pension Benefit as of the EPO Benefit Commencement Date, and such election must be consistent with applicable provisions of the Plan and occur no later than October 1, 2015. All requirements for election of an Annuity Starting Date under the Plan remain in effect. Participants who elect an Annuity Starting Date other than the EPO Benefit Commencement Date will not be eligible to receive the Pension Benefit Enhancement and will not be eligible to elect the EPO Lump Sum. Participants are not required to elect a Lump Sum and all applicable forms of distribution available to such Participant under the applicable Program(s) remain in effect and are not altered by the EPO.

4.2 EPO BENEFIT COMMENCEMENT DATE. The EPO Benefit Commencement Date is:

4.2.1 April 1, 2015, for (i) EPO Eligible Participants who are not subject to Metering and (ii) Reachback Employees who have not yet elected an Annuity Starting Date under the Plan as of April 1, 2015; or

4.2.2 The first available Annuity Starting Date(s) on or after the Termination of Employment, as determined by the applicable Program(s) for Metered Employees; or

4.2.3 The elected and currently applicable Annuity Starting Date for Reachback Employees where such Annuity Starting Date is prior to April 1, 2015.

Notwithstanding anything in this Supplement or in the Plan to the contrary, the EPO Benefit Commencement Date for Participants with a Pension Benefit under the Midwest Program is (i) April 1, 2015, for EPO Eligible Participants who are not subject to Metering and Reachback Employees who have not commenced their Midwest Program benefit as of such date, or (ii) one (1) day after the date of Termination of Employment for Metered Employees.

V. PENSION BENEFIT ENHANCEMENT

- 5.1 APPLICATION OF PENSION BENEFIT ENHANCEMENT.** EPO Eligible Participants will have their Pension Benefit under the Plan increased by ten percent (10%), known as the Pension Benefit Enhancement.
- 5.1.1 The Pension Benefit Enhancement will apply to all vested Pension Benefits under the Plan from all Programs, including any Pension Benefit attributable to prior management and/or prior bargained-for periods of service but only to the extent that such prior benefits have not yet commenced as of the applicable EPO Benefit Commencement Date.
- 5.1.2 In addition, the “thresholds” associated with the eligibility for a partial Lump Sum available under the Nonbargained Program and under the AT&T Legacy Management Program will be increased by ten percent (10%), as further specified below:
- (1) With respect to the Nonbargained Program and solely for purposes of the EPO, the CAM Excess Limit will be increased by ten percent (10%) for purposes of determining eligibility for a partial Lump Sum and residual annuity under the CAM Rule in Subsection 13.2.3, and
 - (2) With respect to the AT&T Legacy Management Program and solely for purposes of the EPO, the total of (i) the Participant’s greatest Eligible Pay, as set forth in Subparagraph (1)(b) of Subsection 13.2.4 of the AT&T Legacy Management Program, plus (ii) \$30,000, increased by ten percent (10%) for purposes of determining eligibility for a partial Lump Sum and Residual Annuity under such Program.
- 5.2 METERED EMPLOYEES.** The amount of the Pension Benefit Enhancement payable to a Metered Employee is equal to the greater of:
- 5.2.1 The Metered Employee’s Pension Benefit determined in accordance with Section 5.1 of this Supplement as of an April 1, 2015 Annuity Starting Date, assuming such Metered Employee had a Termination of Employment of March 31, 2015; or
- 5.2.2 The Metered Employee’s Pension Benefit determined as of the applicable EPO Benefit Commencement Date and enhanced in accordance with Section 5.1 of this Supplement.
- 5.3 REACHBACK EMPLOYEES WHO COMMENCED.** Reachback Employees who have commenced their Pension Benefit under the Plan on or after their most recent Termination of Employment will receive the Pension Benefit Enhancement, as well as the opportunity to elect an EPO Lump Sum, if applicable. The Reachback Employee’s Pension Benefit as of the EPO Benefit Commencement Date will be re-calculated to

include the Pension Benefit Enhancement. This additional amount payable as a result of the re-calculation under this Section will be distributed to applicable Reachback Employees during the second quarter of 2015 in the same form of payment as previously elected, unless such Reachback Employee is eligible for and elects an EPO Lump Sum, in which case their entire Pension Benefit will be distributed in a Lump Sum but will be subject to offsets for any pension payments received as a result of their prior election.

- 5.4 PARTICIPANTS WHO PREVIOUSLY COMMENCED.** In the event an EPO Eligible Participant, a Metered Employee, or a Reachback Employee has a portion of his or her Pension Benefit that was paid or commenced prior to his or her EPO Benefit Commencement Date, the Pension Benefit Enhancement will not be applied with respect to such Participant's benefit that has already commenced; however, the offset of prior benefits applicable to the affected Participant will be increased by ten percent (10%) such that the amount payable to such Participant is not increased by more than ten percent (10%).
- 5.5 QUALIFIED DOMESTIC RELATIONS ORDER (QDRO).** In the event a Qualified Domestic Relations Order (QDRO) is associated with a Participant's Pension Benefit, the Pension Benefit Enhancement will be applied to the Participant's Accrued Benefit as described in Section 5.1 of this Supplement. The QDRO will then be applied to the Participant's Pension Benefit in accordance with the terms of the applicable QDRO. In no event will the Pension Benefit Enhancement be applied with respect to an Alternate Payee's benefit that has already commenced; however, in the event that an Alternate Payee has commenced, the offset of prior benefits applicable to the affected Participant will be increased by ten percent (10%) such that the amount payable to such Participant is not increased by more than ten percent (10%).
- 5.6 FORMS OF PAYMENT.** All forms of payment applicable under each impacted Program remain available under EPO with respect to each such Program subject to the increase in the partial Lump Sum thresholds described in Subsection 5.1.2 of this Supplement and the addition of the EPO Lump Sum for certain Participants as described in Article VI of this Supplement.

VI.

EPO LUMP SUM

- 6.1 ELIGIBILITY FOR EPO LUMP SUM.** EPO Eligible Participants, Metered Employees and Reachback Employees who are not, or were not, eligible for a full Lump Sum with respect to a portion of their Pension Benefit as of their EPO Benefit Commencement Date will be eligible, but not required, to elect an EPO Lump Sum in accordance with this Article VI.

6.2 AMOUNT OF THE EPO LUMP SUM. The amount of the EPO Lump Sum for all applicable Participants is determined as of the applicable EPO Benefit Commencement Date and is calculated as follows:

6.2.1 With respect to the AT&T Legacy Management Program, by determining the greater of (i) the amount of the Cash Balance Account increased by the Pension Benefit Enhancement as of the EPO Benefit Commencement Date, or (ii) the Actuarial Equivalent (as defined in the Plan) of the AT&T Legacy Management Program Pension Benefit, payable at age 65, increased by the Pension Benefit Enhancement; and

6.2.2 With respect to the Nonbargained Program,

(i) if the Participant's highest benefit under such Program is produced by the CAM Formula or the PBM Formula (as such terms are defined under the Nonbargained Program), then the EPO Lump Sum is equal to the Actuarial Equivalent of the CAM Formula or PBM Formula monthly annuity payable as of the EPO Benefit Commencement Date, increased by the Pension Benefit Enhancement, or

(ii) if the Participant's highest benefit under such Program is produced under an applicable formula other than the CAM Formula or the PBM Formula, then by determining the Lump Sum in accordance with the current provisions of the Nonbargained Program, increased by the Pension Benefit Enhancement.

6.2.3 With respect to Pension Benefits payable under any Program that are not payable until Normal Retirement Age, or otherwise not currently eligible for commencement at all, under the specific provisions of such Program, such Program Pension Benefit will be payable as of the EPO Benefit Commencement Date.

6.2.4 With respect to Pension Benefits payable under any Program that are not eligible to be commenced in the form of a Lump Sum and, unless otherwise provided for under the terms of the applicable Program and unless provided under the Management Cash Balance Program, the EPO Lump Sum attributable to such Program(s) is equal to the Actuarial Equivalent of such Program Pension Benefit; however, Early Retirement Factors will apply as applicable in accordance with the terms of each such respective Program. With respect to the Management Cash Balance Program, the portion of the EPO Lump Sum attributable to such Program will be equal to the Cash Balance Account determined under Section 7.2 of the Management Cash Balance Program.

- 6.3 METERED EMPLOYEES.** The amount of the EPO Lump Sum payable to a Metered Employee is equal to the greater of:
- 6.3.1 The Metered Employee's EPO Lump Sum determined in accordance with Section 6.2 of this Supplement as of an April 1, 2015 Annuity Starting Date, assuming such Metered Employee had a Termination of Employment of March 31, 2015; or
 - 6.3.2 The Metered Employee's EPO Lump Sum determined as of the applicable EPO Benefit Commencement Date and calculated in accordance with Section 6.2 of this Supplement.
- 6.4 REACHBACK EMPLOYEES WHO COMMENCED.** Reachback Employees who have commenced their Pension Benefit under the Plan on or after their most recent Termination of Employment will be given a one-time opportunity to elect an EPO Lump Sum, if eligible under Section 6.1 of this Supplement. The Reachback Employee's EPO Lump Sum will be calculated to include the Pension Benefit Enhancement but will be subject to offsets for any pension payments received as a result of their prior election. Such Reachback Employees will be required to make this one-time election by no later than September 30, 2015, and in accordance with the processes and procedures established by the Plan Administrator. In addition, such one-time election to change the form of distribution will remain subject to the spousal consent requirements generally required under the Plan. Reachback Employees who are not eligible for the EPO Lump Sum will not be given an additional Lump Sum election opportunity.
- 6.5 NO RESIDUAL ANNUITY.** If the EPO Lump Sum is elected and becomes payable under this Supplement, then no Residual Annuity will be payable with respect to the Participant's Program Pension Benefit.
- 6.6 PARTIAL LUMP SUM AND RESIDUAL ANNUITY.** The "thresholds" associated with the calculation of a partial Lump Sum available under the Nonbargained Program and under the AT&T Legacy Management Program will be increased by ten percent (10%), as further specified below:
- (1) With respect to the Nonbargained Program and solely for purposes of the EPO, the Cash Balance Formula or the Alternate Formula will be increased by ten percent (10%) for purposes of determining the amount available as a partial Lump Sum and residual annuity under the CAM Excess Calculation in Section 13.5, and
 - (2) With respect to the AT&T Legacy Management Program and solely for purposes of the EPO, the Participant's greatest Eligible Pay, as set forth in Subparagraph (1)(b) of Subsection 13.2.4 of the AT&T Legacy Management Program, will be increased by ten percent (10%) for purposes of determining the amount available as a partial Lump Sum under such Program.

VII. METERING

- 7.1 APPLICABILITY.** Metering is applied based on the needs of the business and allows Metered Employees to have an off-payroll date that is later than March 31, 2015. Each Business Organization, by approval of the direct report to the Chairman of AT&T for each such Business Organization, may apply Metering to up to approximately ten percent (10%) of their impacted populations.
- 7.2 TIMING OF METERING.** The new off-payroll date for Metered Employees is determined in the discretion of the applicable Business Organization but will generally be no later than June 30, 2015. In limited circumstances and subject to the approval of the Senior Executive Vice President of Human Resources for AT&T Inc., the off-payroll date may be extended past June 30, 2015, but in no cases may the date be extended beyond September 30, 2015.

VIII. SURVIVOR BENEFITS

- 8.1 APPLICABILITY.** For EPO Eligible Participants, Metered Employees, and Reachback Employees who die prior to the applicable EPO Benefit Commencement Date, the Pre-Retirement Survivor Benefit payable under the Program(s) will remain available, as applicable, but will be increased by the Pension Benefit Enhancement. In addition, for such Participants eligible for the EPO Lump Sum under Section 6.1 of this Supplement, such Participant's Spouse or Legally Recognized Partner will be eligible to elect to receive a single-sum amount equal to the EPO Lump Sum in lieu of any Pre-Retirement Survivor Benefit payable under the applicable Program(s). If there is no Spouse or Legally Recognized Partner, then a Lump Sum equal to the EPO Lump Sum will be paid to the Participant's Beneficiary, if applicable, or otherwise the Participant's estate, determined in accordance with the applicable Program. The survivor benefit described in this Section 8.1 will be payable even if:
- 8.1.1 The EPO Eligible Participant dies after December 10, 2014, and prior to the end of the election window, described in Article III of this Supplement; or
 - 8.1.2 The EPO Eligible Participant, including a Metered Employee, elected the EPO in accordance with Article III of this Supplement but dies prior to the EPO Benefit Commencement Date; or
 - 8.1.3 The Reachback Employee commenced his or her Pension Benefit as of his or her most recent Termination of Employment, but did not have a full lump sum available at the time, and such Reachback Employee had not been given the opportunity to change to an EPO Lump Sum in accordance with Section 6.4 of this Supplement.

8.2 NO DEFERRAL OF COMMENCEMENT. The Surviving Spouse or Legally Recognized Partner is not eligible to defer commencement of the survivor benefit payable under Section 8.1 of this Supplement.

SUPPLEMENT 14 EARLY PENSION BENEFIT OPPORTUNITY

I. PURPOSE

- 1.1 PURPOSE.** This Supplement describes the Early Pension Benefit Opportunity (EPBO). EPBO is a limited-time pension window benefit that will allow EPBO Eligible Participants who have terminated employment with all AT&T Controlled Group Members to elect to receive their entire Pension Benefit under the Plan payable as an EPBO Lump Sum; or to elect early commencement of their monthly annuity payments as a Single Life Annuity, a Joint & 50% Survivor Annuity, or a Joint & 75% Survivor Annuity, or in any other form of payment currently available to them under their Program; or, for EPBO Eligible Participants with a Pension Benefit under more than one Program, any combination of the foregoing.

II. DEFINITIONS

- 2.1 DEFINITIONS.** Except as otherwise noted below, where a capitalized term is used in this Supplement, such capitalized term will have the meaning set forth in the Program or Plan, as applicable.
- 2.1.1 Early Pension Benefit Opportunity (EPBO):** means the limited-time pension window benefit described in this Supplement, including the EPBO Lump Sum and the EPBO Annuity forms of payment.
- 2.1.2 EPBO Annuity:** means a Single Life Annuity, a Joint & 50% Survivor Annuity, or a Joint & 75% Survivor Annuity, as the EPBO Eligible Participant may so elect, payable to the EPBO Eligible Participant as of the EPBO Benefit Commencement Date, and as set forth in Article VII of this Supplement.
- 2.1.3 EPBO Benefit Commencement Date:** means December 1, 2015, which is the Annuity Starting Date applicable to any EPBO Eligible Participant who elects to participate in EPBO, with respect to any Program(s) for which an EPBO Election is made. Unless otherwise specified in this Supplement, all requirements for election of an Annuity Starting Date under the Plan remain in effect.
- 2.1.4 EPBO Election:** means the election to participate in the EPBO described in Section 3.2 of this Supplement.

2.1.5 **EPBO Eligible Participant:** means a Participant with a Pension Benefit under the Plan who meets all of the following requirements:

- (1) The Participant has terminated from his or her last period of employment with an AT&T Controlled Group Member either as a Management Employee before January 1, 2015, or as a Bargained Employee before January 1, 2012;
- (2) The Participant will attain age 65 after December 1, 2015;
- (3) The Participant has a vested Pension Benefit that is payable but not yet commenced from the Plan;
- (4) The value of the Participant's EPBO Lump Sum, as determined at the EPBO Measurement Date in accordance with Article VI of this Supplement, is less than \$25,000;
- (5) The Participant is not receiving an annuity or a Disability Pension from any Program under the Plan as of November 30, 2015;
- (6) The Participant makes an EPBO Election; and
- (7) But for the window opportunity provided by EPBO, the Participant is not otherwise eligible to immediately commence, in the form of a Lump Sum, his or her *entire* Pension Benefit under all Programs of the Plan as of the EPBO Benefit Commencement Date.

2.1.6 **EPBO Lump Sum:** means the single-sum amount payable to an EPBO Eligible Participant, as set forth in Article VI of this Supplement.

2.1.7 **EPBO Measurement Date:** means August 3, 2015, as further described in Article V of this Supplement.

2.1.8 **Extended Window EPBO Participants:** means the limited subset of the EPBO Eligible Participant population that will have their EPBO Election deadline adjusted to November 30, 2015, all as further described in Article III of this Supplement.

III. EPBO ELIGIBILITY & ELECTION REQUIREMENTS

- 3.1 ELIGIBILITY FOR EPBO.** EPBO Eligible Participants will be eligible for an EPBO Lump Sum or an EPBO Annuity, in accordance with their election, as of the EPBO Benefit Commencement Date. EPBO Eligible Participants who have an Accrued Benefit under more than one Program of the Plan also may elect to receive their entire Pension Benefit as an EPBO Lump Sum or as an EPBO Annuity, or may elect the form of their benefit payment on a Program-by-Program basis as set forth in Section 3.3 of this Supplement.
- 3.2 EPBO ELECTION.** EPBO Eligible Participants must affirmatively elect to participate in the EPBO. This election is known as the EPBO Election. The EPBO Election must meet all of the following:
- 3.2.1 Upon the close of the election period applicable to the EPBO Eligible Participant as set forth in Subsection 3.2.2 of this Supplement, the EPBO Election is irrevocable.
 - 3.2.2 All EPBO Elections must be made in the manner specified in Subsection 3.2.3 of this Supplement in accordance with the following election periods:
 - (a) For all EPBO Eligible Participants who are not Extended Window EPBO Participants, during the period beginning September 22, 2015, and ending October 28, 2015, at 11:59 p.m. Central time.
 - (b) For Extended Window EPBO Participants, during the period beginning upon the completion of the Extended Window EPBO Participant's manual calculation (but no earlier than September 22, 2015), and ending November 30, 2015, at 11:59 p.m. Central time.
 - 3.2.3 EPBO Elections generally will be made online via an online election tool; however, EPBO Eligible Participants also may make their election via telephone, by contacting the Recordkeeper, provided that a completed Phone Confirmation Kit is returned by mail in good order no later than May 30, 2016.
- 3.3 ELECTION OF MULTIPLE BENEFIT FORMS.**
- 3.3.1 Subject to Section 3.3.2 below, an EPBO Eligible Participant who has an Accrued Benefit under more than one Program of the Plan and who wishes to participate in EPBO, may make an EPBO Election for each of their Programs in accordance with any of the following payment options:
- (a) The Participant may receive his entire Pension Benefit in the form of the EPBO Lump Sum; or

- (b) The Participant may elect to commence his entire Pension Benefit in the form of an annuity by electing, with respect to each Program, either an EPBO Annuity or from among the annuity options that would otherwise be payable to such Participant under each such Program; or
- (c) The Participant may choose to receive the EPBO Lump Sum for one or more Programs and, for the remainder of the Program(s), to separately elect either an EPBO Annuity or from among the annuity options otherwise payable to such Participant under each respective Program(s).

Subject to Subsection 3.3.2 below, upon making an EPBO Election, the benefit commencement date for the Participant's entire Pension Benefit will be the EPBO Benefit Commencement Date.

3.3.2 Notwithstanding anything in Subsection 3.3.1 to the contrary, an EPBO Eligible Participant will be permitted to make an EPBO Election with respect to one or more Program(s) in which he has an Accrued Benefit, and to defer payment on the remaining Program(s). In the event an EPBO Eligible Participant chooses to defer a portion of his Pension Benefit in accordance with this Subsection, only the Program(s) for which an EPBO Election has been made will commence on the EPBO Benefit Commencement Date. The benefit commencement date for the Program(s) for which the Participant defers payment will be determined in accordance with the terms of each such Program.

3.4 REQUIRED SPOUSAL CONSENT.

- 3.4.1 An EPBO Eligible Participants who is married and who wishes to elect an EPBO Lump Sum or any annuity option other than a Joint & Survivor Annuity with the Spouse as Beneficiary, must obtain written, notarized consent from their Spouse in accordance with the terms of the Plan and the procedures established by the Plan Administrator.
- 3.4.2 EPBO Eligible Participants who are eligible to elect under multiple Programs will only need to return one such written, notarized consent for all elections.

IV. DOMESTIC RELATIONS ORDERS

- 4.1 **QUALIFIED DOMESTIC RELATIONS ORDERS (QDRO).** Subject to Section 4.3 of this Supplement, both the Participant and the Participant's Alternate Payee under the QDRO will be EPBO Eligible Participants, provided that the Participant meets all eligibility requirements set forth in Section 2.1.5 and Article III of this Supplement.
- 4.2 **ALTERNATE PAYEES WHO ARE ALSO EPBO ELIGIBLE PARTICIPANTS.** The following provisions are applicable to Participants in the Plan who are also Alternate Payees as described in Section 4.1 of this Supplement:

- 4.2.1 If a Participant is not eligible for EPBO with respect to the Program(s) in which he participates, but is an EPBO Eligible Participant as an Alternate Payee pursuant to Section 4.1 above, such person will be eligible to make an EPBO Election only with respect to the portion of his Pension Benefit relating to the QDRO that renders him an EPBO Eligible Participant, as described under Section 4.1.
- 4.2.2 If a Participant is an EPBO Eligible Participant with respect to the Program(s) in which he participates, but is not eligible with respect to the benefit for which he is an Alternate Payee as described in Section 4.1 above, then such person will be eligible to make an EPBO Election only with respect to the portion of his Pension Benefit for which he is a Participant and not for the portion of his Pension Benefit relating to the QDRO.
- 4.3 **BENEFIT THRESHOLD.** The eligibility requirement set forth in Section 2.1.5(4) of this Supplement, requiring that the value of the EPBO Lump Sum as determined at the EPBO Measurement date be less than \$25,000, will apply to the separate and segregated benefits of each of the Participant and the Alternate Payee.
- 4.4 **PENDING DOMESTIC RELATIONS ORDERS.** For any pending Domestic Relations Order (DRO), the DRO must be qualified and effective before the applicable election period end date, as described in Section 3.2.2 of this Supplement.

V. EPBO MEASUREMENT DATE

- 5.1 **EPBO MEASUREMENT DATE.** The value of a Participant's EPBO Lump Sum for purposes of determining eligibility for EPBO in accordance with Section 2.1.5(4) of this Supplement will be measured on the EPBO Measurement Date, based on information known and available on such date, and assuming benefit commencement on the EPBO Benefit Commencement Date.
- 5.1.1 For Participants with a benefit under more than one Program of the Plan, for purposes of determining eligibility on the EPBO Measurement Date in accordance with Section 2.1.5(4) of this Supplement, the EPBO Lump Sum is equal to the total lump sum value under all Programs of the Plan.
- 5.1.2 Assuming all other criteria for eligibility are met, if the value of the Participant's EPBO Lump Sum on the EPBO Measurement Date is under the \$25,000 eligibility threshold set forth in Section 2.1.5(4) of this Supplement, such Participant will not lose eligibility for EPBO solely on account of information arising after the EPBO Measurement Date that causes the Participant's EPBO Lump Sum value to exceed \$25,000.
- 5.2 **SUBSEQUENT INFORMATION.** In the event an EPBO Lump Sum calculation is incorrectly performed, whether due to human error, system error, or otherwise, on the EPBO Measurement Date and a subsequent, revised calculation measures the EPBO Lump Sum at a value over \$25,000, such Participant will no longer be eligible for EPBO.

VI. EPBO LUMP SUM CALCULATIONS

6.1 AMOUNT OF THE EPBO LUMP SUM. Except as otherwise specified below, the amount of the EPBO Lump Sum is determined by the Participant's applicable Program(s), in accordance with the Plan provisions in effect on the EPBO Benefit Commencement Date. For purposes of EPBO, the following additional rules apply:

6.1.1 With respect to the AT&T Legacy Management (ALM) Program:

- (i) For Participants whose Termination of Employment occurred before January 1, 1998, the EPBO Lump Sum is equal to the Actuarial Equivalent (as defined in the Plan) of the ALM Program Pension Benefit payable at age 65.
- (ii) For Participants whose Termination of Employment occurred on or after January 1, 1998, the EPBO Lump Sum is equal to the greater of (1) the amount of the Cash Balance Account as of the EPBO Benefit Commencement Date, or (2) the Actuarial Equivalent (as defined in the Plan) of the ALM Program Pension Benefit payable at age 65.

6.1.2 With respect to the Nonbargained Program:

- (i) If the Participant's highest benefit under the Nonbargained Program is produced by the CAM Formula or the PBM Formula (as such terms are defined under the Nonbargained Program), then the EPBO Lump Sum is equal to the Actuarial Equivalent of the CAM Formula or PBM Formula monthly annuity payable as of the EPBO Benefit Commencement Date.
- (ii) If the Participant's highest benefit under the Nonbargained Program is produced under an applicable formula other than the CAM Formula or the PBM Formula, then the amount of the EPBO Lump Sum is determined in accordance with the current provisions of the Nonbargained Program.

6.1.3 With respect to the Southeast Program:

- (i) For a Pension Benefit corresponding to service in the CWA Bell South Telecommunications – Utility Operations and/or the CWA BellSouth Telecommunications – National Directory & Customer Assistance bargaining units, the amount of the EPBO Lump Sum in the Southeast Program is equal to the Actuarial Equivalent of the Participant's Southeast Program Pension Benefit, based on the Participant's age as of the EPBO Benefit Commencement Date.

(ii) For Participants whose Termination of Employment occurred before January 1, 1999, the amount of the EPBO Lump Sum in the Southeast Program is equal to the Actuarial Equivalent of the Participant's Southeast Program Pension Benefit, based on the Participant's age as of the EPBO Benefit Commencement Date.

6.1.4 With respect to the East Program, for Participants whose Termination of Employment occurred before March 31, 1995, the amount of the EPBO Lump Sum is equal to the Actuarial Equivalent (as define in the Plan) of the East Program Pension Benefit payable at age 65.

6.1.5 With respect to the Management Cash Balance (MCB) Program, the amount of the EPBO Lump Sum is equal to the MCB Program Cash Balance Account as of the EPBO Benefit Commencement Date.

6.1.6 With respect to the AT&T Legacy Bargained (ALB) Program, for Participants whose Termination of Employment occurred before July 1, 1999, the amount of the EPBO Lump Sum is the Actuarial Equivalent (as defined in the Plan) of the ALB Program Pension Benefit payable at age 65.

6.1.7 With respect to the Bargained Cash Balance #2 (BCB2) Program, the amount of the EPBO Lump Sum is equal to the BCB2 Program Cash Balance Account as of the EPBO Benefit Commencement Date.

6.1.8 With respect to the Mobility Bargained Program, the amount of the EPBO Lump Sum is equal to the Actuarial Equivalent of the Participant's Mobility Bargained Program Pension Benefit, based on the Participant's age as of the EPBO Benefit Commencement Date.

6.2 EARLIEST RETIREMENT DATE.

6.2.1 For EPBO Eligible Participants who elect to commence a benefit on the EPBO Benefit Commencement Date, the Earliest Retirement Date for each such EPBO Eligible Participant will be equal to the EPBO Benefit Commencement Date.

6.2.2 For any benefit commencement date other than the EPBO Benefit Commencement Date, the provisions of the applicable Program will continue to apply.

6.3 EARLY RETIREMENT FACTORS.

6.3.1 For purposes of the Mobility Bargained Program, for an EPBO Eligible Participant who did not satisfy the Modified Rule of 75 as of his or her Termination of Employment, the amount of the Early Retirement Pension will equal such EPBO Eligible Participant's Normal Retirement Pension calculated under Section 7.2 of the Mobility Bargained Program but reduced by the applicable early retirement factor in the table in Paragraph 7.3.3(2) of the Southwest Program.

- 6.3.2 For purposes of the East Program, for EPBO Eligible Participants whose Termination of Employment occurred prior to March 31, 1995, the amount of the Early Retirement Pension will equal such EPBO Eligible Participant's Normal Retirement Pension calculated under the East Program but reduced by the applicable early retirement factor in the table in Paragraph 7.9.3(2) of the Southeast Program.
- 6.3.3 With respect to the AT&T Legacy Bargained (ALB) Program, for Participants whose Termination of Employment occurred before July 1, 1999, AND with respect to the AT&T Legacy Management (ALM) Program, for Participants whose Termination of Employment occurred before January 1, 1998, the amount of the Early Retirement Pension will equal such EPBO Eligible Participant's Normal Retirement Pension multiplied by the applicable factor set forth in Table 3 of this Supplement.
- 6.3.4 With respect to the Southeast Management Program, for Participants whose Termination of Employment date is prior to July 1, 1993, the amount of the Early Retirement Pension will equal such EPBO Eligible Participant's Normal Retirement Pension but reduced by the applicable early retirement factor in the table in Paragraph 7.9.3(2) of the Southeast Program.
- 6.4 NO RESIDUAL ANNUITY.** If the EPBO Lump Sum is elected with respect to a Program and becomes payable under this Supplement, then no Residual Annuity will be payable with respect to the Participant's Pension Benefit under such Program.

VII. EPBO ANNUITY OPTIONS

7.1 EPBO ANNUITY OPTIONS.

- 7.1.1 To the extent that any Program does not provide an immediate annuity option as of December 1, 2015, for an EPBO Eligible Participant, the applicable rules of each Program are hereby deemed amended to add the following EPBO Annuity options: (i) a Single Life Annuity option, (ii) a Joint & 50% Survivor option, and (iii) a Joint & 75% Survivor option, as such forms of payment are defined under the applicable Program. The EPBO Annuity options described in this Section are payable only on the EPBO Benefit Commencement Date.
- 7.1.2 With respect to any Program(s) for which the EPBO Eligible Participant has an immediate annuity option available as of December 1, 2015, under applicable Program rules, all available optional payment forms under such Program will be available to such Participant in making the EPBO Election.
- 7.2 ELIGIBILITY AND ELECTION.** EPBO Eligible Participants who wish to elect one or more EPBO Annuity Option(s) with respect to their Program(s) will be subject to the same rules and conditions for eligibility and election as set forth in this Supplement, including particularly but without limitation the provisions of Section 2.1.5 and Article III hereof.

7.3 EPBO ANNUITY AMOUNTS.

- 7.3.1 With respect to the Southeast Program and the Southeast Management Program, in each case for Participants whose Termination of Employment occurred before July 1, 1993, the amount of the Joint & 50% Survivor Annuity and Joint & 75% Survivor Annuity will equal such EPBO Eligible Participant's Normal Retirement Pension multiplied by the applicable factor set forth in Tables 1 and 2, respectively, of this Supplement.
- 7.3.2 With respect to the AT&T Legacy Bargained (ALB) Program, for Participants whose Termination of Employment occurred before July 1, 1999, AND with respect to the AT&T Legacy Management (ALM) Program, for Participants whose Termination of Employment occurred before January 1, 1998, the amount of the Joint & 50% Survivor Annuity and Joint & 75% Survivor Annuity will equal such EPBO Eligible Participant's Normal Retirement Pension multiplied by the applicable factor set forth in Tables 4 and 5, respectively, of this Supplement.

**VIII.
MANDATORY CASH-OUT**

8.1 MANDATORY CASH-OUT THRESHOLD. The Mandatory Cash-Out threshold for any EPBO Eligible Participant with a benefit under the AT&T Legacy Bargained Program, the AT&T Legacy Management Program, the Southeast Management Program, and/or the Southeast Program will, with respect to such Program(s) and to the extent applicable, be increased from \$1,000 to \$5,000.

8.2 FORM OF DISTRIBUTION.

- 8.2.1 For any EPBO Eligible Participant described in Section 8.1 of this Supplement whose Pension Benefit has a present value of more than \$1,000 but not more than \$5,000, the Mandatory Cash-Out benefit amount applicable to such Participant will be determined as of the EPBO Benefit Commencement Date. Such amount, payable as a lump sum, will be the only option presented to such EPBO Eligible Participants via the online election tool or via telephone, as described in Section 3.2.3 of this Supplement.
- 8.2.2 The Mandatory Cash-Out benefit amount described in Section 8.2.1 of this Supplement will be paid as soon as administratively practicable after the EPBO Benefit Commencement Date, in the form of a direct rollover to an individual retirement account (IRA) that constitutes an Eligible Retirement Plan (as defined in the Plan), in the Participant's name, unless such Participant elects to have the distribution paid in a single lump sum or makes a different rollover election in accordance with Plan rules.

- 8.3 EFFECT OF PRIOR PAYMENTS.** Notwithstanding anything in this Article VIII to the contrary, in the event an EPBO Eligible Participant previously commenced a portion of his Program benefit, leaving an amount less than the Mandatory Cash-Out threshold described in Section 8.1 hereof, such remaining amount will continue to be treated in accordance with the Plan and will not be subject to the special Mandatory Cash-Out provisions set forth herein. The EPBO Eligible Participant will remain eligible for an EPBO Lump Sum with respect to such remaining amount.

IX. SURVIVOR BENEFITS

9.1 APPLICABILITY.

9.1.1 In the event an EPBO Eligible Participant dies after September 8, 2015, but prior to the end of the applicable EPBO election window as set forth in Section 3.2.2 of this Supplement, the surviving Spouse, Legally Recognized Partner, or other beneficiary of such EPBO Eligible Participant will be eligible to elect to receive a single lump sum payment equal to the amount of the EPBO Lump Sum that would have been payable to the EPBO Eligible Participant. Such payment, if elected, will be paid in lieu of, and not in addition to, any other Survivor Benefit otherwise payable under the applicable Program(s).

9.1.2. In the event an EPBO Eligible Participant makes an EPBO Election but dies prior to the EPBO Benefit Commencement Date, the surviving Spouse, Legally Recognized Partner, or other beneficiary of such EPBO Eligible Participant will remain eligible to receive the Pension Benefit in the same form and amount elected by the EPBO Eligible Participant, at the EPBO Benefit Commencement Date. Such payment will be paid in lieu of, and not in addition to, any other Survivor Benefit otherwise payable under the applicable Program(s).

9.1.3 In the event the EPBO Eligible Participant dies prior to the end of the applicable election window as set forth in Section 3.2.2 of this Supplement and does not have a surviving Spouse or Legally Recognized Partner, the EPBO Lump Sum will be paid to the Participant's Beneficiary, determined in accordance with applicable Program rules, or otherwise to the Participant's estate.

- 9.2 NO DEFERRAL OF COMMENCEMENT.** The Surviving Spouse or Legally Recognized Partner is not eligible to defer commencement of the EPBO survivor benefit payable under Section 9.1 of this Supplement.

TABLE 1 – JOINT & 50% SURVIVOR OPTIONAL FORM FACTOR TABLE

	0	1	2	3	4	5	6	7	8	9	10	11
20	0.017	0.017	0.017	0.017	0.026	0.026	0.026	0.026	0.026	0.026	0.026	0.026
21	0.026	0.026	0.026	0.026	0.026	0.026	0.026	0.026	0.026	0.026	0.026	0.026
22	0.026	0.026	0.026	0.026	0.026	0.026	0.026	0.026	0.026	0.026	0.026	0.026
23	0.026	0.026	0.026	0.026	0.026	0.026	0.026	0.026	0.026	0.026	0.026	0.026
24	0.026	0.026	0.026	0.026	0.026	0.026	0.026	0.026	0.026	0.026	0.026	0.026
25	0.026	0.034	0.034	0.034	0.034	0.034	0.034	0.034	0.034	0.034	0.034	0.034
26	0.034	0.034	0.034	0.034	0.034	0.034	0.034	0.034	0.034	0.034	0.034	0.034
27	0.034	0.034	0.034	0.034	0.034	0.034	0.034	0.034	0.034	0.034	0.034	0.034
28	0.034	0.034	0.034	0.034	0.034	0.034	0.034	0.043	0.043	0.043	0.043	0.043
29	0.043	0.043	0.043	0.043	0.043	0.043	0.043	0.043	0.043	0.043	0.043	0.043
30	0.043	0.043	0.043	0.043	0.043	0.043	0.043	0.043	0.043	0.043	0.043	0.043
31	0.043	0.043	0.043	0.043	0.051	0.051	0.051	0.051	0.051	0.051	0.051	0.051
32	0.051	0.051	0.051	0.051	0.051	0.051	0.051	0.051	0.051	0.051	0.051	0.051
33	0.051	0.051	0.051	0.051	0.051	0.051	0.051	0.060	0.060	0.060	0.060	0.060
34	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.060
35	0.060	0.060	0.060	0.060	0.060	0.060	0.068	0.068	0.068	0.068	0.068	0.068
36	0.068	0.068	0.068	0.068	0.068	0.068	0.068	0.068	0.068	0.068	0.068	0.068
37	0.068	0.068	0.077	0.077	0.077	0.077	0.077	0.077	0.077	0.077	0.077	0.077
38	0.077	0.077	0.077	0.077	0.077	0.077	0.077	0.077	0.085	0.085	0.085	0.085
39	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085
40	0.094	0.094	0.094	0.094	0.094	0.094	0.094	0.094	0.094	0.094	0.094	0.094
41	0.094	0.094	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
42	0.100	0.100	0.100	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110
43	0.110	0.110	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120
44	0.120	0.130	0.130	0.130	0.130	0.130	0.130	0.130	0.130	0.130	0.130	0.140
45	0.140	0.140	0.140	0.140	0.140	0.140	0.140	0.140	0.140	0.140	0.140	0.140
46	0.140	0.140	0.140	0.140	0.140	0.150	0.150	0.150	0.150	0.150	0.150	0.150
47	0.150	0.160	0.160	0.160	0.160	0.160	0.160	0.160	0.160	0.170	0.170	0.170
48	0.170	0.170	0.170	0.170	0.180	0.180	0.180	0.180	0.180	0.180	0.180	0.190
49	0.190	0.190	0.190	0.190	0.190	0.190	0.200	0.200	0.200	0.200	0.200	0.200

	0	1	2	3	4	5	6	7	8	9	10	11
50	0.200	0.200	0.200	0.200	0.210	0.210	0.210	0.210	0.210	0.220	0.220	0.220
51	0.220	0.220	0.220	0.220	0.230	0.230	0.230	0.230	0.230	0.240	0.240	0.240
52	0.240	0.240	0.240	0.240	0.250	0.250	0.250	0.250	0.250	0.260	0.260	0.260
53	0.260	0.260	0.260	0.270	0.270	0.270	0.280	0.280	0.280	0.280	0.290	0.290
54	0.290	0.290	0.300	0.300	0.300	0.300	0.310	0.310	0.310	0.310	0.320	0.320
55	0.320	0.320	0.320	0.330	0.330	0.330	0.330	0.330	0.330	0.340	0.340	0.340
56	0.340	0.340	0.350	0.350	0.350	0.350	0.360	0.360	0.360	0.360	0.370	0.370
57	0.370	0.370	0.380	0.380	0.380	0.390	0.390	0.390	0.400	0.400	0.400	0.410
58	0.410	0.410	0.420	0.420	0.420	0.430	0.430	0.430	0.440	0.440	0.440	0.450
59	0.450	0.450	0.460	0.460	0.460	0.470	0.470	0.470	0.480	0.480	0.480	0.490
60	0.490	0.500	0.500	0.510	0.510	0.520	0.520	0.530	0.530	0.540	0.540	0.550
61	0.550	0.560	0.560	0.570	0.570	0.580	0.580	0.590	0.590	0.600	0.600	0.610
62	0.610	0.620	0.620	0.630	0.630	0.640	0.650	0.650	0.660	0.660	0.670	0.670
63	0.680	0.690	0.690	0.700	0.710	0.710	0.720	0.730	0.730	0.740	0.750	0.750
64	0.760	0.770	0.780	0.780	0.790	0.800	0.810	0.810	0.820	0.830	0.840	0.840
65	0.850											

TABLE 2 – JOINT & 75% SURVIVOR OPTIONAL FORM FACTOR TABLE

	0	1	2	3	4	5	6	7	8	9	10	11
20	0.016	0.016	0.016	0.016	0.023	0.023	0.023	0.023	0.023	0.023	0.023	0.023
21	0.023	0.023	0.023	0.023	0.023	0.023	0.023	0.023	0.023	0.023	0.023	0.023
22	0.023	0.023	0.023	0.023	0.023	0.023	0.023	0.023	0.023	0.023	0.023	0.023
23	0.023	0.023	0.023	0.023	0.023	0.023	0.023	0.023	0.023	0.023	0.023	0.023
24	0.023	0.023	0.023	0.023	0.023	0.023	0.023	0.023	0.023	0.023	0.023	0.023
25	0.023	0.031	0.031	0.031	0.031	0.031	0.031	0.031	0.031	0.031	0.031	0.031
26	0.031	0.031	0.031	0.031	0.031	0.031	0.031	0.031	0.031	0.031	0.031	0.031
27	0.031	0.031	0.031	0.031	0.031	0.031	0.031	0.031	0.031	0.031	0.031	0.031
28	0.031	0.031	0.031	0.031	0.031	0.031	0.031	0.039	0.039	0.039	0.039	0.039
29	0.039	0.039	0.039	0.039	0.039	0.039	0.039	0.039	0.039	0.039	0.039	0.039
30	0.039	0.039	0.039	0.039	0.039	0.039	0.039	0.039	0.039	0.039	0.039	0.039
31	0.039	0.039	0.039	0.039	0.047	0.047	0.047	0.047	0.047	0.047	0.047	0.047
32	0.047	0.047	0.047	0.047	0.047	0.047	0.047	0.047	0.047	0.047	0.047	0.047
33	0.047	0.047	0.047	0.047	0.047	0.047	0.047	0.055	0.055	0.055	0.055	0.055
34	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.055
35	0.055	0.055	0.055	0.055	0.055	0.055	0.062	0.062	0.062	0.062	0.062	0.062
36	0.062	0.062	0.062	0.062	0.062	0.062	0.062	0.062	0.062	0.062	0.062	0.062
37	0.062	0.062	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070
38	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.078	0.078	0.078	0.078
39	0.078	0.078	0.078	0.078	0.078	0.078	0.078	0.078	0.078	0.078	0.078	0.078
40	0.086	0.086	0.086	0.086	0.086	0.086	0.086	0.086	0.086	0.086	0.086	0.086
41	0.086	0.086	0.094	0.094	0.094	0.094	0.094	0.094	0.094	0.094	0.094	0.094
42	0.094	0.094	0.094	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
43	0.100	0.100	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110
44	0.110	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120
45	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.130	0.130	0.130	0.130
46	0.130	0.130	0.130	0.130	0.130	0.140	0.140	0.140	0.140	0.140	0.140	0.140
47	0.140	0.150	0.150	0.150	0.150	0.150	0.150	0.150	0.150	0.160	0.160	0.160
48	0.160	0.160	0.160	0.160	0.160	0.160	0.160	0.160	0.160	0.160	0.160	0.170
49	0.170	0.170	0.170	0.170	0.170	0.170	0.180	0.180	0.180	0.180	0.180	0.180

	0	1	2	3	4	5	6	7	8	9	10	11
50	0.190	0.190	0.190	0.190	0.190	0.190	0.200	0.200	0.200	0.200	0.200	0.200
51	0.200	0.200	0.200	0.210	0.210	0.210	0.210	0.210	0.210	0.220	0.220	0.220
52	0.220	0.220	0.220	0.230	0.230	0.230	0.230	0.230	0.230	0.240	0.240	0.240
53	0.240	0.240	0.250	0.250	0.250	0.250	0.260	0.260	0.260	0.260	0.270	0.270
54	0.270	0.270	0.270	0.280	0.280	0.280	0.280	0.280	0.280	0.290	0.290	0.290
55	0.290	0.290	0.290	0.300	0.300	0.300	0.300	0.300	0.300	0.310	0.310	0.310
56	0.310	0.310	0.320	0.320	0.320	0.320	0.330	0.330	0.330	0.330	0.340	0.340
57	0.340	0.340	0.350	0.350	0.350	0.350	0.360	0.360	0.360	0.360	0.370	0.370
58	0.370	0.370	0.380	0.380	0.380	0.390	0.390	0.390	0.400	0.400	0.400	0.410
59	0.410	0.410	0.420	0.420	0.420	0.430	0.430	0.430	0.440	0.440	0.440	0.450
60	0.450	0.460	0.460	0.470	0.470	0.480	0.480	0.490	0.490	0.500	0.500	0.510
61	0.510	0.510	0.520	0.520	0.530	0.530	0.540	0.540	0.540	0.550	0.550	0.560
62	0.560	0.570	0.570	0.580	0.580	0.590	0.590	0.600	0.600	0.610	0.610	0.620
63	0.620	0.630	0.630	0.640	0.640	0.650	0.660	0.660	0.670	0.670	0.680	0.680
64	0.690	0.700	0.710	0.710	0.720	0.730	0.740	0.740	0.750	0.760	0.770	0.770
65	0.780											

TABLE 3 – SINGLE LIFE ANNUITY FACTOR TABLE

	0	1	2	3	4	5	6	7	8	9	10	11
20	0.027	0.027	0.027	0.027	0.028	0.028	0.028	0.028	0.028	0.028	0.029	0.029
21	0.029	0.029	0.029	0.029	0.030	0.030	0.030	0.030	0.030	0.030	0.031	0.031
22	0.031	0.031	0.031	0.032	0.032	0.032	0.032	0.032	0.032	0.033	0.033	0.033
23	0.033	0.033	0.034	0.034	0.034	0.034	0.034	0.035	0.035	0.035	0.035	0.035
24	0.036	0.036	0.036	0.036	0.036	0.037	0.037	0.037	0.037	0.038	0.038	0.038
25	0.038	0.038	0.039	0.039	0.039	0.039	0.040	0.040	0.040	0.040	0.041	0.041
26	0.041	0.041	0.042	0.042	0.042	0.042	0.043	0.043	0.043	0.043	0.044	0.044
27	0.044	0.044	0.045	0.045	0.045	0.045	0.046	0.046	0.046	0.047	0.047	0.047
28	0.047	0.048	0.048	0.048	0.048	0.049	0.049	0.049	0.050	0.050	0.050	0.051
29	0.051	0.051	0.051	0.052	0.052	0.052	0.053	0.053	0.053	0.054	0.054	0.054
30	0.055	0.055	0.055	0.056	0.056	0.056	0.057	0.057	0.057	0.058	0.058	0.058
31	0.059	0.059	0.059	0.060	0.060	0.060	0.061	0.061	0.062	0.062	0.062	0.063
32	0.063	0.064	0.064	0.064	0.065	0.065	0.065	0.066	0.066	0.067	0.067	0.067
33	0.068	0.068	0.069	0.069	0.070	0.070	0.070	0.071	0.071	0.072	0.072	0.073
34	0.073	0.073	0.074	0.074	0.075	0.075	0.076	0.076	0.077	0.077	0.078	0.078
35	0.079	0.079	0.080	0.080	0.080	0.081	0.081	0.082	0.082	0.083	0.083	0.084
36	0.085	0.085	0.086	0.086	0.087	0.087	0.088	0.088	0.089	0.089	0.090	0.090
37	0.091	0.092	0.092	0.093	0.093	0.094	0.094	0.095	0.096	0.096	0.097	0.097
38	0.098	0.099	0.099	0.100	0.100	0.101	0.102	0.102	0.103	0.104	0.104	0.105
39	0.106	0.106	0.107	0.108	0.108	0.109	0.110	0.110	0.111	0.112	0.112	0.113
40	0.114	0.115	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120
41	0.120	0.120	0.120	0.130	0.130	0.130	0.130	0.130	0.130	0.130	0.130	0.130
42	0.130	0.130	0.130	0.140	0.140	0.140	0.140	0.140	0.140	0.140	0.140	0.140
43	0.140	0.140	0.150	0.150	0.150	0.150	0.150	0.150	0.150	0.150	0.150	0.150
44	0.150	0.160	0.160	0.160	0.160	0.160	0.160	0.160	0.160	0.160	0.170	0.170
45	0.170	0.170	0.170	0.170	0.170	0.170	0.170	0.180	0.180	0.180	0.180	0.180
46	0.180	0.180	0.180	0.180	0.190	0.190	0.190	0.190	0.190	0.190	0.190	0.190
47	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.210	0.210	0.210	0.210	0.210
48	0.210	0.210	0.220	0.220	0.220	0.220	0.220	0.220	0.220	0.230	0.230	0.230
49	0.230	0.230	0.230	0.230	0.240	0.240	0.240	0.240	0.240	0.240	0.250	0.250

	0	1	2	3	4	5	6	7	8	9	10	11
50	0.260	0.260	0.260	0.260	0.260	0.260	0.270	0.270	0.270	0.270	0.270	0.280
51	0.280	0.280	0.280	0.280	0.280	0.290	0.290	0.290	0.290	0.290	0.300	0.300
52	0.300	0.300	0.300	0.310	0.310	0.310	0.310	0.320	0.320	0.320	0.320	0.320
53	0.330	0.330	0.330	0.330	0.340	0.340	0.340	0.340	0.340	0.350	0.350	0.350
54	0.350	0.360	0.360	0.360	0.360	0.370	0.370	0.370	0.370	0.380	0.380	0.380
55	0.380	0.390	0.390	0.390	0.400	0.400	0.400	0.400	0.410	0.410	0.410	0.420
56	0.420	0.420	0.430	0.430	0.430	0.440	0.440	0.440	0.440	0.450	0.450	0.450
57	0.460	0.460	0.460	0.470	0.470	0.480	0.480	0.480	0.490	0.490	0.490	0.500
58	0.500	0.500	0.510	0.510	0.520	0.520	0.520	0.530	0.530	0.540	0.540	0.540
59	0.550	0.550	0.560	0.560	0.570	0.570	0.570	0.580	0.580	0.590	0.590	0.600
60	0.600	0.610	0.610	0.620	0.620	0.630	0.630	0.640	0.640	0.650	0.650	0.660
61	0.660	0.670	0.670	0.680	0.680	0.690	0.700	0.700	0.710	0.710	0.720	0.720
62	0.730	0.740	0.740	0.750	0.760	0.760	0.770	0.780	0.780	0.790	0.800	0.800
63	0.810	0.820	0.820	0.830	0.840	0.850	0.850	0.860	0.870	0.880	0.880	0.890
64	0.900	0.910	0.910	0.920	0.930	0.940	0.950	0.960	0.970	0.970	0.980	0.990
65	1.000											

TABLE 4 – JOINT & 50% SURVIVOR FORM FACTOR TABLE

	0	1	2	3	4	5	6	7	8	9	10	11
20	0.024	0.024	0.024	0.024	0.025	0.025	0.025	0.025	0.025	0.025	0.026	0.026
21	0.026	0.026	0.026	0.026	0.026	0.026	0.026	0.026	0.026	0.026	0.027	0.027
22	0.027	0.027	0.027	0.028	0.028	0.028	0.028	0.028	0.028	0.029	0.029	0.029
23	0.029	0.029	0.030	0.030	0.030	0.030	0.030	0.031	0.031	0.031	0.031	0.031
24	0.032	0.032	0.032	0.032	0.032	0.033	0.033	0.033	0.033	0.033	0.033	0.033
25	0.033	0.033	0.034	0.034	0.034	0.034	0.035	0.035	0.035	0.035	0.036	0.036
26	0.036	0.036	0.037	0.037	0.037	0.037	0.038	0.038	0.038	0.038	0.039	0.039
27	0.039	0.039	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.041	0.041	0.041
28	0.041	0.042	0.042	0.042	0.042	0.043	0.043	0.043	0.044	0.044	0.044	0.045
29	0.045	0.045	0.045	0.046	0.046	0.046	0.047	0.047	0.047	0.048	0.048	0.048
30	0.048	0.048	0.048	0.049	0.049	0.049	0.050	0.050	0.050	0.051	0.051	0.051
31	0.052	0.052	0.052	0.053	0.053	0.053	0.054	0.054	0.055	0.055	0.055	0.055
32	0.055	0.056	0.056	0.056	0.057	0.057	0.057	0.058	0.058	0.059	0.059	0.059
33	0.060	0.060	0.061	0.061	0.062	0.062	0.062	0.062	0.062	0.063	0.063	0.064
34	0.064	0.064	0.065	0.065	0.066	0.066	0.067	0.067	0.068	0.068	0.069	0.069
35	0.070	0.070	0.070	0.070	0.070	0.071	0.071	0.072	0.072	0.073	0.073	0.074
36	0.075	0.075	0.076	0.076	0.077	0.077	0.077	0.077	0.078	0.078	0.079	0.079
37	0.080	0.081	0.081	0.082	0.082	0.083	0.083	0.084	0.084	0.084	0.085	0.085
38	0.086	0.087	0.087	0.088	0.088	0.089	0.090	0.090	0.091	0.092	0.092	0.092
39	0.093	0.093	0.094	0.095	0.095	0.096	0.097	0.097	0.098	0.099	0.099	0.099
40	0.100	0.101	0.106	0.106	0.106	0.106	0.106	0.106	0.106	0.106	0.106	0.106
41	0.106	0.106	0.106	0.114	0.114	0.114	0.114	0.114	0.114	0.114	0.114	0.114
42	0.114	0.114	0.114	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120
43	0.120	0.120	0.130	0.130	0.130	0.130	0.130	0.130	0.130	0.130	0.130	0.130
44	0.130	0.140	0.140	0.140	0.140	0.140	0.140	0.140	0.140	0.140	0.150	0.150
45	0.150	0.150	0.150	0.150	0.150	0.150	0.150	0.160	0.160	0.160	0.160	0.160
46	0.160	0.160	0.160	0.160	0.170	0.170	0.170	0.170	0.170	0.170	0.170	0.170
47	0.180	0.180	0.180	0.180	0.180	0.180	0.180	0.180	0.180	0.180	0.180	0.180
48	0.180	0.180	0.190	0.190	0.190	0.190	0.190	0.190	0.190	0.200	0.200	0.200
49	0.200	0.200	0.200	0.200	0.210	0.210	0.210	0.210	0.210	0.210	0.220	0.220

	0	1	2	3	4	5	6	7	8	9	10	11
50	0.230	0.230	0.230	0.230	0.230	0.230	0.230	0.240	0.240	0.240	0.240	0.240
51	0.240	0.250	0.250	0.250	0.250	0.250	0.250	0.260	0.260	0.260	0.260	0.260
52	0.260	0.270	0.270	0.270	0.270	0.270	0.280	0.280	0.280	0.280	0.280	0.280
53	0.290	0.290	0.290	0.290	0.290	0.300	0.300	0.300	0.300	0.310	0.310	0.310
54	0.310	0.310	0.320	0.320	0.320	0.320	0.320	0.330	0.330	0.330	0.330	0.340
55	0.340	0.340	0.340	0.350	0.350	0.350	0.350	0.360	0.360	0.360	0.360	0.370
56	0.370	0.370	0.370	0.380	0.380	0.380	0.390	0.390	0.390	0.390	0.390	0.400
57	0.400	0.410	0.410	0.410	0.410	0.420	0.420	0.420	0.430	0.430	0.430	0.440
58	0.440	0.440	0.450	0.450	0.450	0.460	0.460	0.460	0.470	0.470	0.470	0.480
59	0.480	0.490	0.490	0.490	0.500	0.500	0.510	0.510	0.510	0.520	0.520	0.530
60	0.530	0.530	0.540	0.540	0.550	0.550	0.560	0.560	0.560	0.570	0.570	0.580
61	0.580	0.590	0.590	0.600	0.600	0.610	0.610	0.620	0.620	0.630	0.630	0.640
62	0.640	0.650	0.650	0.660	0.670	0.670	0.680	0.680	0.690	0.690	0.700	0.710
63	0.710	0.720	0.720	0.730	0.740	0.740	0.750	0.760	0.760	0.770	0.780	0.780
64	0.790	0.800	0.800	0.810	0.820	0.830	0.830	0.840	0.850	0.860	0.860	0.870
65	0.880											

TABLE 5 – JOINT & 75% SURVIVOR FORM FACTOR TABLE

	0	1	2	3	4	5	6	7	8	9	10	11
20	0.022	0.022	0.022	0.022	0.023	0.023	0.023	0.023	0.023	0.023	0.024	0.024
21	0.024	0.024	0.024	0.024	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025
22	0.025	0.025	0.025	0.026	0.026	0.026	0.026	0.026	0.026	0.027	0.027	0.027
23	0.027	0.027	0.028	0.028	0.028	0.028	0.028	0.029	0.029	0.029	0.029	0.029
24	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.031	0.031	0.031
25	0.031	0.031	0.032	0.032	0.032	0.032	0.033	0.033	0.033	0.033	0.034	0.034
26	0.034	0.034	0.034	0.034	0.034	0.034	0.035	0.035	0.035	0.035	0.036	0.036
27	0.036	0.036	0.037	0.037	0.037	0.037	0.038	0.038	0.038	0.039	0.039	0.039
28	0.039	0.039	0.039	0.039	0.039	0.040	0.040	0.040	0.041	0.041	0.041	0.042
29	0.042	0.042	0.042	0.043	0.043	0.043	0.043	0.043	0.043	0.044	0.044	0.044
30	0.045	0.045	0.045	0.046	0.046	0.046	0.047	0.047	0.047	0.048	0.048	0.048
31	0.048	0.048	0.048	0.049	0.049	0.049	0.050	0.050	0.051	0.051	0.051	0.052
32	0.052	0.052	0.052	0.052	0.053	0.053	0.053	0.054	0.054	0.055	0.055	0.055
33	0.056	0.056	0.057	0.057	0.057	0.057	0.057	0.058	0.058	0.059	0.059	0.060
34	0.060	0.060	0.061	0.061	0.062	0.062	0.062	0.062	0.063	0.063	0.064	0.064
35	0.065	0.065	0.066	0.066	0.066	0.066	0.066	0.067	0.067	0.068	0.068	0.069
36	0.070	0.070	0.071	0.071	0.071	0.071	0.072	0.072	0.073	0.073	0.074	0.074
37	0.075	0.075	0.075	0.076	0.076	0.077	0.077	0.078	0.079	0.079	0.080	0.080
38	0.080	0.081	0.081	0.082	0.082	0.083	0.084	0.084	0.084	0.085	0.085	0.086
39	0.087	0.087	0.088	0.089	0.089	0.089	0.090	0.090	0.091	0.092	0.092	0.093
40	0.093	0.094	0.098	0.098	0.098	0.098	0.098	0.098	0.098	0.098	0.098	0.098
41	0.098	0.098	0.098	0.107	0.107	0.107	0.107	0.107	0.107	0.107	0.107	0.107
42	0.107	0.107	0.107	0.115	0.115	0.115	0.115	0.115	0.115	0.115	0.115	0.115
43	0.115	0.115	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120
44	0.120	0.130	0.130	0.130	0.130	0.130	0.130	0.130	0.130	0.130	0.140	0.140
45	0.140	0.140	0.140	0.140	0.140	0.140	0.140	0.150	0.150	0.150	0.150	0.150
46	0.150	0.150	0.150	0.150	0.160	0.160	0.160	0.160	0.160	0.160	0.160	0.160
47	0.160	0.160	0.160	0.160	0.160	0.160	0.160	0.170	0.170	0.170	0.170	0.170
48	0.170	0.170	0.180	0.180	0.180	0.180	0.180	0.180	0.180	0.190	0.190	0.190
49	0.190	0.190	0.190	0.190	0.200	0.200	0.200	0.200	0.200	0.200	0.210	0.210

	0	1	2	3	4	5	6	7	8	9	10	11
50	0.210	0.210	0.210	0.210	0.210	0.210	0.220	0.220	0.220	0.220	0.220	0.230
51	0.230	0.230	0.230	0.230	0.230	0.240	0.240	0.240	0.240	0.240	0.250	0.250
52	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.260	0.260	0.260	0.260	0.260
53	0.270	0.270	0.270	0.270	0.280	0.280	0.280	0.280	0.280	0.290	0.290	0.290
54	0.290	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.310	0.310	0.310
55	0.310	0.320	0.320	0.320	0.330	0.330	0.330	0.330	0.340	0.340	0.340	0.340
56	0.340	0.340	0.350	0.350	0.350	0.360	0.360	0.360	0.360	0.370	0.370	0.370
57	0.380	0.380	0.380	0.390	0.390	0.390	0.390	0.390	0.400	0.400	0.400	0.410
58	0.410	0.410	0.420	0.420	0.430	0.430	0.430	0.430	0.430	0.440	0.440	0.440
59	0.450	0.450	0.460	0.460	0.470	0.470	0.470	0.480	0.480	0.480	0.480	0.490
60	0.490	0.500	0.500	0.510	0.510	0.520	0.520	0.520	0.520	0.530	0.530	0.540
61	0.540	0.550	0.550	0.560	0.560	0.570	0.570	0.570	0.580	0.580	0.590	0.590
62	0.600	0.610	0.610	0.620	0.620	0.620	0.630	0.640	0.640	0.650	0.660	0.660
63	0.660	0.670	0.670	0.680	0.690	0.700	0.700	0.710	0.710	0.720	0.720	0.730
64	0.740	0.750	0.750	0.750	0.760	0.770	0.780	0.790	0.800	0.800	0.800	0.810
65	0.820											

Exhibit B

**SOUTHWEST PROGRAM
OF THE AT&T PENSION BENEFIT PLAN**

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I.

PURPOSE AND TYPE OF PLAN

- 1.1 **COMPONENT PENSION PROGRAM.** The Southwest Program as set forth in this document is a Component Pension Program as defined in the Plan. As a Component Pension Program, the Program is thereby incorporated into and made a part of the Plan and is subject to, and governed by, all provisions of the Plan. The Program consists of all provisions set forth in this document and the additional provisions set forth in the Plan. References to the Plan in this Program document are to the Plan document.

II. HISTORY AND RESTATEMENT OF SOUTHWEST PROGRAM

- 2.1 ORIGINAL NAME AND ORIGINAL EFFECTIVE DATE OF PROGRAM.** The Southwest Program was originally adopted effective January 1, 1984 (as the Southwestern Bell Corporation Bargained Pension Plan).
- 2.2 SPECIAL PROVISIONS FOR CERTAIN PROGRAM PARTICIPANTS.** Special provisions relating to certain groups of Program Participants are set forth in Supplements hereto, and those special provisions may be amended, supplemented, or deleted from time to time, and those special provisions, as they currently exist or as they may be modified from time to time, control over any contrary or inconsistent provisions in the Plan or the Program. In addition, these Supplements may be updated and amended from time to time, or additional Supplements may be added from time to time to include any special provisions relating to certain Program Participants that may be adopted on or after the Restatement Effective Date, and those special provisions, as they exist at the time of such adoption or as they may be amended, supplemented, or deleted from time to time will control over any contrary or inconsistent provisions in the Plan or the Program.

III. DEFINITIONS AND CONSTRUCTION

3.1 DEFINITIONS. For purposes of the Program, each of the following terms when capitalized has the respective meaning set forth below except where the context clearly indicates to the contrary. Each capitalized term used herein that is not defined below has the meaning ascribed to such term in the Plan unless otherwise stated in this Program or no definition is needed for such term.

- (1) {RESERVED}
- (2) {RESERVED}
- (3) **Basic Compensation:** The amount of compensation determined for a Program Participant or Deceased Employee, as applicable, calculated on the basis of his actual base pay, as determined by his Program Employer, over a specified period. Basic Compensation will exclude any compensation deferred under a nonqualified plan of deferred compensation and include any compensation deferred under a cash or deferred arrangement plan qualified under Subsection 401(k) of the Code.
- (4) **Basic Monthly Pension Benefit:** means the benefit determined in accordance with Subsection 7.2.2(1) or 7.2.2(2) as applicable.
- (5) **Basic Rate of Pay:** means the greater of the following, as determined by a Participant's Employer: (a) a Program Participant's pay rate in effect on the first day of the calendar month, or (b) the Program Participant's pay rate in effect on either the date the Program Participant terminates employment or the last day of the calendar month, whichever occurs first.
- (6) {RESERVED}
- (7) **Core Bargaining Group:** means with respect to the Program Participants, those individuals covered by the collective bargaining agreements between the Communications Workers of America and the following: (a) Southwestern Bell Telephone Company; (b) AT&T Services, Inc., Employees represented by CWA District 6; (c) AT&T Operations, Inc.; or (d) Nonmanagement Nonunion Employees who are employed in the same business units as members of the Core Bargaining Group.
- (8) **Deceased Employee:** means any of the following, a deceased Death Benefit Eligible Employee, Death Benefit Eligible Pensioner, or Disabled Former Employee, as applicable as described in Supplement 1.
- (9) **Demotion (or Demoted):** means for purposes of Article VIII, as applicable: (a) a Program Participant's demotion or transfer to a job title and classification that has a lower Pension Band Amount than the Pension Band Amount for the job title and classification such Program Participant held immediately prior to the demotion or transfer; (b) a change in a Program Participant's job title after which his Pension Band Amount is lower than his Prior Pension Band Amount; or (c) a

move from a commissioned advertising sales employee to a nonsalaried position will be deemed to be a Demotion regardless of the pay under positions before and after the move.

(10) {RESERVED}

(11) **Differentials:** means the amount of compensation paid to a Program Participant or Deceased Employee, as applicable (including Trailing Pay), over a specified period in addition to his base pay for one or more of the following reasons:

- (a) For the performance of work in a temporary job classification that is higher than the Program Participant's or Deceased Employee's immediately preceding regular job classification;
- (b) For the performance of work during a tour of duty, which in the judgment of the Program Participant's or Deceased Employee's Program Employer such Program Participant or Deceased Employee would not accept in the absence of such additional compensation, excluding overtime, special calling notifications, and split tour payments;
- (c) The lump wage payments paid to the Core Bargaining Group in April 2006, 2007, and 2008; or
- (d) The lump wage payments paid to Program Participants employed by Southwestern Bell Yellow Pages, Inc. in December 2006, 2007, and 2008.

The following Differential payments will not be included in any calculation of a Supplemental Monthly Pension Benefit:

- (a) Differential payments that have been included with a Program Participant's Basic Rate of Pay for purposes of assignment of a Pension Band Number to such Program Participant or that were eliminated and included as part of a Program Participant's Basic Rate of Pay either in accordance with, or as a result of, a collective bargaining agreement with a union, and
- (b) Differential payments received by a Program Participant prior to a Promotion if the Promotion has been in effect for eighteen (18) months or more; provided, however, that Differentials paid during the first eighteen (18) months following the date of a temporary promotion as described in Article VIII will be taken into account for purposes of determining the amount of a Supplemental Monthly Pension Benefit.

The amount of Differentials taken into account under the Southwest Program for any Plan Year for each Program Participant will not exceed the applicable Compensation Limit.

(12) **Disability Pension:** means the disability benefit described in Supplement 2.

(13) {RESERVED}

- (14) **Group Incentive Compensation**: means the amount of Team Award or other similar form of compensation paid to a Participant or Deceased Employee, as applicable, as a member of a subsidiary, department or other work unit over a specified period in addition to his Basic Compensation, and based upon such subsidiary, department or other work unit achieving a certain level of predetermined objectives, such as financial performance and customer service, but excluding any benefit payable under the AT&T 1992 Stock Value Appreciation Plan, the AT&T Senior Management Short Term Incentive Plan, or the AT&T Senior Management Long Term Incentive Plan, and further excluding the portion of any Team Award or similar form of compensation based solely on individual performance.
- (15) {RESERVED}
- (16) {RESERVED}
- (17) {RESERVED}
- (18) {RESERVED}
- (19) **New Pension Amount**: means the Pension Band Amount for the job title and classification held by such Program Participant on the day he again becomes covered by the Southwest Program.
- (20) {RESERVED}
- (21) **Normal Retirement Age**: means the later of age sixty-five (65) or, if later, the fifth anniversary of the date he commenced participation in the Plan.
- (22) **Occasional Employee**: means an individual who is engaged on a daily basis for a period of not more than three (3) consecutive weeks; or for a cumulative total of not more than thirty (30) days, in any calendar year, regardless of the length of daily or weekly assignments. An Occasional Employee who actually works or is engaged to work in excess of three (3) consecutive weeks or thirty (30) days in a calendar year will be reclassified as a Regular Employee or a Temporary Employee, full-time or part-time Employee as appropriate, or as otherwise defined by a collective bargaining agreement.
- (23) {RESERVED}
- (24) **Pension Compensation**: means the total of a Participant's Basic Compensation and Nondiscretionary Incentive Compensation (including Trailing Pay), as applicable, for purposes of calculating the Participant's monthly pension benefit under the Southwest Program. The amount of Pension Compensation taken into account under the Southwest Program for any Plan Year for each Program Participant will not exceed the applicable Compensation Limit.
- (25) **Pension for Total Disability**: means the monthly pension benefit described in Supplement 2.
- (26) {RESERVED}

- (27) **Prior Plan Pension Amount**: means the Pension Band Amount for the job title and classification held by the Participant on the day before he became covered by the Nonbargained Program, frozen as of that date.
- (28) **Promotion (or Promoted)**: means for purposes of Article VIII: (a) a Program Participant's promotion or transfer to a job title or classification that has a higher Pension Band Amount than the Pension Band Amount for the job title and classification such Program Participant held immediately prior to the promotion or transfer, or (b) a move from a nonsalaried position that is not a commissioned advertising sales employee to such a position will be deemed to be a Promotion regardless of the pay under positions before and after the move.
- (29) **Reclassification**: means for purposes of Article VIII, a change in a Program Participant's job title or classification pursuant to collective bargaining after which his Pension Band Amount is higher than his Pension Band Amount on the day before the change.
- (30) {RESERVED}
- (31) {RESERVED}
- (32) {RESERVED}
- (33) **Supplemental Monthly Pension Benefit**: means the benefit determined in accordance with Subsection 7.2.2(3).
- (34) {RESERVED}
- (35) {RESERVED}
- (36) **Totally Disabled**: means as defined in Supplement 2.

IV. ELIGIBILITY AND PARTICIPATION

- 4.1 ELIGIBILITY TO PARTICIPATE.** Each Eligible Employee employed by a Program Employer who satisfies Subsections 4.1.1, 4.1.2, 4.1.3, or 4.1.4 below is a Program Eligible Employee eligible to participate in the Program:
- 4.1.1 **PROGRAM EMPLOYEE.** Is a Bargaining Unit Employee who is a member of a Southwest Program collective bargaining unit as listed in Supplement 5 of the Plan and who is classified as a Regular Employee, Term Employee, Temporary Employee, or Occasional Employee.
 - 4.1.2 **NONMANAGEMENT NONUNION EMPLOYEE.** Is (1) classified as a Regular Employee, Term Employee, Temporary Employee, or Occasional Employee; (2) a non-salaried employee not a member of a collective bargaining unit; and (3) employed in the same business units as members of the CWA District 6 (AT&T Southwest Core Contract) collective bargaining unit.
 - 4.1.3 **TEMPORARILY PROMOTED EMPLOYEE.** Is an Eligible Employee who satisfied Subsection 4.1.1 or 4.1.2 who is temporarily promoted to a management position for one year or less.
 - 4.1.4 **CERTAIN SURPLUSED BARGAINED EMPLOYEES.** Notwithstanding Subsection 4.1.5, if a Program Participant who has been declared surplus and transfers in connection with such surplus declaration to a job title covered by Appendix J of the CWA Southwest Core Regional Agreement, then such Employee will continue to be covered under the Southwest Program under the same terms and conditions as applied to the job title that such Employee held immediately prior to such transfer, but only while both (i) he continues in an Appendix J job title, and (ii) such Appendix J remains in force.
 - 4.1.5 **EXCLUDED EMPLOYEES.** Subject to Subsection 4.1.4, but notwithstanding Subsections 4.1.1 and 4.1.3, or any other provisions in the Southwest Program to the contrary, the term Program Eligible Employee specifically excludes:
 - (1) Any Employee who is in a job title covered by Appendix J of the CWA District 6 (AT&T Southwest Core Contract).
 - (2) Effective April 1, 2010, any Eligible Employee who voluntarily transfers from Appendix F of the CWA District 1 (AT&T East Core Contract), Appendix F of the CWA District 4 (AT&T Midwest Core Contract), Appendix J to the CWA District 6 (AT&T Southwest Core Contract), or Appendix E of the CWA District 9 (AT&T West Core Contract) to a job title covered by the CWA District 6 (AT&T Southwest Core Contract), but only while the Eligible Employee continues in job titles covered by the CWA District 6 (AT&T Southwest Core Contract),
 - (3) Effective April 1, 2010, any of the following groups of employees who are hired or rehired on or after August 9, 2009:

- (a) Bargaining Unit Employees covered by the CWA District 6 (AT&T Southwest Core Contract),
 - (b) Bargaining Unit Employees covered by the CWA District 6 (AT&T Messaging, LLC), or
 - (c) Nonmanagement Nonunion Employees employed in the same business units as members of the CWA District 6 (AT&T Southwest Core Contract).
- (4) Effective April 1, 2010, any of the following groups of Employees who are a Temporary Employee or Term Employee on August 8, 2009, and reclassified as a Regular Employee on or after August 9, 2009:
- (a) Bargaining Unit Employees covered by the CWA District 6 (AT&T Southwest Core Contract),
 - (b) Bargaining Unit Employees covered by the CWA District 6 (AT&T Messaging, LLC), or
 - (c) Nonmanagement Nonunion Employees employed in the same business units as members of the CWA District 6 (AT&T Southwest Core Contract).
- (5) Effective April 1, 2010, any of the following groups of Employees who transfer pursuant to Section 2.2 of Supplement 10 of the Plan, except as specified in such Section:
- (a) Bargaining Unit Employees covered by the CWA District 6 (AT&T Southwest Core Contract),
 - (b) Bargaining Unit Employees covered by the CWA District 6 (AT&T Messaging, LLC), or
 - (c) Nonmanagement Nonunion Employees employed in the same business units as members of the CWA District 6 (AT&T Southwest Core Contract).

4.1.6 CERTAIN TRANSFERRED BARGAINED EMPLOYEES.

- (1) Any Bargaining Unit Employee who transfers pursuant to Section 3.2 of Supplement 10 of the Plan and otherwise satisfies Section 4.1 of the Southwest Program will be eligible to participate in the Southwest Program as specified in Section 3.2 of Supplement 10 of the Plan.
- (2) Notwithstanding any other provision in the Plan, any Bargaining Unit Employee (including a Bargaining Unit Employee on layoff status who is later rehired from such layoff with recall rights) on August 8, 2009, covered by Appendix F to the AT&T East Core Contract, Appendix F of the CWA AT&T Midwest Core Contract, Appendix J to the AT&T Southwest Core Contract or Appendix E of the AT&T West Core Contract

and was transferred any time between August 9, 2009, to April 6, 2013, to a job title covered by the AT&T Southwest Core Contract or AT&T Messaging, LLC – CWA District 6 will become eligible to participate in the Program, but only while the Bargaining Unit Employee continues in job titles covered by the AT&T Southwest Core Contract or AT&T Messaging, LLC – CWA District 6.

- 4.2 COMMENCEMENT OF PARTICIPATION.** A Program Eligible Employee will commence participation in the Program in accordance with the requirements set forth in Article IV of the Plan.
- 4.3 TERMINATION OF PARTICIPATION.** Each Program Participant who has commenced participation in the Program will continue to be a Program Participant as long as (and only as long as) he remains a Program Eligible Employee, and each Program Participant will cease to be a Program Participant as of the date he is no longer a Program Eligible Employee.
- 4.4 RESUMPTION OF PARTICIPATION.** A Program Participant who ceases to be a Program Participant pursuant to Section 4.3 will again become a Program Participant as of the date he satisfies the eligibility requirements set forth in Section 4.1 and resumes participation in accordance with Article IV of the Plan.
- 4.5 EFFECT OF PARTICIPATION IN PROGRAM.** Each Program Participant, and only such Program Participant, is entitled to earn an Accrued Benefit under the Program for periods of his participation in the Program, and, except as otherwise explicitly provided in this Program, a Program Participant will not earn any Accrued Benefit under the Program for any period after his participation in the Program terminates pursuant to Section 4.3 or for any period before his participation in the Program commences pursuant to Section 4.2.

**V.
DETERMINATION OF VESTED INTEREST — SEE PLAN**

**VI.
PENSION CALCULATION SERVICE — SEE PLAN**

VII. RETIREMENT PENSION BENEFITS

7.1 IN GENERAL. Each Participant may receive a Program Pension Benefit under this Article, or applicable Supplements, if he has (1) a Vested Interest in the Program and (2) a Termination of Employment. Each Participant's Program Pension Benefit will be determined in accordance with either Section 7.2 (with respect to a Normal Retirement Pension) or Section 7.3 (with respect to an Early Retirement Pension), whichever is applicable, except as otherwise specifically provided herein, in Supplements, or in the Plan.

7.2 NORMAL RETIREMENT PENSION.

7.2.1 IN GENERAL. Each Participant's Normal Retirement Pension will be calculated as of the day after the Participant's Termination of Employment and except as affected or superseded by any applicable special rules in Article VIII, and any applicable Supplement hereto, or elsewhere in the Program or the Plan, each Participant's Normal Retirement Pension will be determined in accordance with the applicable formula set forth in this Section.

7.2.2 NORMAL RETIREMENT PENSION FORMULA. A Program Participant's Normal Retirement Pension will equal the sum of his Basic Monthly Pension Benefit determined in accordance with Subsection 7.2.2(1) or 7.2.2(2), as applicable, plus a Supplemental Monthly Pension Benefit determined in accordance with Subsection 7.2.2(3).

(1) Basic Monthly Pension Benefit — Commissioned Advertising Sales Employees.

(a) The Basic Monthly Pension Benefit of a Program Participant who is a commissioned advertising sales employee and had a Termination of Employment on or after June 1, 2005 will equal the greater of (i) or (ii):

(i) The Basic Monthly Pension Benefit accrued through May 31, 2005; or

(ii) An amount equal to one and twenty-two hundredths percent (1.22%), multiplied by the Program Participant's average monthly Pension Compensation during the thirty-six (36) months prior to such Termination of Employment, multiplied by such Program Participant's Pension Calculation Service at Termination of Employment.

(b) The Basic Monthly Pension Benefit of a Program Participant who is a commissioned advertising sales employee and had a Termination of Employment on or after June 1, 2011, will equal the greater of (i) or (ii):

- (i) The Basic Monthly Pension Benefit accrued through May 31, 2005; or
 - (ii) An amount equal to one and twenty-two hundredths percent (1.22%), multiplied by the Program Participant's average monthly Pension Compensation for the highest three (3) of the last five (5) completed calendar years of service prior to the termination of employment, multiplied by such Program Participant's Pension Calculation Service at Termination of Employment.
- (2) **Basic Monthly Pension Benefit — Excluding Commissioned Advertising Sales Employees.** A Program Participant's (excluding commissioned advertising sales employees) Basic Monthly Pension Benefit will equal his Pension Band Amount multiplied by his Pension Calculation Service.
- (3) **Supplemental Monthly Pension Benefit.** A Program Participant's Supplemental Monthly Pension Benefit will equal an amount that is the product of (i) his Pension Calculation Service; (ii) one thousandth (.001); and (iii) the annual average of the following amounts during the latest thirty-six (36) month period preceding the date as of which his monthly Program Pension Benefit is determined:
 - (a) Differentials,
 - (b) If a Program Participant receives disability benefits under a disability plan (or any predecessor of such plan) or receives Pension Calculation Service for military service under the terms of the Plan during the thirty-six (36) month period described in Paragraph (1)(a)(ii) or (1)(b)(ii) above, and if the Program Participant was earning Differentials at the time he began receiving such disability benefits or such Pension Calculation Service, during such period of disability benefits or Pension Calculation Service the Program Participant will be deemed to have received Differentials of the same type and at the same rate as he was earning immediately prior to such period,
 - (c) Target Incentive, and
 - (d) Success Sharing Plan Payment.

The amount of Pension Compensation and Differentials in total taken into account under the Program for any Plan Year for each Program Participant will not exceed the applicable Compensation Limit.

7.3 EARLY RETIREMENT PENSION.

- 7.3.1 **IN GENERAL.** A Program Participant may elect to receive his Program Pension Benefit prior to his Normal Retirement Age but reduced to reflect such Program Participant's younger age and earlier commencement of payments if the Program

Participant satisfies the requirements of Subsection 7.3.2 below and using the applicable reduction factors provided in Subsection 7.3.3 below.

7.3.2 **ELIGIBILITY TO ELECT EARLY RETIREMENT PENSION.** Each of the following Program Participants may elect to receive his Program Pension Benefit prior to his Normal Retirement Age as, and under the conditions, provided in this Section and Article VIII and any additional applicable provisions in the Program or the Plan.

(1) **Satisfies Modified Rule of 75.** If a Program Participant satisfies the requirements of the Modified Rule of 75 as of his Termination of Employment, he may elect to begin receiving his Program Pension Benefit prior to his Normal Retirement Age as an Early Retirement Pension.

(2) **Does Not Satisfy Modified Rule of 75.** If a Program Participant does not satisfy the requirements of the Modified Rule of 75 as of his Termination of Employment but has at least twenty (20) years of Term of Employment, he may elect to begin receiving his Program Pension Benefit on or after he reaches age fifty-five (55) (or age fifty (50) if he has at least twenty-five (25) years of Term of Employment) as an Early Retirement Pension. In addition, each Program Participant who is (i) an Advertising Solutions Employee, (ii) covered by one of the applicable Bargaining Units set forth below, and (iii) as of the time of the YP Closing would be within two (2) years of meeting the Modified Rule of 75, may elect to begin receiving his Program Pension Benefit following his Termination of Employment, but only if such Participant has been offered and has accepted the Voluntary Retirement Incentive Offering in accordance with the terms of such offering.

(i) Bargaining Units:

(a) CWA District 6 (AT&T Messaging LLC)

(b) CWA District 6 (Southwestern Bell Yellow Pages, Inc.)

7.3.3 **AMOUNT OF EARLY RETIREMENT PENSION.** Subject to the remaining provisions of this Article and any applicable special provisions of Article VIII and any additional applicable provisions in the Program or the Plan, the amount of the Program Participant's Early Retirement Pension will be determined in accordance with the following:

(1) **Satisfies Modified Rule of 75.**

(a) If a Program Participant satisfies the requirements of the Modified Rule of 75 as of his Termination of Employment, the amount of his Early Retirement Pension will equal such Program Participant's Normal Retirement Pension calculated under Section 7.2 without any reduction for earlier commencement of his Program Pension

Benefit if such Program Participant meets one of the following requirements:

- (i) Such Program Participant's Annuity Starting Date is on or after he reaches age fifty-five (55);
 - (ii) Such Program Participant has a Term of Employment of thirty (30) (or more) years as of his Annuity Starting Date; or
 - (iii) Such Program Participant has a Termination of Employment by reason of becoming Totally Disabled.
- (b) If a Program Participant satisfies the requirements of the Modified Rule of 75 as of his Termination of Employment but does not meet the requirements of Paragraph (a) above, the amount of such Early Retirement Pension will equal such Program Participant's Normal Retirement Pension calculated under Section 7.2 but actuarially reduced by one-half percent (0.5%) for each calendar month or part thereof by which such Program Participant's age at his Annuity Starting Date is less than fifty-five (55) years.
- (2) **Does Not Satisfy Modified Rule of 75.** If a Program Participant who does not satisfy the requirements of the Modified Rule of 75 as of his Termination of Employment, but does satisfy the eligibility requirements of Subsection 7.3.2(2), the amount of such Early Retirement Pension will equal such Program Participant's Normal Retirement Pension calculated under Section 7.2 but reduced by the applicable early retirement factor in the following table based on such Program Participant's age at his Annuity Starting Date.

Early Retirement Factors												
Attained Age Years	Months											
	0	1	2	3	4	5	6	7	8	9	10	11
20	.02	.02	.02	.02	.03	.03	.03	.03	.03	.03	.03	.03
21	.03	.03	.03	.03	.03	.03	.03	.03	.03	.03	.03	.03
22	.03	.03	.03	.03	.03	.03	.03	.03	.03	.03	.03	.03
23	.03	.03	.03	.03	.03	.03	.03	.03	.03	.03	.03	.03
24	.03	.03	.03	.03	.03	.03	.03	.03	.03	.03	.03	.03
25	.03	.04	.04	.04	.04	.04	.04	.04	.04	.04	.04	.04
26	.04	.04	.04	.04	.04	.04	.04	.04	.04	.04	.04	.04
27	.04	.04	.04	.04	.04	.04	.04	.04	.04	.04	.04	.04
28	.04	.04	.04	.04	.04	.04	.04	.05	.05	.05	.05	.05
29	.05	.05	.05	.05	.05	.05	.05	.05	.05	.05	.05	.05
30	.05	.05	.05	.05	.05	.05	.05	.05	.05	.05	.05	.05
31	.05	.05	.05	.05	.06	.06	.06	.06	.06	.06	.06	.06
32	.06	.06	.06	.06	.06	.06	.06	.06	.06	.06	.06	.06
33	.06	.06	.06	.06	.06	.06	.06	.07	.07	.07	.07	.07

Early Retirement Factors												
Attained Age Years	Months											
	0	1	2	3	4	5	6	7	8	9	10	11
34	.07	.07	.07	.07	.07	.07	.07	.07	.07	.07	.07	.07
35	.07	.07	.07	.07	.07	.07	.08	.08	.08	.08	.08	.08
36	.08	.08	.08	.08	.08	.08	.08	.08	.08	.08	.08	.08
37	.08	.08	.09	.09	.09	.09	.09	.09	.09	.09	.09	.09
38	.09	.09	.09	.09	.09	.09	.09	.09	.10	.10	.10	.10
39	.10	.10	.10	.10	.10	.10	.10	.10	.10	.10	.10	.10
40	.11	.11	.11	.11	.11	.11	.11	.11	.11	.11	.11	.11
41	.11	.11	.12	.12	.12	.12	.12	.12	.12	.12	.12	.12
42	.12	.12	.12	.13	.13	.13	.13	.13	.13	.13	.13	.13
43	.13	.13	.14	.14	.14	.14	.14	.14	.14	.14	.14	.14
44	.14	.15	.15	.15	.15	.15	.15	.15	.15	.15	.15	.16
45	.16	.16	.16	.16	.16	.16	.16	.16	.17	.17	.17	.17
46	.17	.17	.17	.17	.17	.18	.18	.18	.18	.18	.18	.18
47	.18	.19	.19	.19	.19	.19	.19	.19	.19	.20	.20	.20
48	.20	.20	.20	.20	.21	.21	.21	.21	.21	.21	.21	.22
49	.22	.22	.22	.22	.22	.22	.23	.23	.23	.23	.23	.23
50	.24	.24	.24	.25	.25	.25	.25	.25	.25	.26	.26	.26
51	.26	.26	.26	.27	.27	.27	.27	.27	.27	.28	.28	.28
52	.28	.28	.29	.29	.29	.29	.30	.30	.30	.30	.31	.31
53	.31	.31	.32	.32	.32	.32	.33	.33	.33	.33	.34	.34
54	.34	.34	.35	.35	.35	.35	.36	.36	.36	.36	.37	.37
55	.37	.37	.38	.38	.38	.38	.39	.39	.39	.39	.40	.40
56	.40	.40	.41	.41	.41	.42	.42	.42	.43	.43	.43	.44
57	.44	.44	.45	.45	.45	.46	.46	.46	.47	.47	.47	.48
58	.48	.48	.49	.49	.50	.50	.51	.51	.51	.52	.52	.53
59	.53	.53	.54	.54	.55	.55	.56	.56	.56	.57	.57	.58
60	.58	.59	.59	.60	.60	.61	.62	.62	.63	.63	.64	.64
61	.65	.66	.66	.67	.67	.68	.69	.69	.70	.70	.71	.71
62	.72	.73	.73	.74	.75	.75	.76	.77	.77	.78	.79	.79
63	.80	.81	.82	.82	.83	.84	.85	.85	.86	.87	.88	.88
64	.89	.90	.91	.92	.93	.94	.95	.95	.96	.97	.98	.99
65	1.00											

7.4 CONVERSION FROM DISABILITY PENSION TO OTHER PENSION.

7.4.1 If a Program Participant attains Normal Retirement Age while receiving a Disability Pension, his Disability Pension will be discontinued and he will be paid his Program Pension Benefit. The amount of the Program Pension Benefit will be the Program Participant's Normal Retirement Pension determined as of the day after the Program Participant's Termination of Employment.

- 7.4.2 If a Program Participant ceases to be Totally Disabled and is no longer receiving a Disability Pension before his Normal Retirement Age, he may elect to begin receiving a Program Pension Benefit, provided he is otherwise eligible to do so. This election will constitute a waiver of future Disability Pension Benefits. The amount of the Program Pension Benefit will be the Program Participant's Normal Retirement Pension determined as of the day after the Program Participant's Termination of Employment and reduced, if applicable, for early commencement under Section 7.3 based on the Program Participant's age on his Annuity Starting Date.
- 7.4.3 A Program Participant who is receiving a Disability Pension may elect to discontinue his Disability Pension before attainment of Normal Retirement Age and begin receiving a Program Pension Benefit as an Early Retirement Pension, provided he is otherwise eligible to do so. This election will constitute a waiver of future Disability Pension Benefits. The amount of the Program Pension Benefit will be the Program Participant's Normal Retirement Pension, determined as of the day after the Program Participant's Termination of Employment and reduced, if applicable, for early commencement under Section 7.3 based on the Program Participant's age on his Annuity Starting Date.
- 7.5 OFFSET DUE TO RE-EMPLOYMENT AFTER RECEIPT OF LUMP-SUM PAYMENT.** Notwithstanding anything in the Plan to the contrary, in the event that the Program Participant took a distribution of his Program Pension Benefit in the form of a Lump Sum and such Lump Sum is not repaid, such Program Participant's net benefit at Normal Retirement Age will be calculated based on all service (including pre-termination service) reduced by the Accrued Benefit at Normal Retirement Age that was cashed out in the Lump Sum. Any applicable early retirement factors or optional form factors will be based on all service (including pre-termination service) to the extent service is applicable and will be applied to such net benefit.

VIII. SPECIAL RULES

8.1 SPECIAL RULES AFFECTING THE CALCULATION OF NORMAL RETIREMENT PENSION — EXCLUDING COMMISSIONED ADVERTISING SALES EMPLOYEES. The following rules of this Section apply to all Program Participants except commissioned advertising sales employees.

8.1.1 PROMOTIONS, CERTAIN TRANSFERS, AND RECLASSIFICATIONS.

- (1) **General Rule.** The Basic Monthly Pension Benefit of a Program Participant (i) as of any date on or after his Reclassification or (ii) as of any date on or after the date his Promotion has been in effect for eighteen (18) consecutive months will equal his current Pension Band Amount, multiplied by all of his Pension Calculation Service, except as provided in Paragraphs (2) or (3) below.
- (2) **Single Promotion Effective for Less Than 18 Months.** If the Program Participant's Promotion has been effective for less than eighteen (18) consecutive months, the Basic Monthly Pension Benefit of such Program Participant will equal the sum of:
 - (a) The Pension Band Amount corresponding to the Pension Band Number for the job title and classification held by such Program Participant before his Promotion, multiplied by his Pension Calculation Service as of the date of his Promotion, and
 - (b) The Program Participant's Pension Band Amount corresponding to the Pension Band Number, multiplied by his Pension Calculation Service earned on and after the date of his Promotion.
- (3) **More Than One Promotion Effective for Less Than 18 Months.** If the Program Participant receives more than one Promotion during the eighteen (18) consecutive month period ending on the date his Program Pension Benefit is determined, his Basic Monthly Pension Benefit will equal the sum of:
 - (a) The Pension Band Amount corresponding to the Pension Band Number for the job title and classification held by the Program Participant before the first Promotion during such eighteen (18) consecutive month period, multiplied by his Pension Calculation Service as of the date of that Promotion,
 - (b) The Pension Band Amount corresponding to the Pension Band Number for the job title and classification held by such Program Participant before each succeeding Promotion during such eighteen (18) consecutive month period, multiplied by his Pension Calculation Service earned while each such Promotion was in effect, and

(c) The Program Participant's Pension Band Amount corresponding to the Pension Band Number, multiplied by his Pension Calculation Service earned on and after the date of his last Promotion.

(4) **Temporary Promotion.** A job change designated as a temporary promotion will be treated as a Promotion for purposes of this Article beginning on the one-year anniversary of the temporary promotion, and treatment of such temporary promotion as a Promotion will be effective as of that anniversary date.

8.1.2 **PROMOTION FOLLOWING A DEMOTION.** If a PROGRAM Participant is Promoted and was previously Demoted, the Basic Monthly Pension Benefit for such PROGRAM Participant will be determined in accordance with Paragraphs (1) or (2) below as applicable.

(1) **Promotion Effective for 18 (or More) Months.** If a Program Participant's Promotion has been effective for eighteen (18) consecutive months (or more) after a Demotion and prior to his Termination of Employment, such Program Participant's Basic Monthly Pension Benefit will equal his Pension Calculation Service, multiplied by the greater of:

(a) The Program Participant's Pension Band Amount; or

(b) The Pension Band Amount for the job title and classification held by the Program Participant on the day before his Demotion, frozen as of that date.

(2) **Promotion Effective for Less Than 18 Months.** If the Program Participant's Promotion is effective for less than eighteen (18) consecutive months after his Demotion, his Basic Monthly Pension Benefit will equal the sum of Paragraphs (a) and (b) below:

(a) The Pension Calculation Service as of the day before his Promotion, multiplied by the greater of:

(i) The Pension Band Amount for the job title and classification held by the Program Participant on the day before the Promotion; or

(ii) The Pension Band Amount for the job title and classification held by the Program Participant on the day before the Demotion, frozen as of that date; and

(b) The Program Participant's Pension Band Amount, multiplied by his Pension Calculation Service from and after the date of the Promotion.

8.1.3 **DEMOTIONS AND CERTAIN TRANSFERS.**

- (1) **General Rule.** A Program Participant's Basic Monthly Pension Benefit as of any date on or after the date of the Demotion will equal the Pension Band Amount for the job title and classification held by the Program Participant on the day before the Demotion, frozen as of that date, or, if greater, the current Pension Band Amount, multiplied by all of the Pension Calculation Service, except as otherwise provided in Paragraph (2).
- (2) **Demotion Following Promotion.** If a Program Participant's Demotion occurs less than eighteen (18) consecutive months after a Promotion, the Basic Monthly Pension Benefit will be determined in accordance with Paragraph (a) or (b) below, as applicable.
 - (a) **Same or Lower Pension Band Amount.** If the Program Participant's Pension Band Amount is the same or lower than the Pension Band Amount for the job title and classification held by the Program Participant before the Promotion, his Basic Monthly Pension Benefit will equal the sum of clause (i) and (ii) below:
 - (i) The sum of his Pension Calculation Service prior to the Promotion and his Pension Calculation Service after his Demotion, multiplied by the greater of:
 - (A) The Pension Band Amount for the job title and classification held by the Program Participant on the day before his Promotion, frozen as of the day before his Demotion; or
 - (B) The Program Participant's Pension Band Amount; and
 - (ii) The Program Participant's Pension Calculation Service from the day of his Promotion to the day of his Demotion, multiplied by the greater of:
 - (A) The Pension Band Amount for the job title and classification held by the Program Participant on the day before his Demotion, frozen as of the day before his Demotion; or
 - (B) The Program Participant's Pension Band Amount.
 - (b) **Higher Pension Band Amount.** If the Program Participant's Pension Band Amount is higher than the Pension Band Amount for the job title and classification held by the Program Participant before his Promotion, his Basic Monthly Pension Benefit will be determined in accordance with clause (i) or (ii) below, as applicable.

(i) **Termination of Employment 18 Months (or More) After Promotion.** If the Program Participant's Termination of Employment occurs at least eighteen (18) consecutive months after his Promotion, the Basic Monthly Pension Benefit will equal the sum of Paragraphs (A) and (B) below:

(A) The Program Participant's Pension Band Amount multiplied by the sum of his Pension Calculation Service as of the day before the Promotion and his Pension Calculation Service after the Demotion; and

(B) The Program Participant's Pension Band Amount or, if greater, the Pension Band Amount for the job title and classification held by the Program Participant on the day before his Demotion, frozen as of the day before his Demotion, multiplied by the Pension Calculation Service from the day of the Promotion to the day of the Demotion.

(ii) **Termination of Employment Less Than 18 Months After Promotion.** If the Program Participant's Termination of Employment occurs less than eighteen (18) consecutive months after his Promotion, his Basic Monthly Pension Benefit will equal the sum of Paragraphs (A), (B), and (C) below:

(A) The Program Participant's Pension Band Amount for the job title and classification held by such Program Participant before his Promotion, multiplied by his Pension Calculation Service as of the day before his Promotion;

(B) The Pension Band Amount for the job title and classification held by the Program Participant on the day before his Demotion, frozen as of the day before his Demotion or, if greater, the Program Participant's Pension Band Amount, multiplied by his Pension Calculation Service from the day of his Promotion to the day of his Demotion; and

(C) The Program Participant's Pension Band Amount, multiplied by his Pension Calculation Service after his Demotion.

8.2 SPECIAL RULES AFFECTING THE CALCULATION OF NORMAL RETIREMENT PENSION — COMMISSIONED ADVERTISING SALES EMPLOYEES. The following rules of this Section apply to Program Participants who are commissioned advertising sales employees.

8.2.1 PROMOTIONS, CERTAIN TRANSFERS, AND RECLASSIFICATIONS.

(1) **General Rule.**

- (a) **Termination on or After June 1, 2005.** The Basic Monthly Pension Benefit of a Program Participant who terminates employment on or after June 1, 2005, and is Promoted prior to his Termination of Employment will equal the greater of the following:
 - (i) The Pension Band Amount corresponding to the Pension Band Number for the job title and classification held by such Program Participant before his Promotion multiplied by all Pension Calculation Service at the Program Participant's Termination of Employment; or
 - (ii) The Program Participant's Basic Monthly Pension Benefit determined under Subsection 7.2.2(1), including all of his Pension Calculation Service at the Program Participant's Termination of Employment.
 - (b) **Termination Before June 1, 2005.** The Basic Monthly Pension Benefit of a Program Participant who terminated employment before June 1, 2005, and who was a commissioned advertising sales employee (a) as of any date on or after his Reclassification, or (b) as of any date on or after the date his Promotion had been in effect for eighteen (18) consecutive months, equals his Basic Monthly Pension Benefit determined under Subsection 7.2.2(1).
- (2) **Single Promotion Effective for Less Than 18 Months.** If the Program Participant's Promotion has been effective for less than eighteen (18) consecutive months, the Basic Monthly Pension Benefit of such Program Participant will equal the sum of:
- (a) The Pension Band Amount corresponding to the Pension Band Number for the job title and classification held by the Program Participant before his Promotion, multiplied by his Pension Calculation Service as of the date of his Promotion, and
 - (b) The Program Participant's Basic Monthly Pension Benefit determined under Subsection 7.2.2(1), provided that only his Pension Calculation Service earned after the date of his Promotion will be used for this purpose.
- (3) **More Than One Promotion Effective for Less Than 18 Months.** If the Program Participant receives more than one Promotion during the eighteen (18) month period ending on the date his Program Pension

Benefit is determined, his Basic Monthly Pension Benefit will equal the sum of:

- (a) The Pension Band Amount corresponding to the Pension Band Number for the job title and classification held by such Program Participant before the first Promotion during such eighteen (18) consecutive month period, multiplied by his Pension Calculation Service as of the date of that Promotion;
- (b) The Pension Band Amount corresponding to the Pension Band Number for the job title and classification held by such Program Participant before each succeeding Promotion during such eighteen (18) consecutive month period, multiplied by the Pension Calculation Service earned while each such Promotion was in effect; and
- (c) The Program Participant's Basic Monthly Pension Benefit determined under Subsection 7.2.2(1), provided that only the Pension Calculation Service earned after the date of the last Promotion during such eighteen (18) consecutive month period will be used for this purpose.

8.2.2 DEMOTIONS AND CERTAIN TRANSFERS.

- (1) **Terminations Before June 1, 2005.** A Program Participant's Basic Monthly Pension Benefit as of any date on or after the date of the Demotion equals the sum of Paragraphs (a) and (b) below:
 - (a) Is the greater of:
 - (i) Such Program Participant's current Pension Band Amount multiplied by his Pension Calculation Service as of the day before his Demotion; or
 - (ii) Such Program Participant's Basic Monthly Pension Benefit determined under Subsection 7.2.2(1) on the day before his Demotion; and
 - (b) The Pension Band Amount for such Program Participant, multiplied by his Pension Calculation Service after his Demotion.
- (2) **Terminations on or After June 1, 2005.** The Basic Monthly Pension Benefit of such Program Participant who has a Termination of Employment on or after June 1, 2005, and is Demoted prior to such Termination of Employment, will equal the greater of the following:
 - (a) The sum of:
 - (i) Such Program Participant's Basic Monthly Pension Benefit determined under Subsection 7.2.2(1) on the day before his Demotion; and

(ii) The Pension Band Amount for such Program Participant, multiplied by his Pension Calculation Service after his Demotion.

(b) If eighteen (18) or more consecutive months have elapsed from the effective date of the Demotion, the Pension Band Amount for such Program Participant, multiplied by all Pension Calculation Service at the Program Participant's Termination of Employment.

8.3 SPECIAL RULES AFFECTING THE CALCULATION OF NORMAL RETIREMENT PENSION — GENERAL APPLICABILITY.

8.3.1 GENERAL APPLICABILITY: SPECIAL RULES FOR CERTAIN DEMOTIONS.

(1) **Termination.** Notwithstanding any other provision of this Subsection, if a Program Participant's Demotion occurs after he becomes eligible for a Program Pension Benefit and after September 30, 1980, and his Demotion results from permanent medical work restrictions (as determined under the terms of an applicable collective bargaining agreement) or a force surplus (as determined under the terms of an applicable collective bargaining agreement), and the Program Participant's Termination of Employment occurs on or after August 7, 1983, his Basic Monthly Pension Benefit will equal the greater of Paragraphs (a) or (b) below, where:

(a) Is the sum of (i) and (ii), where:

(i) Is the Pension Band Amount for the job title and classification held by the Program Participant before his Demotion, multiplied by his Pension Calculation Service determined as of the earlier of his Termination of Employment or the fifth anniversary of his Demotion; and

(ii) Is the Program Participant's Pension Band Amount for the job title and classification held by the Program Participant on the day before his Demotion, frozen as of the day before his Demotion or, if greater, his Pension Band Amount, multiplied by his Pension Calculation Service from the fifth anniversary of his Demotion to his Termination of Employment, if applicable; and

(b) Is his Pension Band Amount, multiplied by all of his Pension Calculation Service.

8.3.2 ADDITIONAL PROMOTIONS OR DEMOTIONS. If, with respect to any PROGRAM Participant there occurs a series of Promotions, Demotions, Reclassifications, or a series of changes in employment status between coverage under the Program and coverage under the Nonbargained Program or under a substantially similar plan maintained by an AT&T Controlled Group Member or a company with which the Participating Companies have an Interchange Agreement as defined in Supplement 8 of the Plan and any such series is not specifically described in this

Article, the Basic Monthly Pension Benefit of such PROGRAM Employee will be determined in a manner consistent with the provisions of this Article.

8.4 SPECIAL RULES AFFECTING THE PROGRAM PENSION BENEFIT. THE FOLLOWING SPECIAL RULES APPLY TO DETERMINE THE PROGRAM PARTICIPANT'S PROGRAM PENSION BENEFIT.

8.4.1 BASIC MONTHLY PENSION BENEFIT UPON RETURN FROM AN EXTENDED LEAVE WITH LIMITED TERM OF EMPLOYMENT. If a Program Participant has a period of at least twenty-four (24) consecutive months on a Leave of Absence during which he does not receive Term of Employment of more than five hundred (500) hours, his Basic Monthly Pension Benefit will be determined in accordance with Paragraph (1) or (2) below, as applicable.

(1) If the Program Participant has completed an eighteen (18) consecutive month period of Term of Employment following a Leave of Absence, his Basic Monthly Pension Benefit will be determined in accordance with the general rules applicable to Basic Monthly Pension Benefit in Article VII.

(2) If the Program Participant has not completed an eighteen (18) consecutive month period of Term of Employment following a Leave of Absence, his Basic Monthly Pension Benefit will equal the greater of Subparagraphs (a) or (b) below:

(a) The sum of:

(i) The Basic Monthly Pension Benefit, based on his Pension Calculation Service as of the date immediately prior to the start of the Leave of Absence and determined in accordance with the provisions of this Subsection; plus

(ii) The Basic Monthly Pension Benefit, based on his Pension Calculation Service immediately after his return to active service with a Program Employer from a Leave of Absence, and determined in accordance with the provisions of this Subsection; or

(b) The Program Participant's Basic Monthly Pension Benefit determined in accordance with the provisions of this Subsection and based on the Program Participant's Pension Band Amount for the lowest applicable Pension Band Number and the Program Participant's Pension Calculation Service.

8.4.2 SPECIAL EARLY RETIREMENT ELIGIBILITY UPON BREAK IN SERVICE. The special rules set forth in this Subsection apply in determining a PROGRAM Participant's eligibility for an Early Retirement Pension under Article VII.

(1) **Participant Eligible for Pension at Re-employment.** Except as provided in Section 14.2 of the Nonbargained Program or Section 7.3 of the Program, as applicable, this Subsection will apply to a Participant who is eligible for an Early Retirement Pension under Section 7.3 and is re-

employed by a Program Employer after a break in his Term of Employment under Article II of Supplement 4 of the Plan.

(a) If the Participant's latest Termination of Employment occurs before he completes a Term of Employment of five years following his Reemployment Commencement Date and his service is not bridged in accordance with Subsection 2.1.2 or 2.1.3 of Supplement 4 of the Plan, he will be entitled to two Program Pension Benefits as follows:

(i) An Early Retirement Pension determined as of the day after his earlier Termination of Employment, based on his monthly Program Pension Benefit and his Term of Employment on that day; and

(ii) An Early Retirement Pension calculated on the basis of the Participant not satisfying the Modified Rule of 75 determined as of the day after his latest Termination of Employment, based on his monthly Program Pension Benefit and his Term of Employment for the period following his re-employment.

(b) If the Participant's latest Termination of Employment occurs after he completes a Term of Employment of five (5) years following his re-employment or his service is bridged under Subsection 2.1.2 or 2.1.3 of Supplement 4 of the Plan, his eligibility for an Early Retirement Pension will be redetermined as of the day after his latest Termination of Employment, based on all of his Term of Employment.

(2) **Participant Not Eligible for Pension at Re-employment.** This Subsection will apply to a former Program Participant who (i) is not eligible for an Early Retirement Pension under Section 7.3, (ii) incurs a break in his Term of Employment under Subsection 2.1.2 or 2.1.3 of Supplement 4 of the Plan, (iii) does not forfeit his prior Years of Vesting Service under Section 5.3 of the Plan, and (iv) again becomes a Program Participant.

(a) If the Program Participant's latest Termination of Employment occurs before he has completed a Term of Employment of five (5) years following his re-employment or his service is not bridged under Subsection 2.1.2 or 2.1.3 of Supplement 4 of the Plan, his Basic Monthly Pension Benefit will be equal to the sum of:

(i) The Basic Monthly Pension Benefit determined as of the day after his earlier Termination of Employment, based on his Pension Calculation Service on that date; and

(ii) The Basic Monthly Pension Benefit determined as of the day after his latest Termination of Employment, based on

his Pension Calculation Service from his re-employment to his latest Termination of Employment.

- (b) If a Program Participant's latest Termination of Employment occurs after he has completed a Term of Employment of five (5) years following his re-employment, his service is bridged. His eligibility for an Early Retirement Pension will be determined as of the day after his most recent Termination of Employment, based on all of his Term of Employment.

IX. PRE-RETIREMENT SURVIVOR BENEFITS

9.1 PRE-RETIREMENT SURVIVOR ANNUITY.

9.1.1 IMMEDIATE AUTOMATIC PRE-RETIREMENT SURVIVOR ANNUITY. If a Participant:

- (1) Has a Term of Employment of at least fifteen (15) years and dies while he is an Employee; or
- (2) Has satisfied the Modified Rule of 75 and dies while he is an Employee or after his Termination of Employment but prior to his Annuity Starting Date; or
- (3) Has reached Normal Retirement Age and dies while he is an Employee or after his Termination of Employment but prior to his Annuity Starting Date,

Then such Participant's Surviving Spouse will receive a Pre-Retirement Survivor Annuity under this Subsection. The Pre-Retirement Survivor Annuity provided under this Subsection will consist of equal monthly payments that are equal to fifty percent (50%) of the amount of the Program benefit that would have been payable to such Participant if he had begun to receive a Program Pension Benefit in the form of a Joint and 50% Survivor Annuity on the date of his death, regardless of whether such Program Participant had satisfied the Modified Rule of 75 on that date. Such Pre-Retirement Survivor Annuity will not be reduced for commencement prior to such Participant's sixty-fifth (65th) birthday. Payment of the Pre-Retirement Survivor Annuity under this Subsection will begin on the day after the date of the Participant's death and will continue until the last day of the month of the Surviving Spouse's death.

9.1.2 OTHER PRE-RETIREMENT SURVIVOR ANNUITY. If a Participant who is eligible for a Program Pension Benefit that is calculated based upon the Participant not having satisfied the Modified Rule of 75 dies while he is an Employee and his Surviving Spouse is not eligible for a Pre-Retirement Survivor Annuity under the provisions of Subsection 9.1.1, such Surviving Spouse will receive a Pre-Retirement Survivor Annuity under this Subsection. The Pre-Retirement Survivor Annuity provided under this Subsection will be payable as follows:

- (1) Payment of the Pre-Retirement Survivor Annuity under this Subsection will begin on the day after the date of the Participant's death, provided the Surviving Spouse is then living, and will continue until the last day of the month of such Surviving Spouse's death.
- (2) The Pre-Retirement Survivor Annuity under this Subsection will provide such Surviving Spouse with equal monthly payments that are equal to fifty percent (50%) of the amount of the Program Pension Benefit that would have been payable to such Participant if he had begun to receive a Program Pension Benefit calculated based upon the Participant not having satisfied the requirements of the Modified Rule of 75 in the form of a Joint and 50% Survivor Annuity on the day before his death.

- (3) Notwithstanding the foregoing provisions of this Subsection, the Surviving Spouse may elect to defer commencement of the Pre-Retirement Survivor Annuity under this Subsection until no later than when such Participant would have attained Normal Retirement Age. If the Surviving Spouse makes such election, the Pre-Retirement Survivor Annuity under this Subsection will provide such Surviving Spouse with equal monthly payments that are equal to fifty percent (50%) of the amount of the Program Pension Benefit that would have been payable to such Participant if he had survived to the Annuity Starting Date and had begun to receive a Program Pension Benefit, calculated based upon the Participant not having satisfied the requirements of the Modified Rule of 75, in the form of a Joint and 50% Survivor Annuity.

9.2 DISABILITY PRE-RETIREMENT SURVIVOR ANNUITY. If a Participant dies while receiving a Disability Pension in the form of a Single Life Annuity, his Surviving Spouse, or effective April, 1, 2011, his Legally Recognized Partner, will receive a Pre-Retirement Survivor Annuity under this Section. Payment of the Pre-Retirement Survivor Annuity will begin on the first day of the month following the date of the Participant's death, provided the Surviving Spouse or Legally Recognized Partner is then living, and will continue until the last day of the month of the Surviving Spouse's or Legally Recognized Partner's death.

9.2.1 The Pre-Retirement Survivor Annuity will consist of equal monthly payments that are equal to fifty percent (50%) of the amount of the Program Pension Benefit that would have been payable to the Participant if he had begun to receive a Program Pension Benefit in the form of a Joint and 50% Survivor Annuity on the day before his death.

9.2.2 Notwithstanding Subsection 9.2.1, the Surviving Spouse may elect to defer commencement of the Pre-Retirement Survivor Annuity payable under this Subsection until no later than when the Participant would have attained Normal Retirement Age. If the Surviving Spouse makes such election, such Pre-Retirement Survivor Annuity will consist of equal monthly payments that are equal to fifty percent (50%) of the amount of the Program Pension Benefit that would have been payable to the Participant if he had survived to the Annuity Starting Date and had begun to receive a Program Pension Benefit in the form of a Joint and 50% Survivor Annuity. The Legally Recognized Partner is not permitted to defer commencement of the Pre-Retirement Survivor Annuity.

9.3 FORMS OF PAYMENT OF SURVIVOR BENEFITS.

9.3.1 **AUTOMATIC FORM OF PAYMENT OF PRE-RETIREMENT SURVIVOR ANNUITY — ANNUITY.** If a Participant's Surviving Spouse is entitled to a Pre-Retirement Survivor Annuity under Sections 9.1 or 9.2, such benefit automatically will be paid in the form of a Single Life Annuity as described in Sections 9.1 and 9.2.

9.3.2 **ALTERNATIVE FORM OF PAYMENT OF PRE-RETIREMENT SURVIVOR ANNUITY — LUMP SUM.**

- (1) **Eligibility.** The Participant's Surviving Spouse, who is eligible for a Pre-Retirement Survivor Annuity under Subsections 9.1.1 or 9.1.2 may elect a Lump-Sum payment in lieu of the benefit in Subsection 9.3.1.

Surviving Spouses of the Participants identified below are eligible for the Lump Sum:

- (a) CWA District 6 (AT&T Southwest Core Contract)
 - (b) CWA District 6 (Southwestern Bell Yellow Pages, Inc.)
 - (c) CWA District 6 (AT&T Messaging, LLC)
- (2) **Amount.** The amount of the Pre-Retirement Survivor Annuity in the form of a lump-sum payment under this Subsection will equal the Actuarially Equivalent present value of the Pre-Retirement Survivor Annuity payable under Subsection 9.3.1 determined as of the Annuity Starting Date. The amount of the Lump Sum is based on the Participant's Surviving Spouse's age.

9.4 NON-SPOUSE SURVIVOR BENEFIT.

9.4.1 **ELIGIBILITY.** A Pre-Retirement Survivor Annuity that would otherwise be payable under Subsection 9.1.1 or 9.1.2 to the Surviving Spouse of a Participant will be paid under this Subsection to a Designated Beneficiary other than a Surviving Spouse if either:

- (1) Such Participant does not have a Surviving Spouse at his death; or
- (2) Such Participant and his Surviving Spouse have waived the Surviving Spouse's right to a Pre-Retirement Survivor Annuity in favor of such Designated Beneficiary in accordance with Article XIII of the Plan.

9.4.2 **AMOUNT.** The amount of the Pre-Retirement Survivor Annuity in the form of a Lump-Sum payment under this Subsection will equal the Actuarially Equivalent present value of the Pre-Retirement Survivor Annuity payable under Subsection 9.3.1 determined as of the Annuity Starting Date. The amount of the Lump Sum is based on the Participant's age at death. The non-Spouse Pre-Retirement Survivor annuity payable under this Section is not eligible to be deferred until the Participant's Normal Retirement Age.

9.4.3 **DESIGNATED BENEFICIARIES.** Designated Beneficiaries of the Participants identified below are eligible for a Pre-Retirement Survivor Annuity:

- (1) CWA District 6 (AT&T Southwest Core Contract)
- (2) CWA District 6 (Southwestern Bell Yellow Pages, Inc.)
- (3) CWA District 6 (AT&T Messaging, LLC)

X.

DISABILITY BENEFITS — SEE SUPPLEMENTS

XI.

LIMITATIONS ON BENEFITS — SEE PLAN

XII.

TIME OF PAYMENT OF BENEFITS/PAYEE — SEE PLAN

XIII.

FORMS OF PAYMENT OF BENEFITS

13.1 AUTOMATIC FORMS OF PAYMENT OF PROGRAM PENSION BENEFIT. Except as provided in Section 13.2, a Participant's Pension Benefit will be paid in the form of payment applicable to such Participant as follows:

13.1.1 SINGLE LIFE ANNUITY. If the Participant is living on his Annuity Starting Date and does not have a Spouse on such date, his Program Pension Benefit automatically will be paid in the form of a Single Life Annuity.

13.1.2 JOINT AND 50% SURVIVOR ANNUITY. If the Participant is living on his Annuity Starting Date and has a Spouse on such date, his Program Pension Benefit automatically will be paid in the form of a Joint and 50% Survivor Annuity.

13.2 ALTERNATIVE FORMS OF PAYMENT OF PROGRAM PENSION BENEFIT. Subject to the election requirements described in Section 13.2 of the Plan and other requirements provided in Supplements to this Program, a Participant may elect, in lieu of the form of payment provided in Section 13.1, to receive his Program Pension Benefit in one (and only one) of the alternative Program Pension Benefit payment forms listed below to the extent such form is available (as specified below or in an applicable Supplement) to such Participant:

13.2.1 SINGLE LIFE ANNUITY. The Single Life Annuity form of payment is available to all Participants.

13.2.2 JOINT AND 75% SURVIVOR ANNUITY. If the Participant is living on his Annuity Starting Date and has a Spouse on such date, he may elect his Program Pension Benefit to be paid in the form of a Joint and 75% Survivor Annuity with such Spouse as the joint annuitant. Effective April 1, 2011, if the Participant does not have a Spouse on his Annuity Starting Date, but has a Legally Recognized Partner on such date, he may elect his Program Pension Benefit to be paid in the form of a Joint and 75% Survivor Annuity with such Legally Recognized Partner as the joint annuitant.

13.2.3 JOINT AND 100% SURVIVOR ANNUITY. If the Participant is living on his Annuity Starting Date and has a Spouse on such date, he may elect his Program Pension Benefit to be paid in the form of a Joint and 100% Survivor Annuity with such Spouse as the joint annuitant. Effective April 1, 2011, if such Participant does not have a Spouse on his Annuity Starting Date, but has a Legally Recognized Partner on such date, he may elect his Program Pension Benefit to be paid in the form of a Joint and 100% Survivor Annuity with such Legally Recognized Partner as the joint annuitant.

13.2.4 LUMP SUM. The Lump-Sum form of payment is available to (and only to) each Participant of the following employee groups who satisfies (i) the Modified Rule of 75 as of his Termination of Employment or (ii) Section 7.4 of the Program:

- (1) CWA District 6 (AT&T Southwest Core Contract)

(2) CWA District 6 (Southwestern Bell Yellow Pages, Inc.)

(3) CWA District 6 (AT&T Messaging, LLC)

13.2.5 **JOINT AND 50% SURVIVOR ANNUITY.** Effective April 1, 2011, if the Participant does not have a Spouse living on his Annuity Starting Date, but has a Legally Recognized Partner on such date, he may elect his Program Pension Benefit to be paid in the form of a Joint and 50% Survivor Annuity with such Legally Recognized Partner as the joint annuitant.

13.3 POP-UP FEATURE. If a Participant: (i) satisfied the Modified Rule of 75 as of his Annuity Start Date, (ii) is receiving a Program Pension Benefit, and (iii) his Spouse (or effective April 1, 2011, his Legally Recognized Partner) predeceases him after payment of his Program Pension Benefit has begun in the form of a Joint and 50% Survivor Annuity, Joint and 75% Survivor Annuity or a Joint and 100% Survivor Annuity, the amount of such Program Pension Benefit will be increased. The amount of the increase will be the amount that such Program Participant's Pension Benefit was originally reduced from the Single Life Annuity (taking into account any ad hoc increases). The increase will begin with the payment for the month following the death of such Spouse or Legally Recognized Partner.

13.4 WAIVER OF JOINT AND SURVIVOR ANNUITY BY DIVORCED OR SEPARATED SPOUSE PURSUANT TO QUALIFIED DOMESTIC RELATIONS ORDER (QDRO).

13.4.1 Notwithstanding any other provision of the Plan, a Participant may make an irrevocable election to waive his right to payment of his Program Pension Benefit in the form of a survivor annuity after payment has begun in that form, with the consent of the Participant's former Spouse in the event of their divorce or with the consent of the Participant's Spouse in the event of their legal separation, if such waiver is required or allowed under the terms of a QDRO.

13.4.2 In the event of a waiver under this Section, the Participant's Program Pension Benefit will be increased by the amount that his benefit was originally reduced from the Single Life Annuity (taking into account any ad hoc increases) as of the date of the Plan Administrator's acceptance of the QDRO, as if a waiver had been in effect since the Annuity Starting Date.

13.4.3 Payment of the restored monthly Program Pension Benefit will begin with the monthly Program Pension Benefit for the month following the Plan Administrator's acceptance of the QDRO.

XIV.

SPECIAL PROVISIONS FOR PARTICIPANTS WHO TRANSFER TO OR FROM CERTAIN OTHER PLANS OR PROGRAMS

14.1 SPECIAL PROVISIONS FOR PARTICIPATION IN CERTAIN OTHER PROGRAMS. Notwithstanding the provisions of Article XV, the rules set forth in this Section apply in determining the Southwest Pension Benefit of Southwest Participants (equivalent to the definition of Program Participant) who participated in certain other Component Pension Programs in addition to participation in the Southwest Program.

14.1.1 THREE-YEAR WRAP RULE. If the Southwest Program recognizes a Southwest Participant's service for pension calculation purposes while he was covered by a Prior Bargained Plan or Prior Management Plan and such Southwest Participant was not previously covered by the Southwest Program, the Southwest Pension Benefit will be determined as follows:

- (1) If the Southwest Participant is credited with a Term of Employment of less than three (3) years while covered by the Southwest Program, his Southwest Pension Benefit under the Southwest Program will equal the sum of:
 - (a) His Pension Benefit under the Prior Bargained Plan or Prior Management Plan, as in effect on the day that he was last covered by the Prior Bargained Plan or Prior Management Plan, based on his service for pension calculation purposes while covered by the Prior Management Plan or Prior Bargained Plan; and
 - (b) His Southwest Pension Benefit under the Southwest Program, based on his Pension Calculation Service while covered by the Southwest Program.
- (2) If the Southwest Participant is credited with a Term of Employment of three (3) or more years while covered by the Southwest Program in his most recent period of service, his Southwest Pension Benefit under the Southwest Program will equal the greater of:
 - (a) His Southwest Pension Benefit under the Southwest Program, determined under Paragraph (1) above; or
 - (b) His Southwest Pension Benefit under the Southwest Program, based on all of his service for pension calculation purposes while covered by the Southwest Program, and the Prior Management Plan or Prior Bargained Plan.

14.1.2 CERTAIN SERVICE EXCLUDED. For purposes of Subsection 14.1.1, a Southwest Participant's Pension Calculation Service or Term of Employment will exclude any service while he was covered by a Prior Bargained Plan or a Prior Management Plan unless that plan would recognize the service as Pension Calculation Service or Term of Employment, as applicable, if the Southwest

Participant had been covered by a Prior Bargained Plan or a Prior Management Plan unless during the time he is covered by the Southwest Program.

14.2 SERVICE UNDER THE NONBARGAINED PROGRAM WITH PRIOR SERVICE UNDER THE SOUTHWEST PROGRAM. If a Southwest Participant was covered under the Southwest Program or a collectively bargained plan maintained by an Interchange Company as described in Supplement 8 of the Plan (collectively, the “Union Plans”) before becoming covered by the Nonbargained Program and subsequently becomes covered by the Southwest Program, his Southwest Pension Benefit will be determined in accordance with Subsections 14.2.1 or 14.2.2 below, as applicable.

14.2.1 If, at the time a Southwest Participant subsequently becomes covered by the Southwest Program, his Pension Benefit under the Nonbargained Program is determined solely in accordance with the provisions of the Nonbargained Program, his Southwest Pension Benefit will be determined in accordance with the provisions of Subsection 14.1.1 above.

14.2.2 If, at the time a Southwest Participant subsequently becomes covered by the Southwest Program, his Southwest Pension Benefit is determined in accordance with both the provisions of the Nonbargained Program and the provisions of the Southwest Program or “Union Plan”, his Basic Monthly Pension Benefit will be determined in accordance with either Paragraphs (1) or (2) below; and in accordance with Subsection 14.1.2 above. The Southwest Participant’s Supplemental Monthly Pension Benefit, if any, based on the Differentials paid to such Southwest Participant during the latest thirty-six (36) month period under the Southwest Program and the “Union Plans”, as applicable, and determined in accordance with Subsection 7.2.2(3), will be added to his Basic Monthly Pension Benefit.

(1) **New Pension Amount Same or Lower.** If a Southwest Participant’s New Pension Amount, frozen as of the date he subsequently became covered by the Southwest Program, is the same or lower than his Prior Plan Pension Amount, his Basic Monthly Pension Benefit will equal the sum of (i) his Prior Plan Pension Amount or, if higher, his current New Pension Amount, multiplied by his Pension Calculation Service while covered by the Southwest Program and (ii) the greater of:

- (a) His monthly Pension Benefit under the Nonbargained Program as of the date he was last covered by the Nonbargained Program, based on his Pension Calculation Service while covered by the Nonbargained Program; or
- (b) The New Pension Amount, multiplied by his Pension Calculation Service while covered by the Nonbargained Program.

(2) **New Pension Amount Higher.** If the Southwest Participant’s New Pension Amount, frozen as of the date he subsequently became covered by the Southwest Program, is higher than his Prior Plan Pension Amount, his Basic Monthly Pension Benefit will be determined in accordance with Subparagraphs (a) or (b) below, as applicable.

- (a) **At Least 18 Months.** If the Southwest Participant is credited with at least eighteen (18) consecutive months of Term of Employment since he became covered by the Nonbargained Program, his Basic Monthly Pension Benefit will equal the sum of clauses (i) and (ii) below:
 - (i) Is the New Pension Amount, multiplied by his Pension Calculation Service while covered by the Southwest Program; and
 - (ii) Is the greater of: (a) the Southwest Participant's monthly Pension Benefit determined under the Nonbargained Program as of the date he was last covered by the Nonbargained Program, based on his Pension Calculation Service while covered by the Nonbargained Program or (b) the New Pension Amount, multiplied by his Pension Calculation Service while covered by the Nonbargained Program.

- (b) **Less Than 18 Months.** If the Southwest Participant is credited with less than eighteen (18) consecutive months of Term of Employment since he became covered by the Nonbargained Program, his Basic Monthly Pension Benefit will equal the sum of clauses (i), (ii), and (iii) below:
 - (i) Is the Prior Plan Pension Amount, multiplied by his service for pension calculation purposes before he became covered by the Nonbargained Program;
 - (ii) Is the greater of (a) the Southwest Participant's monthly Pension Benefit under the Nonbargained Program as of the date he was last covered by the Nonbargained Program, based on his Pension Calculation Service while covered by the Nonbargained Program or (b) the New Pension Amount, multiplied by his Pension Calculation Service while covered by the Nonbargained Program; and
 - (iii) Is the current New Pension Amount, multiplied by his Pension Calculation Service after he again became covered by the Southwest Program.

14.3 PENSION BENEFITS UNDER OTHER PLANS OR PROGRAMS. A Southwest Participant's Pension Benefit determined under the Southwest Program will be reduced by his pension benefit under a plan or program in which a member of the AT&T Controlled Group is participating or a plan of an Interchange Company as defined in Supplement 8 of the Plan, as applicable, to the extent that his benefit under such plan or program is based upon any period of service for pension calculation purposes that is recognized as Pension Calculation Service under the Southwest Program.

XV. SUSPENSION OF PENSION BENEFITS

- 15.1 SUSPENSION OF PROGRAM PENSION BENEFITS.** If a Program Participant is either (1) employed by an AT&T Controlled Group Member on his sixty-fifth (65th) birthday or (2) re-employed after an Annuity Starting Date with a Participating Company, such Program Participant's right to receive a monthly Program Pension Benefit will be suspended during the period he continues in such employment, subject to the following exceptions:
- 15.1.1 Such suspension will not apply to a Program Participant who is re-employed after sixty-fifth (65th) birthday by a Participating Company and completes less than forty (40) Hours of Service in each calendar month of employment or reemployment.
- 15.1.2 Such suspension will not apply to a Southwest Participant (equivalent to the definition of Program Participant) who is receiving a monthly Southwest Pension Benefit and is rehired as a Management Employee.
- 15.1.3. Any suspension imposed in accordance with this Section will constitute a permanent withholding of the amount so suspended.
- 15.2 RESUMPTION OF PROGRAM PENSION BENEFIT.** If the Program Pension Benefit of Program Participant has been suspended, his Program Pension Benefit will resume pursuant to Article XII of the Plan, subject to the following exception:
- 15.2.1 If the Program Pension Benefit of Program Participant who has attained the age of sixty-five (65) years has been suspended in accordance with Section 15.1, his Program Pension Benefit will resume no later than the first day of the third calendar month after the calendar month in which the Program Participant was last employed for forty (40) or more Hours of Service by an AT&T Controlled Group Member.
- 15.3 AMOUNT OF RESUMED PENSION BENEFIT.**
- 15.3.1 **RE-EMPLOYED FOR FIVE YEARS OR MORE.** The amount of any subsequent Pension Benefit to which the Program Participant may become entitled under the Plan will be determined in accordance with Article VII. The Program Pension Benefit attributable to service before such re-employment will continue to be paid in the same form and amount as it was paid prior to such re-employment.
- 15.3.2 **RE-EMPLOYED FOR LESS THAN FIVE YEARS.** Notwithstanding any other provision of the Program to the contrary, if a Program Participant: (1) began receiving Program Pension Benefit payments (discounted in accordance with the applicable provisions of the Program in effect on the Annuity Starting Date) following his earlier Termination of Employment, (2) becomes re-employed by a Program Employer or an Interchange Company as defined in Supplement 8 of the Plan, (3) has incurred a break in Term of Employment, and (4) does not have a Term of Employment of at least five (5) years when he again incurs a Termination of Employment, then the amount of such Program Participant's

Program Pension Benefit will be recomputed to reflect an adjustment for the period of suspension of his monthly Program Pension Benefit imposed in accordance with Section 15.1. Any such adjustment will be determined in accordance with the following formula:

$$A = (B \times C \times D) / E$$

For the purposes of the above formula:

- A =** The recomputed amount of the Program Participant's Program Pension Benefit;
- B =** The applicable early retirement reduction factor at the Program Participant's age when he last began receiving a Program Pension Benefit, in accordance with the early reduction factor table used to calculate the amount of the original Program Pension Benefit;
- C =** The amount of the Program Participant's latest Program Pension Benefit prior to reduction for early commencement;
- D =** The applicable reduction factor at the Program Participant's age when he subsequently begins receiving a Program Pension Benefit, in accordance with the early retirement reduction factor table used to calculate the amount of the original Program Pension Benefit; and
- E =** The applicable reduction factor at the Program Participant's age when re-employed by a Program Employer or an Interchange Company as defined in Supplement 8 of the Plan, in accordance with the early retirement reduction factor table used to calculate the amount of the original Program Pension Benefit.

The recomputed amount of the Program Participant's Program Pension Benefit determined in accordance with the formula above will be added to the amount of any Program Pension Benefit accrued by the Program Participant during the period of re-employment, and such sum will equal the Program Participant's total Program Participant's Program Pension Benefit to be paid subsequent to his latest Termination of Employment.

15.3.3 EMPLOYED FOR FEWER THAN FORTY HOURS. In accordance with Subsection 15.2.1, for any month after the Program Participant attains age sixty-five (65) during which such Program Participant completes fewer than forty (40) Hours of Service, the amount of the Program Pension Benefit under this Subsection will equal:

- (1) The amount of the Program Pension Benefit payment to which such Program Participant would be entitled if he had a Termination of Employment as of the first day of the first month during which he works less than forty (40) Hours of Service per month after his sixty-fifth (65th) birthday; plus

- (2) Beginning with the month of January that follows the first monthly payment under Paragraph (1) above, any additional Program Pension Benefit to which such Program Participant would be entitled on the December 31 immediately prior to the month of payment, computed as if the Program Pension Benefit under Paragraph (1) above was an in-service pension payable to a Program Participant working after attaining age seventy and one-half (70½) years. When the Program Participant actually has a Termination of Employment, the Program Participant's monthly Program Pension Benefit will be redetermined under Article VII.

The initial payment upon the resumption of the Program Participant's Program Pension Benefit in accordance with this Subsection will include the Program Pension Benefit amount for the month during which such payments resume and any additional amounts withheld during the period between the Termination of Employment and the resumption of payments, less any amounts that are subject to the offset in accordance with Section 15.4.

15.3.4 AMOUNT OF RESUMED PENSION FOR MANAGEMENT EMPLOYEES. With respect to Management Employees covered by Subsection 15.1.2, the amount of any subsequent Pension Benefit to which he may become entitled under the Plan will be reduced by the amount of the monthly Program Pension Benefit under the Program (determined prior to any reduction for early commencement) that entered payment status prior to such re-employment. Such Program Participant may elect to receive the Program Pension Benefit attributable to the period of re-employment in any form otherwise allowed by the Plan, and the Pension Benefit attributable to service before such re-employment will continue to be paid in the same form and amount as it was paid prior to such re-employment.

15.4 OFFSET FOR FAILURE TO SUSPEND. The amount of any payment to be made in accordance with this Article will be reduced by the amount of any payment previously made to the Program Participant for a period of time during which the Program Participant was employed by an AT&T Controlled Group Member or by an Interchange Company, as defined in Supplement 8 of the Plan, if such previous payment was subject to suspension under Section 15.1; provided, however, that such reduction or offset will not exceed in any one month twenty-five percent (25%) of the total Program Pension Benefit that would have been due but for the offset (excluding the initial payment described in Subsection 15.3.3, which is subject to offset without limitation).

**XVI.
FUNDING OF PLAN/PENSION FUND — SEE PLAN**

**XVII.
ADMINISTRATION OF PLAN AND PENSION FUND — SEE PLAN**

**XVIII.
PARTICIPATING EMPLOYERS — SEE PLAN**

**XIX.
AMENDMENT OF PLAN — SEE PLAN**

**XX.
TERMINATION OF PLAN — SEE PLAN**

**XXI.
TOP-HEAVY PROVISIONS — SEE PLAN**

XXII. GENERAL PROVISIONS

- 22.1 TIME TO FILE SUIT.** Any suit based on a denial of eligibility and/or for benefits must be filed no later than five (5) years from the date of final determination by the Plan Administrator.
- 22.2 LUMP-SUM REPAYMENT BASED ON A SETTLEMENT, AWARD, OR ORDER.** Notwithstanding any other provision of the Plan, a Program Participant is permitted to repay his distribution if he returns to active employment with a Participating Employer in accordance with the terms of a settlement, award, or order involving litigation relating to his prior Termination of Employment. Such terms shall be liberally construed to the extent required to give full effect to any remedy set out in such order, award or agreement, subject to any limits imposed by law. The exact amount and period of repayment shall be in accordance with procedures established by the Plan Administrator.

APPENDIX A PENSION BAND TABLES

CWA District 6 (AT&T Southwest Core Contract) (Excluding AT&T Operations, Inc.)					
Pension Band	Termination Date				
	On or After 1/1/2013 and Before 1/1/2014	On or After 1/1/2014 and Before 1/1/2015	On or after 1/1/2015 and Before 1/1/2016	On or after 1/1/2016 and Before 1/1/2017	On or After 1/1/2017
94	25.95	26.21	26.47	26.73	27.00
95	27.50	27.78	28.06	28.34	28.62
96	29.05	29.34	29.63	29.93	30.23
97	30.57	30.88	31.19	31.50	31.82
98	32.13	32.45	32.77	33.10	33.43
99	33.66	34.00	34.34	34.68	35.03
100	35.22	35.57	35.93	36.29	36.65
101	36.76	37.13	37.50	37.88	38.26
102	38.31	38.69	39.08	39.47	39.86
103	39.90	40.30	40.70	41.11	41.52
104	41.45	41.86	42.28	42.70	43.13
105	42.97	43.40	43.83	44.27	44.71
106	44.50	44.95	45.40	45.85	46.31
107	46.10	46.56	47.03	47.50	47.98
108	47.67	48.15	48.63	49.12	49.61
109	49.22	49.71	50.21	50.71	51.22
110	50.75	51.26	51.77	52.29	52.81
111	52.32	52.84	53.37	53.90	54.44
112	53.81	54.35	54.89	55.44	55.99
113	55.44	55.99	56.55	57.12	57.69
114	56.95	57.52	58.10	58.68	59.27
115	58.47	59.05	59.64	60.24	60.84
116	60.05	60.65	61.26	61.87	62.49
117	61.57	62.19	62.81	63.44	64.07
118	63.16	63.79	64.43	65.07	65.72
119	64.69	65.34	65.99	66.65	67.32
120	66.26	66.92	67.59	68.27	68.95
121	67.80	68.48	69.16	69.85	70.55
122	69.38	70.07	70.77	71.48	72.19
123	70.90	71.61	72.33	73.05	73.78
124	72.47	73.19	73.92	74.66	75.41
125	74.02	74.76	75.51	76.27	77.03
126	75.54	76.30	77.06	77.83	78.61
127	77.13	77.90	78.68	79.47	80.26
128	78.66	79.45	80.24	81.04	81.85
129	80.23	81.03	81.84	82.66	83.49
130	81.74	82.56	83.39	84.22	85.06

CWA District 6 (AT&T Southwest Core Contract) (Excluding AT&T Operations, Inc.)					
Pension Band	Termination Date				
	On or After 1/1/2013 and Before 1/1/2014	On or After 1/1/2014 and Before 1/1/2015	On or after 1/1/2015 and Before 1/1/2016	On or after 1/1/2016 and Before 1/1/2017	On or After 1/1/2017
131	83.35	84.18	85.02	85.87	86.73
132	84.86	85.71	86.57	87.44	88.31
133	86.40	87.26	88.13	89.01	89.90
134	87.98	88.86	89.75	90.65	91.56
135	89.51	90.41	91.31	92.22	93.14

CWA District 6 (AT&T Operations, Inc.)					
Pension Band	Termination Date				
	On or After 1/1/2013 and Before 1/1/2014	On or After 1/1/2014 and Before 1/1/2015	On or after 1/1/2015 and Before 1/1/2016	On or after 1/1/2016 and Before 1/1/2017	On or After 1/1/2017
7A8	32.13	32.45	32.77	33.10	33.43
7A9	33.66	34.00	34.34	34.68	35.03
700	35.22	35.57	35.93	36.29	36.65
701	36.76	37.13	37.50	37.88	38.26
7021	38.31	38.69	39.08	39.47	39.86
703	39.90	40.30	40.70	41.11	41.52
704	41.45	41.86	42.28	42.70	43.13
705	42.97	43.40	43.83	44.27	44.71
706	44.50	44.95	45.40	45.85	46.31
707	46.10	46.56	47.03	47.50	47.98
708	47.67	48.15	48.63	49.12	49.61
709	49.22	49.71	50.21	50.71	51.22
710	50.75	51.26	51.77	52.29	52.81
711	52.32	52.84	53.37	53.90	54.44
712	53.81	54.35	54.89	55.44	55.99

SUPPLEMENT 1 DEATH BENEFITS

I. SCOPE

- 1.1 **SCOPE.** This Supplement applies only to Program Participants who are Death Benefit Eligible Employees, Death Benefit Eligible Pensioners, and Disabled Former Employees as defined below. To the extent the provisions of this Supplement conflict with other provisions of the Plan or the Program, this Supplement will control with respect to the Death Benefit Eligible Employees, Death Benefit Eligible Pensioners and Disabled Former Employees. No death benefits will be provided under the Program, other than the ancillary death benefits described in this Supplement and the survivor benefits described in the Program.

II. DEFINITIONS

- 2.1 **DEFINITION.** For purposes of this Supplement each of the following terms when capitalized has the respective meaning set forth below except where the context clearly indicates to the contrary. Capitalized terms not defined below are as defined in the Southwest Program or the Plan, unless the context clearly indicates to the contrary.
- (1) **Accident Death Benefit:** means the accident death benefit described in this Supplement.
 - (2) **Reserved.**
 - (3) **Reserved.**
 - (4) **Reserved.**
 - (5) **Child (or Children):** means the child of a Deceased Employee, who on the day of the death of such Deceased Employee meets one of the following two requirements:
 - (a) Not yet twenty-three (23) years of age and Supported in Whole or in Part by a Deceased Employee or entitled to receive support in whole or in part by the Deceased Employee at the time of his death; or
 - (b) (A) Twenty-three (23) years of age or older, (B) Mentally or Physically Incapable of Self-Support, and (C) receiving from the Deceased Employee more than half of such child's total income from all sources at the time of the Deceased Employee's death; and

For purposes of this definition "Child" will include the following individuals:

- (i.) Such Deceased Employee's child by birth or legal adoption;

- (ii.) The stepchild of such Deceased Employee; and
 - (iii.) A child who resides in the household of such Deceased Employee or for whom the Deceased Employee or the Deceased Employee's spouse is the legally declared guardian of the person of the child or the equivalent thereof under applicable state law; provided, however, that no child will be eligible for coverage under this Paragraph (c) unless both of the following are demonstrated:
 - (1) A court of competent jurisdiction has issued an order assigning to the Deceased Employee and/or the Deceased Employee's Spouse sole and exclusive care, custody, and control of such child, as well as exclusive financial and legal responsibility for such child; and
 - (2) The occurrence of either of the following circumstances:
 - (A) All prior parental rights with regard to such child have been completely and permanently terminated either:
 - (i.) As a result of the death of both of the child's biological or adoptive parents and any and all other persons having legally established parental rights, responsibilities, and duties with regard to such child; or
 - (ii.) By order of a court of competent jurisdiction; or
 - (B) Both parents and any and all other persons having legally established parental rights, responsibilities, and duties with regard to such child are unable to perform substantially all parental duties and responsibilities as a result of such persons':
 - (i.) Physical, mental, and/or medical disability, as determined by a physician or court of competent jurisdiction;
 - (ii.) Imprisonment; or
 - (iii.) Disappearance and the inability to locate such persons by any reasonable means;
- but only for as long as such circumstances continues.
- (6) **Death Benefit:** means one of the following: an Accident Death Benefit, a Sickness Death Benefit, or a Retiree Death Benefit described in this Supplement.

- (7) **Death Benefit Claimant:** means a person entitled to file a claim for a Death Benefit.
- (8) **Death Benefit Compensation:** for purposes of determining a Deceased Employee's Death Benefit under the Plan, will mean the total of twelve (12) months of the Deceased Employee's Wages as of the date set forth below, plus the amount of Nondiscretionary Incentive Compensation and Differentials, as applicable, received by the Deceased Employee for the year immediately preceding and including the date set forth below. For purposes of the preceding sentence, a Deceased Employee's Wages, Nondiscretionary Incentive Compensation and Differentials will be determined as of the earlier of the following dates: (a) December 31, 1989, or (b) the date of the Deceased Employee's last day of service with a Participating Company prior to December 31, 1989, if such Deceased Employee was not on the payroll of a Participating Company on December 31, 1989. If as a result of the preceding sentence, the date determined above falls within a disability absence period covered by a Participating Company's disability plan, and an increase in the Deceased Employee's Wages with an effective date that falls within such disability absence period occurs, such Deceased Employee's Wages will include such increase for purposes of determining such Deceased Employee's Death Benefit Compensation. Notwithstanding this definition, in the case of a Deceased Employee who was an Eligible Employee of Southwestern Bell Telecommunications, Inc. on or before June 30, 1991, this definition will be applied to determine such Deceased Employee Death Benefit Compensation as of the earlier of the following dates: (c) June 30, 1991, or (d) the date of the Deceased Employee's last day of service with Southwestern Bell Telecommunications, Inc. prior to June 30, 1991, if such Deceased Employee was not on the payroll of Southwestern Bell Telecommunications, Inc. on June 30, 1991. Notwithstanding this definition, in the case of a Deceased Employee who was a St. Louis, Missouri, Amarillo, Texas or Corpus Christi, Texas Eligible Employee of Southwestern Bell Mobile Systems, Inc. (effective January 1, 1997, Southwestern Bell Wireless Inc.), such Deceased Employee's Death Benefit Compensation will include the amount of Group Incentive Compensation received by the Deceased Employee for the year immediately preceding and including the date set forth in this definition.
- (9) **Death Benefit Eligible Employee:** means each Program Eligible Employee, other than a Program Eligible Employee on a political Leave of Absence or a public service Leave of Absence, who: (a) On or before December 31, 1989, was a Program Eligible Employee of a Program Employer other than Southwestern Bell Telecommunications, Inc. or an individual in the service of an Interchange Company and covered by an Interchange Agreement as provided in Supplement 8 of the Plan, and who would have been granted a Death Benefit had such individual died on or before December 31, 1989, or (b) On or before June 30, 1991, was a Program Eligible Employee of Southwestern Bell Telecommunications, Inc., and who would have been granted a Death Benefit pursuant to this Supplement had such individual died on or before June 30, 1991. (b) Effective May 1, 1997, former bargained-for Employees of Southwestern Bell Telecommunications, Inc. who moved to another subsidiary will continue to be eligible for Death Benefits pursuant to paragraph (b) above.

- (10) **Death Benefit Eligible Pensioner:** means each Death Benefit Eligible Employee who prior to his Termination of Employment was a Program Eligible Employee and who (a) had satisfied the Modified Rule of 75 and was receiving a Program Pension Benefit, (b) is entitled to receive a Program Pension Benefit and satisfied the Modified Rule of 75, but for the fact that the Program Participant's Program Pension Benefit has been suspended in accordance with the provisions of Article XV of the Southwest Program or (c) is receiving a Disability Pension.
- (11) **Reserved.**
- (12) **Reserved.**
- (13) **Deceased Employee:** means a deceased Death Benefit Eligible Employee, Death Benefit Eligible Pensioner, or Disabled Former Employee, as applicable.
- (14) **Dependent on a Deceased Employee:** means the Deceased Employee provides a significant degree of a Death Benefit Claimant's subsistence by means of contributing money, property, or a service that has a lasting or continuing value to the Death Benefit Claimant, as determined by the Plan Administrator in its discretion.
- (15) **Disabled Former Employee:** means a Program Eligible Employee who becomes totally disabled by reason of accident or sickness while a Program Eligible Employee and who remains totally disabled until death, as determined under the disability plan under which such individual is receiving benefits by reason of his employment or former employment with a Program Employer.
- (16) **Disabled Former Employee Death Benefit:** means the Death Benefit available to a former Program Eligible Employee described in this Supplement.
- (17) **Reserved.**
- (18) **Eligible Beneficiary:** means one or more of the following, as applicable: (a) the Surviving Spouse of a Deceased Employee, if Living with the Deceased Employee at the time of his death; (b) the surviving Legally Recognized Partner of a Deceased Employee; (c) the surviving unmarried Child of a Deceased Employee, if Supported in Whole or in Part by a Deceased Employee or entitled to receive support in whole or in part by the Deceased Employee at the time of his death; or (d) the surviving Parent of a Deceased Employee, who is Dependent on a Deceased Employee at the time of his death and who is either: (a) living in the Same Household as the Deceased Employee at the time of his death; or (b) living in a Separate Household Provided for such Parent by the Deceased Employee at the time of his death.
- (19) **Legally Recognized Partner:** means any individual: (a) who is a Registered Domestic Partner; or (b) with whom an Eligible Employee, retired Eligible Employee, or Participant, as applicable, has entered into a same-gender relationship pursuant to and in accordance with state or local law, such as civil union, or other legally recognized arrangement that provides similar legal benefits, protections, and responsibilities under state law to those afforded to a

Spouse. An individual who has a Spouse will not be permitted to designate a Legally Recognized Partner. No individual will be permitted to designate more than one Legally Recognized Partner during the same period nor will any individual be permitted to designate different Legally Recognized Partners for different plans or programs during the same period.

- (20) **Living in a Separate Household Provided for Such Parent by the Deceased Employee:** means the Deceased Employee contributes a significant degree of support toward a Death Benefit Claimant's principal residence by making the down payment on the purchase of such residence, by making mortgage or rental payments on such residence, by paying taxes on such residence, by paying maintenance expenses on such residence, or by similar means, as determined by the Plan Administrator in its discretion.
- (21) **Living in the Same Household as the Deceased Employee:** means the Death Benefit Claimant is living under the same roof in the same house, apartment, condominium, unit, trailer, or other dwelling as the associated Deceased Employee.
- (22) **Living with the Deceased Employee:** means either: (a) The Death Benefit Claimant was Living in the Same Household as the Deceased Employee, or (b) The Death Benefit Claimant was not Living in the Same Household as the Deceased Employee as a result of being separated for a reason not due to the pending break-up of the Death Benefit Claimant's marriage with the Deceased Employee.
- (23) **Reserved.**
- (24) **Mentally or Physically Incapable of Self-Support:** means either:
- (a) A mentally or physically handicapped Child who, because of a disability existing as of the day of the Deceased Employee's death, is unable to engage in any gainful employment; or
 - (b) A mentally or physically handicapped Child who, as of the day of the Deceased Employee's death, is:
 - (i) Able to engage in some form of gainful employment; and
 - (ii) Undergoing treatment or therapy that at a reasonably foreseeable time in the future will enable such Child to engage in more lucrative employment than that described in Subparagraph (i).
- (25) **Parent:** means either: (a) A Deceased Employee's parent by birth or legal adoption; or (b) A Deceased Employee's stepparent.
- (26) **Pensioner Death Benefit:** means the pensioner death benefit described in Subsection 5.1.1.
- (27) **Reserved.**

- (28) **Reserved.**
- (29) Retiree Death Benefit: means the Pensioner Death Benefit or Disabled Former Employee Death Benefit described in this Supplement.
- (30) **Reserved.**
- (31) **Reserved.**
- (32) **Sickness Death Benefit:** means the sickness death benefit described in this Supplement.
- (33) **Supported in Whole or in Part by the Deceased Employee:** means the following, as determined by the Plan Administrator in its discretion:
- (a) With regard to a Death Benefit Claimant who is a legitimate Child of a Deceased Employee, that:
 - (i) such Death Benefit Claimant was living in the same household as the Deceased Employee; or
 - (ii) the Deceased Employee contributed significantly toward such Death Benefit Claimant's education while such Death Benefit Claimant was attending school and not living in the same household as the Deceased Employee; or
 - (iii) such Death Benefit Claimant was otherwise receiving a significant degree of support from the Deceased Employee; and
 - (b) With regard to a Death Benefit Claimant who is an illegitimate Child of a Deceased Employee, that:
 - (i) the Deceased Employee has acknowledged his parentage of such Death Benefit Claimant; and
 - (ii) the Deceased Employee contributed significantly to such Death Benefit Claimant's support; and
 - (iii) Any of Subparagraph (a)(i) through (iii) above.
- (34) **Wages:** means one of the following, as applicable:
- (a) With regard to
 - (i) A full-time Deceased Employee whose Eligible Beneficiary is entitled to a Death Benefit, or
 - (ii) A part-time Deceased Employee who has been in the continuous service of a Program Employer on and after December 31, 1980, and whose Eligible Beneficiary is entitled to an Accident Death Benefit,

Wages will mean the amount of compensation determined for such Deceased Employee calculated on the basis of full-time service (not including overtime) at such Deceased Employee's base pay rate, as applicable, as determined by his Program Employer, over a specified period;

- (b) With regard to a Deceased Employee not described in the preceding sentence, Wages will mean the amount of compensation determined for such Deceased Employee calculated on the basis of the time constituting his normal service at such Deceased Employee's base pay rate, as applicable, as determined by his Program Employer, over a specified period.

To the extent that Wages are used for any Plan Year to pay any Death Benefit from the Pension Fund, Wages are limited by the Compensation Limit.

III. ACCIDENT DEATH BENEFIT

3.1 ELIGIBILITY TO RECEIVE ACCIDENT DEATH BENEFIT.

3.1.1 ALL DEATH BENEFIT ELIGIBLE EMPLOYEES ARE PARTICIPANTS IN THE ACCIDENT DEATH BENEFIT PLAN. If a Death Benefit Eligible Employee dies while employed by a Program Employer as the result of accidental injury arising out of and in the course of employment by a Program Employer, and the Death Benefit Eligible Employee is survived by an Eligible Beneficiary, an Accident Death Benefit will be paid under this Supplement in accordance with the following Subsection.

3.1.2 For purposes of this Article, accidental injuries will be considered as arising out of and in the course of employment only where the injury resulted solely from an accident that occurred during and in direct connection with the performance of duties to which the Death Benefit Eligible Employee is assigned while in the service of a Program Employer or that he is directed to perform by proper authority, or in voluntarily protecting a Program Employer's property or interests. There must be a clear and well-established history of the cause and circumstances of injury accidentally inflicted, which must be sufficient to produce the alleged injury. There must also be satisfactory evidence that such injury resulted in the Death Benefit Eligible Employee's death.

3.2 AMOUNT OF ACCIDENT DEATH BENEFIT. The Accident Death Benefit will be an amount equal to three (3) times the deceased Program Eligible Employee's Death Benefit Compensation; provided, however, that if a larger Sickness Death Benefit that would have been paid under this Supplement if such Death Benefit Eligible Employee died from sickness (without regard to any waiver under this Supplement) the larger amount will be paid as an Accident Death Benefit under this Supplement. In addition to the Accident Death Benefit, the necessary expenses for the burial of the Death Benefit Eligible Employee, not exceeding \$500, will be paid.

3.3 ELIGIBLE BENEFICIARY OF ACCIDENT DEATH BENEFIT. Payment of the Accident Death Benefit will be made to the Death Benefit Eligible Employee's Eligible Beneficiary, if any.

IV. SICKNESS DEATH BENEFIT

- 4.1 ELIGIBILITY TO RECEIVE SICKNESS DEATH BENEFIT.** If a Death Benefit Eligible Employee dies while employed by a Program Employer as the result of sickness or injury (other than accidental injury as described in Article III) and he is survived by an Eligible Beneficiary, there will be paid a Sickness Death Benefit.
- 4.2 AMOUNT OF SICKNESS DEATH BENEFIT.** The Sickness Death Benefit will be an amount equal to one (1) times the deceased Death Benefit Eligible Employee's Death Benefit Compensation.
- 4.3 ELIGIBLE BENEFICIARY OF SICKNESS DEATH BENEFIT.** Payment of the Sickness Death Benefit will be made to the Death Benefit Eligible Employee's Eligible Beneficiary, if any.

V. RETIREE DEATH BENEFIT

- 5.1 ELIGIBILITY TO RECEIVE RETIREE DEATH BENEFIT.** Upon the death of a Death Benefit Eligible Pensioner or a Disabled Former Employee who is survived by an Eligible Beneficiary, a Retiree Death Benefit will be paid to the applicable Eligible Beneficiary in accordance with the following Subsection.
- 5.1.1 PENSIONER DEATH BENEFIT.** In the event of the death of any Death Benefit Eligible Pensioner, there may be paid a Pensioner Death Benefit in an amount described in Section 5.2.
- 5.1.2 DISABLED FORMER EMPLOYEE DEATH BENEFIT.** If a Disabled Former Employee dies after his Termination of Employment with a Program Employer and is survived by an Eligible Beneficiary, a Disabled Former Employee Death Benefit will be paid.
- 5.2 AMOUNT OF RETIREE DEATH BENEFIT.**
- 5.2.1 PENSIONER DEATH BENEFIT**
- (1) The Pensioner Death Benefit will be equal to the maximum Sickness Death Benefit under Article IV that could have been paid if he had died on his Termination of Employment date.
 - (2) Notwithstanding paragraph (1) above, in the case of a Death Benefit Eligible Pensioner who retired after the last day of the month in which his sixty-fifth (65th) birthday occurred, and whose retirement was effective during the period from January 2, 1979, to August 10, 1980, inclusive, the Death Benefit Eligible Pensioner's Death Benefit will not exceed the maximum Sickness Death Benefit under the Plan that could have been paid if the Death Benefit Eligible Pensioner had died on the last day of the month in which his sixty-fifth (65th) birthday occurred.

- (3) If the Death Benefit Eligible Pensioner retired under the Plan prior to the date specified in such applicable version of the Plan for the payment of an unreduced death benefit subsequent to retirement, the Death Benefit Eligible Pensioner's Death Benefit will be not less than the amount specified in Paragraph (1), reduced by 10% of such amount for each full year that has elapsed since the Death Benefit Eligible Pensioner's retirement.

5.2.2 **DISABLED FORMER EMPLOYEE DEATH BENEFIT.** The Disabled Former Employee Death Benefit will be equal to the maximum Sickness Death Benefit under Article IV that could have been paid if he had died on his Termination of Employment date.

VI. TIME OF PAYMENT OF BENEFITS/PAYEE

6.1 METHOD OF PAYMENT.

6.1.1 PAYMENT ON DEATH OF DEATH BENEFIT ELIGIBLE EMPLOYEE AND RETIREE DEATH BENEFIT ELIGIBLE EMPLOYEE.

- (1) At the death of a Death Benefit Eligible Employee, or Retiree Death Benefit Eligible Employee who is a Bargaining Unit Employee and has a Termination of Employment on or after January 1, 2009, the Active Death Benefit and the Retiree Death Benefit under this Supplement will be paid in a lump sum, unless the Eligible Beneficiary elects to receive installment payments. Installments, if elected, will be paid no more frequently than monthly. The entire Death Benefit must be paid within five (5) years after the death of the Death Benefit Eligible Employee. Notwithstanding any of the provisions in this Supplement, a Deceased Employee may elect to have his Death Benefit paid to an Eligible Beneficiary in equal monthly installments over a specified period, which may not extend beyond ten (10) years after the death of the Deceased Employee, in the case of a written direction filed prior to January 1, 1984, and such period may not extend beyond five (5) years after the death of a Deceased Employee in the case of a written direction filed on or after January 1, 1984.
- (2) At the death of a Retiree Death Benefit Eligible Employee who is a Nonmanagement Nonunion Employee, or is a Bargaining Unit Employee and had a Termination of Employment prior to January 1, 2009, the Retiree Death Benefit under this Supplement will be paid in a lump sum as soon as administratively feasible after proof of death and proof of an eligible beneficiary have been received by the Plan Administrator.
- (3) At the death of a Retiree Death Benefit Eligible Employee who is a Nonmanagement Nonunion Employee, or is a Bargaining Unit Employee, and had a Termination of Employment on or after January 1, 2009 and before January 1, 2013 and who dies on or after December 31, 2016, the Retiree Death Benefit under this Supplement will be paid in a lump sum

as soon as administratively feasible after proof of death and proof of an eligible beneficiary have been received by the Plan Administrator.

- 6.1.2 **PAYMENT ON DEATH OF ELIGIBLE BENEFICIARY.** If an Eligible Beneficiary of a Death Benefit Eligible Employee, a Death Benefit Eligible Pensioner or Disabled Former Employee dies before receiving any amount to which he is entitled under this Supplement, the amount will be payable in a lump sum to the Eligible Beneficiary's estate.

6.2 ADVANCE PAYMENT.

- 6.2.1 Upon the death of a Death Benefit Eligible Employee or Death Benefit Eligible Pensioner, the Plan Administrator, without awaiting determination of an Eligible Beneficiary to whom the Death Benefit under this Section will be made, may pay an amount equivalent to the amount of compensation, disability benefits under the disability plan of the Death Benefit Eligible Employee's employing Program Employer, or monthly pension benefit, as applicable, that the deceased Death Benefit Eligible Employee or Death Benefit Eligible Pensioner would have received from the date of his death until the end of the immediately following applicable pay period, if he had survived until such time. Such payment may be made to the Spouse of the deceased Death Benefit Eligible Employee or Death Benefit Eligible Pensioner, or to some other appropriate individual selected by the Plan Administrator in its discretion. Such payment, if made, will constitute a part of such Death Benefit.
- 6.2.2 In addition to the benefit payable under Subsection 6.2.1 above, if any, before payment of the balance of the Death Benefit under this Subsection, the Plan Administrator, in its discretion, may authorize payment of a part of such Death Benefit, not exceeding fifteen hundred dollars (\$1,500), to meet urgent expenses incident to the last illness and death of the deceased Death Benefit Eligible Employee, Death Benefit Eligible Pensioner or Disabled Former Employee, if any.
- 6.2.3 If any of the individuals to whom a Death Benefit may be payable under this Supplement cannot be found or are incompetent to authorize use of any part thereof for the payment of such expenses, if any, the Plan Administrator, in its discretion, may make such payments, as a part of such Death Benefit, as in its judgment may be reasonable for such expenses and for the burial of the deceased Death Benefit Eligible Employee, Death Benefit Eligible Pensioner or Disabled Former Employee.

6.3 PAYMENT OF INTEREST.

- 6.3.1 In the event that a Death Benefit payable under this Supplement is paid in installments pursuant to the written direction of a Deceased Employee, or as elected by an Eligible Beneficiary, such Death Benefit will be credited with interest from the date of the first installment, and such portion of the Death Benefit that remains unpaid after any installment will be credited with interest from the date of such installment and such interest will be paid as part of the next installment. The rate of interest payable under the preceding sentence will be the

current three (3) month average United States Government Treasury bill rate as redetermined on the first day of each month during the Plan Year.

- 6.3.2 Notwithstanding Subsection 6.3.1 above, no interest will be credited beyond the date of death of the initial Eligible Beneficiary who begins receiving such Death Benefit in installments unless the Plan Administrator determines to pay any unpaid balance to another Eligible Beneficiary in installments, and no interest will be credited or paid in any case when installment payments of a Death Benefit under this Supplement are offset by any payments under law pursuant to Section 6.8.5.

6.4 SOURCE OF PAYMENTS OF DEATH BENEFITS.

- 6.4.1 Accident Death Benefits up to a maximum equal to the greater of fifty thousand dollars (\$50,000) or the corresponding Sickness Death Benefit as provided by this Supplement and Sickness Death Benefits including any interest payable pursuant to Subsection 6.3 will be paid from the Pension Fund either directly or through the purchase of annuities from an insurance company as the Plan Administrator may determine in its discretion.
- 6.4.2 Accident Death Benefits in excess of the greater of fifty thousand dollars (\$50,000) or the corresponding Sickness Death Benefit (as provided by this Supplement) will be payable from an insurance policy purchased from an insurance company, as selected by the Company, and will serve to absolve the Program Employers, the AT&T Controlled Group Members, the Plan Administrator, and the Pension Fund from any and all further obligations for the payment of such benefit and will be paid under AT&T Umbrella Benefit Plan No. 2.
- 6.4.3 In the event the Plan Administrator determines to pay a Death Benefit under this Supplement through the purchase of an annuity from an insurance company in accordance with Subsection 6.4.1, the delivery of an annuity contract to an individual to whom such Death Benefit is payable will serve to absolve the Program Employers, the Plan Administrator, and the Pension Fund from any further obligations for the payment of such benefit.
- 6.4.4 Retiree Death Benefits payable on account of the death of a Retiree Death Benefit Eligible Employee who is a Bargaining Unit Employee and has a Termination of Employment on or after January 1, 2009, will be paid from the Pension Fund either directly or through the purchase of annuities from an insurance company as the Program Employer may determine.
- 6.4.5 Retiree Death Benefits payable on account of the death of a Retiree Death Benefit Eligible Employee who is a Nonmanagement Nonunion Employee, or a Bargaining Unit Employee who had a Termination of Employment prior to January 1, 2009, and all Disabled Former Employee Death Benefits will be payable directly from the AT&T Retiree Death Benefit Program under AT&T Umbrella Benefit Plan No. 1 if the Retiree Death Benefit Eligible Employee was not an Employee at the time of death. If such Retiree Death Benefit Eligible Employee was an Employee at the time of his or her death, then Retiree Death

Benefits will be payable directly from the AT&T Retiree Death Benefit Program under AT&T Umbrella Benefit Plan No. 3.

- 6.4.6 Retiree Death Benefits payable on account of the death of a Retiree Death Benefit Eligible Employee who is a Nonmanagement Nonunion Employee, or a Bargaining Unit Employee who had a Termination of Employment on or after January 1, 2009 and prior to January 1, 2013 and who dies on or after December 31, 2016, will be payable directly from the AT&T Retiree Death Benefit Program under AT&T Umbrella Benefit Plan No. 1 if the Retiree Death Benefit Eligible Employee was not an Employee at the time of death.
 - 6.4.7 All other amounts payable pursuant to this Supplement that are not paid from the Pension Fund, the AT&T Retiree Death Benefit Program under AT&T Umbrella Benefit Plan No. 1, the AT&T Retiree Death Benefit Program under AT&T Umbrella Benefit Plan No. 3, or AT&T Umbrella Benefit Plan No. 2 will be paid from the AT&T Pension Benefit Plan – unfunded and so a charge to the operating expense accounts of the Program Employer that last employed the individual with respect to whom the benefit is due, when and as paid
- 6.5 EXISTENCE OF TWO OR MORE ELIGIBLE BENEFICIARIES.** If a Deceased Employee is survived by more than one Eligible Beneficiary, the benefit will be paid in the following manner to individuals who are Eligible Beneficiaries:
- 6.5.1 If there is a Surviving Spouse or Legally Recognized Partner, the entire benefit will be paid to the Surviving Spouse or Legally Recognized Partner.
 - 6.5.2 If there is no Surviving Spouse or Legally Recognized Partner, the benefit will be paid in equal shares to all surviving Children.
 - 6.5.3 If there is no Surviving Spouse or Legally Recognized Partner, and no surviving Children, the benefit will be paid in equal shares to all surviving Parents.
- 6.6 PAYMENT OF FINAL EXPENSES.** If the Death Benefit payable under this Supplement would have been payable but for the fact that there is no Eligible Beneficiary who survived a Death Benefit Eligible Employee or a Death Benefit Eligible Pensioner, the Plan Administrator in its discretion, may authorize payments to defray:
- 6.6.1 The expenses associated with the last illness and death of a Death Benefit Eligible Employee or Death Benefit Eligible Pensioner, if any; and
 - 6.6.2 In the case of a Sickness Death Benefit or Accident Death Benefit, the expenses associated with the burial of the Death Benefit Eligible Employee or Death Benefit Eligible Pensioner, if any, up to a maximum of five hundred dollars (\$500). Notwithstanding the preceding sentence, the total amount payable under this Subsection will not exceed the maximum amount that would have been payable to an Eligible Beneficiary who would receive a Accident Death Benefit, Sickness Death Benefit, or Pensioner Death Benefit.
- 6.7 CLAIMS FOR DEATH BENEFITS.** All claims for Death Benefits under this Supplement must be made within one (1) year after the death on which the claim is based unless the Plan Administrator, in its discretion, determines that the circumstances warrant an extension.

If notice of the existence of a Spouse, Child, Legally Recognized Partner, or Parent of a Deceased Employee is not served on the Plan Administrator within one (1) year after such Deceased Employee's death, the Plan Administrator will not be required to recognize any claim made by or on behalf of any such individual.

6.8 GENERAL DEATH BENEFIT PROVISIONS.

6.8.1 PAYMENTS TO OTHERS. If there is any question as to the legal right of any Eligible Beneficiary to receive a Death Benefit under this Supplement in the discretion of the Plan Administrator, the amount in question may be (a) paid to the estate of the Deceased Employee or (b) deposited with a court of competent jurisdiction for distribution by said court, in which event neither the Plan, the Southwest Program, the Plan Administrator, any organizational committee or subcommittee, nor any Program Employer will have any further liability to anyone with respect to such amount.

6.8.2 CLAIMS RELEASE

- (1) In case of an accident resulting in the death of a Deceased Employee that entitles his Eligible Beneficiary to a Death Benefit under this Supplement, such Eligible Beneficiary may elect to accept such benefit or to prosecute such claims at law as such Eligible Beneficiary may have against any AT&T Controlled Group Member that employed the Deceased Employee. If election is made to accept such Death Benefit, such election must be in writing and release all AT&T Controlled Group Members from all claims and demands that the Deceased Employee and his Eligible Beneficiaries may have against them, otherwise than under the Plan, on account of such accident.
- (2) If any individual other than an Eligible Beneficiary under the Southwest Program might legally assert a claim against a Program Employer on account of the death of a Deceased Employee, no part of any Death Benefit under this Supplement will be due or payable until there have also been delivered to the Plan Administrator good and sufficient releases of all claims arising from or growing out of the death of the Deceased Employee that such other individual might legally assert against any Program Employer.
- (3) In addition to the foregoing, the Plan Administrator, in its discretion, may require that the elections and releases above described will release any Interchange Company (as defined in Supplement 8 of the Plan), as applicable.

6.8.3 DAMAGE CLAIMS OR SUITS. Should a claim other than under the Southwest Program be presented or suit brought against an Program Employer or any Interchange Company (as defined in Supplement 8 of the Plan) for damages on account of the death of a Deceased Employee, nothing will be payable under this Supplement on account of such death except as provided in Subsection 6.8.4 below; provided, however, that the Plan Administrator may, in its discretion and upon such terms as it may prescribe, waive this provision if such claim be withdrawn or if such suit be discontinued.

- 6.8.4 **JUDGMENT OR SETTLEMENT.** In case any judgment is recovered against a Program Employer or any settlement is made of any claim or suit on account of the death of a Deceased Employee, and the amount that would otherwise have been payable under this Supplement is greater than the amount paid on account of such judgment or settlement, the difference between the two amounts may, in the discretion of the Plan Administrator, be distributed to the Eligible Beneficiary who otherwise would have received a Death Benefit under this Supplement.
- 6.8.5 **PAYMENTS UNDER LAW.** In the event that any benefit that the Plan Administrator determines to be of the same general character as an ancillary benefit provided by the Southwest Program is payable under any law now in force or hereafter enacted to any Employee or to his Eligible Beneficiary, Designated Beneficiary, or Surviving Annuitant under such law, the excess only, if any, of the amount prescribed in the Southwest Program over the amount of such payment prescribed by law will be payable under the Southwest Program. In those cases where, because of differences in the beneficiaries or differences in the time or methods of payment, or otherwise, whether there is such excess or not is not ascertainable by mere comparison but adjustments are necessary, the Plan Administrator in its discretion is authorized to determine whether or not in fact any such excess exists, and, in case of such excess, to make adjustments necessary to carry out in a fair and equitable manner the spirit of the provision for payment of such excess. Notwithstanding the preceding sentence, no benefit payable under the Southwest Program will be reduced by reason of any governmental benefit payable on account of military service or by reason of any benefit that the recipient would be entitled to receive under the Social Security Act.

SUPPLEMENT 2 DISABILITY BENEFITS

I. SCOPE

- 1.1 **SCOPE.** This Supplement will apply only to Program Participants who are eligible for Disability Benefits as determined in this Supplement. To the extent the provisions of this Supplement conflict with other provisions of the Plan or the Program, this Supplement will control with respect to the Disability Benefits provided herein.

II. DEFINITIONS

- 2.1 **DEFINITIONS.** For purposes of this Supplement, each of the following terms when capitalized has the respective meaning set forth below except where the context clearly indicates to the contrary. Each capitalized term used herein that is not defined below has the meaning ascribed to such term in the Program or the Plan unless otherwise stated in this Supplement or no definition is needed for such term.
- 2.1.1 **Disability Pension:** means the disability benefit described in Article III.
- 2.1.2 **Disability Pension Effective Date:** means the first day of the period for which a Disability Pension is payable to a Program Participant.
- 2.1.3 **Pension for Total Disability:** means the Pension for Total Disability described in Article IV.
- 2.1.4 **Total Disability or Totally Disabled:** means, for purposes of this Supplement, a disability that meets the definition of Total Disability or causes one to be Totally Disabled under the short term disability provisions of the AT&T Disability Income Program or its successor.

III. DISABILITY PENSION

- 3.1 **ELIGIBILITY FOR DISABILITY PENSION.** Except for Program Participants employed by Program Employers listed in Subsection 3.1.4, A Program Participant is eligible for a Disability Pension upon his Termination of Employment if he:
- 3.1.1 Has at least fifteen (15) years of Term of Employment;
- 3.1.2 Is determined to be Totally Disabled while employed by a Program Employer;
and
- 3.1.3 Has not satisfied the Modified Rule of 75 at the time of such determination.

- 3.1.4 **EXCLUDED EMPLOYEES.** The preceding Subsection notwithstanding, a Program Participant will not be eligible for a Disability Pension if he is an employee of AT&T Video Services, Inc. at his Termination of Employment.
- 3.2 **AMOUNT OF DISABILITY PENSION.** The amount of a Program Participant's Disability Pension will be the Program Participant's Normal Retirement Pension without the application of early reduction factors that would otherwise apply.
- 3.3 **OFFSETS OF DISABILITY PENSION FOR WORKERS' COMPENSATION.** With respect to a Program Participant who is receiving a Disability Pension, each monthly Disability Pension amount will be offset by any benefits he receives under workers' compensation.
- 3.4 **COMMENCEMENT AND DURATION OF DISABILITY PENSION.** A Program Participant's Disability Pension will commence on the day after the Program Participant has a Termination of Employment on account of being Totally Disabled and will continue until the earliest of the following dates:
- 3.4.1 Reserved
 - 3.4.2 Reserved
 - 3.4.3 Reserved
 - 3.4.4 The last day of the month of the Program Participant's death, subject to the provisions of Disability Pre-Retirement Survivor Annuity provisions of the Southwest Program and applicable provisions of this Supplement;
 - 3.4.5 The end of the month in which the Program Participant's Total Disability ends; or
 - 3.4.6 The day the Program Participant begins to receive a Program Pension Benefit under the Normal Retirement Pension Provisions in Article VII of the Southwest Program.
- 3.5 **FORM OF PAYMENT OF DISABILITY PENSION BENEFITS.**
- 3.5.1 **AUTOMATIC FORM OF PAYMENT OF DISABILITY PENSION BENEFIT.** Except as provided in Subsection 3.5.2, the Program Participant's Disability Pension will be paid in the form of payment applicable to such Program Participant as follows:
- (1) **Single Life Annuity.** A Program Participant who does not have a Spouse on his Disability Pension Effective Date will receive his Disability Pension in the form of a Single Life Annuity.
 - (2) **Joint and 50% Survivor Annuity.** A Program Participant who has a Spouse on his Disability Pension Effective Date will receive his Disability Pension in the form of a Joint and 50% Survivor Annuity, with such Spouse as the joint annuitant.
- 3.5.2 **ALTERNATIVE FORMS OF PAYMENT OF DISABILITY PENSION.** A Program Participant may elect within thirty (30) days following his Disability Pension Effective Date, in lieu of the form of payment provided in Subsection 3.5.1, to receive his Disability

Pension in one (and only one) of the alternative payment forms listed below to the extent such form is available to such Program Participant:

- (1) **Single Life Annuity.** A Program Participant may elect to receive his Disability Pension in the form of a Single Life Annuity.
- (2) **Joint and 100% Survivor Annuity.** A Program Participant who has a Spouse or, on or after April 1, 2011, a Legally Recognized Partner on his Disability Pension Effective Date may elect to receive his Disability Pension in the form of a Joint and 100% Survivor Annuity with such Spouse or Legally Recognized Partner as the joint annuitant
- (3) **Joint and 75% Survivor Annuity.** A Program Participant who has a Spouse (or effective April 1, 2011, a Legally Recognized Partner) on his Disability Pension Effective Date may elect to receive his Disability Pension in the form of a Joint and 75% Survivor Annuity with the Spouse or Legally Recognized Partner as the joint annuitant.
- (4) **JOINT AND 50% SURVIVOR ANNUITY.** Effective April 1, 2011, if the Program Participant does not have a Spouse living on his Disability Pension Effective Date, but has a Legally Recognized Partner on such date, he may elect his Disability Pension to be paid in the form of a Joint and 50% Survivor Annuity with such Legally Recognized Partner as the joint annuitant.

3.5.3 **POP-UP FEATURE.** If payment of a Program Participant's Disability Pension has begun in the form of a Joint and 50% Survivor Annuity, Joint and 75% Survivor Annuity, or a Joint and 100% Survivor Annuity and (1) the Program Participant's Spouse (or effective April 1, 2011, his Legally Recognized Partner) predeceases him or (2) the Program Participant and the Spouse are divorced prior to the Program Participant's Normal Retirement Age, the Program Participant's Disability Pension will be increased to be the amount that would have been payable to him as of the date of death of such Spouse or Legally Recognized Partner or divorce of the Spouse, or legal dissolution of the Legally Recognized Partner arrangement as applicable, in the form of a Single Life Annuity. Payment of such restored monthly pension benefit will begin with the payment for the month following the death of the Spouse or Legally Recognized Partner, or divorce of the Spouse, or legal dissolution of the Legally Recognized Partner arrangement as applicable.

3.5.4 **CESSATION OF DISABILITY PENSION.** A Program Participant will cease to receive a Disability Pension upon commencement of his Program Pension Benefit under Section 7.4 of the Southwest Program.

- 3.6 SURVIVOR BENEFITS.** Unless a Program Participant is eligible for a Disability Pre-Retirement Survivor Annuity under Section 9.2 of the Southwest Program, the only Disability Pension benefits paid to a survivor are those that are paid if a Disability Pension is payable in the form of a Joint and 50% Survivor Annuity, Joint and 75% Survivor Annuity, or a Joint and 100% Survivor Annuity.

IV. PENSION FOR TOTAL DISABILITY

- 4.1 ELIGIBILITY.** A Program Participant who not an Employee of AT&T Video Services, Inc. has satisfied the Modified Rule of 75 will be granted, upon his Termination of Employment on account of Total Disability, a Pension for Total Disability (and not a Disability Pension).
- 4.2 AMOUNT.** The amount of the Pension for Total Disability will be the Program Participant's Normal Retirement Pension without the application of any early reduction factors that would otherwise apply.
- 4.3 COMMENCEMENT OF PAYMENT.** Upon election to receive a Pension for Total Disability, payment of the Pension for Total Disability will begin on the Program Participant's Annuity Starting Date after the Program Participant's Termination of Employment and will continue until the last day of the month of the Program Participant's death. Commencement of Pension for Total Disability constitutes commencement of the Program Pension Benefit as described in Section 7.1 of the Program.
- 4.4 FORMS OF PAYMENT.** The forms of payment for a Pension for Total Disability are the annuity forms of payment available for a Program Pension Benefit under Article XIII of the Program. The Pension for Total Disability is not available in a Lump Sum.

V. GENERAL PROVISIONS

- 5.1 PAYMENTS UNDER LAW.** In the event that any ancillary benefit that the Plan Administrator determines to be of the same general character as an ancillary benefit provided by the Program is payable under any law now in force or hereafter enacted to any Employee or to his Eligible Beneficiary, Designated Beneficiary, or Surviving Annuitant under such law, the excess only, if any, of the amount prescribed in the Program over the amount of such payment prescribed by law will be payable under the Program. In those cases where, because of differences in the beneficiaries or differences in the time or methods of payment, or otherwise, whether there is such excess or not is not ascertainable by mere comparison but adjustments are necessary, the Plan Administrator in its discretion is authorized to determine whether or not in fact any such excess exists, and, in case of such excess, to make adjustments necessary to carry out in a fair and equitable manner the spirit of the provision for payment of such excess. Notwithstanding the preceding sentence, no benefit payable under the Program will be reduced by reason of any governmental benefit payable on account of military service or by reason of any benefit that the recipient would be entitled to receive under the Social Security Act.
- 5.2 RESERVED.**

5.3 SOURCE OF DISABILITY PENSION PAYMENTS.

- 5.3.1 **DISABILITY PENSION.** A Disability Pension, including a Survivor Annuity amount payable prior to when the Program Participant would have attained Normal Retirement Age, will be a charge to the operating expense accounts of the Employer that last employed the Program Participant. A Survivor Annuity amount payable after the Program Participant would have attained Normal Retirement Age will be paid from the Pension Fund.
- 5.3.2 **PENSION FOR TOTAL DISABILITY.** A Pension for Total Disability will be paid from the Pension Fund. If a Program Participant makes the election provided in this Subsection to receive a Pension for Total Disability, his Program Employer will pay out of operating expense accounts the excess, if any, of (1) the amount of disability benefits the Program Participant would have received for each month if he had not made the election over (2) the sum of the monthly Pension Benefit and the worker's compensation benefits, if any, the Program Participant received for that month. For purposes of determining the sum described in (2) of the preceding sentence, the Program Participant's Pension Benefit will be deemed to be payable in the form of a Single Life Annuity.

SUPPLEMENT 3 SPECIAL PENSION ACCOUNTS

I. SCOPE

- 1.1 **SCOPE.** This Supplement will apply only to SPA Eligible Employees as defined below to the extent the provisions of this Supplement conflict with other provisions of the Plan or the Program, this Supplement will control with respect to such SPA Eligible Employees.

II. DEFINITIONS

- 2.1 **DEFINITIONS.** Except as otherwise noted below, where a capitalized term is used in this Supplement, the capitalized term will have the meaning set forth in the prior version of the Plan document or Component Pension Program that was in effect at the time that the related event occurred or the Plan or Component Pension Program that was amended to describe the related event.

2.1.1 **SPA Eligible Employee:** means each Program Eligible Employee who:

- (1) Was either a Program Eligible Employee of Southwestern Bell Telephone Company, SBC Operations, Inc., Southwestern Bell Messaging Services, Inc., a Program Eligible Employee covered by the 1998 CWA/SWBT Departmental Agreement who is not a Program Eligible Employee of SWBT, or a Program Eligible Employee covered by a collective bargaining agreement which follows the terms and conditions of the 1998 CWA/SWBT Departmental Agreement, and
- (2) Was a Southwestern Bell Telephone Company, SBC Operations, Inc., or Southwestern Bell Messaging Services, Inc. bargained-for Employee on December 31, 1999, and eligible for a lump sum benefit, and
- (3) Who was eligible for a Service Pension from the Southwest Program on December 31, 1999.

III. BENEFITS

- 3.1 **BENEFITS.** A Pension Benefit payable in a lump sum to an SPA Eligible Employee who has a Termination of Employment on or after January 1, 2000, will never be less than the Special Pension Account. The Pension Benefit payable to an SPA Eligible Employee in a form other than a lump sum will never be less than the Actuarial Equivalent of the Special Pension Account using the Applicable Interest Rate and Applicable Mortality Table.

- 3.2 SPECIAL PENSION ACCOUNT.** A Special Pension Account will be created for each SPA Eligible Employee who terminates employment on or after January 1, 2001, in accordance with the following Paragraphs:
- 3.2.1 The initial value of the Special Pension Account will be calculated as of December 31, 1999, and will equal the lump sum benefit that the SPA Eligible Employee would have been entitled to if he had a Annuity Starting Date of December 31, 1999.
 - 3.2.2 The Special Pension Account will be credited with interest from January 1, 2000, through December 31, 2000, using the published average annual yield for 30-year Treasury bonds during the month of November, 1999, in accordance with the Retirement Protection Act of 1994.
 - 3.2.3 On January 1, 2001, the amount of the Special Pension Account will be frozen and will operate as a minimum lump sum benefit as long as the SPA Eligible Employee is otherwise eligible for a lump sum benefit under the terms of the Southwest Program.
 - 3.2.4 The Special Pension Account will be available as an alternative benefit for any SPA Eligible Employee who has a Termination of Employment at any time on or after January 1, 2001, and who is otherwise eligible for a lump sum benefit under the terms of the Southwest Program.
 - 3.2.5 An SPA Eligible Employee who has a Termination of Employment on or after January 1, 2001, and who elects a lump sum form of payment will receive the greater of (i) the Special Pension Account or (ii) the lump sum pension benefit otherwise payable under the Southwest Program.
 - 3.2.6 A surplused SPA Eligible Employee who has a Force Disposition Date (“FDD”), as defined by the 1998 Labor Agreements between the Communications Workers of America (“CWA”) and Southwestern Bell Telephone Company (“SWBT”), henceforth the “Agreement”, of January 1, 2000 or later but prior to January 1, 2001 and who did not refuse a lateral job offer in the Force Adjustment Area, as defined by the Agreement, will be eligible for the SPA upon Termination of Employment.
 - 3.2.7 A SPA Eligible Employee who voluntarily replaces an employee who is surplused and terminates his/her employment as a “voluntary severance candidate”, as defined by the Agreement with a FDD of January 1, 2000 or later but prior to January 1, 2001 will be eligible for the SPA upon Termination of Employment.
 - 3.2.8 A SPA Eligible Employee who terminates employment pursuant to (6) or (7) immediately above, will be credited with interest on his/her SPA through the end of the month containing the day following such SPA Eligible Employee’s Termination of Employment.

**SUPPLEMENT 4
RESERVED**

(SEE PRIOR PLAN DOCUMENT DATED JANUARY 1, 2013 FOR SUPPLEMENT INFORMATION)

SUPPLEMENT 5 SPECIAL RULES: FACILITIES LOCATE WORK

I. SPECIAL RULE

- 1.1 SPECIAL RULE.** Effective November 22, 2002, each Southwest Participant employed by Southwestern Bell Telephone Company who:
- 1.1.1 Is surplused (pursuant to Article XVII, Force Adjustment, of the 2001 Departmental Agreement);
 - 1.1.2 Accepts the job title of “Assistant Customer Services Technician;”
 - 1.1.3 Such work location is not in the state of Arkansas;
 - 1.1.4 Immediately preceding accepting the job title of Assistant Customer Services Technician such Program Participant was assigned to a higher Pension Band than that for Assistant Customer Services technician for purposes of Subsection 7.2.2.
 - 1.1.5 Continually has a Job Vacancy Request form on file to return to his former job (pursuant to Article XIII, Job Vacancy, of the 2001 Departmental Agreement); and
 - 1.1.6 Does not decline an offer from Southwestern Bell Telephone Company to return to a former job title in the Program Participant’s Force Adjustment Area (pursuant to Article XVII, Force Adjustment, of the 2001 Departmental Agreement),

will have Program Pension Benefit accruals while assigned to the job title of Assistant Customer Services Technician calculated using the higher Pension Band assigned to the job title to which the Program Participant was assigned for purposes of Subsection 7.2.2 immediately preceding accepting the job title of Assistant Customer Services Technician.

II. DEFINITIONS

- 2.1 DEFINITIONS.** Where a capitalized term is used in this Supplement, the capitalized term will have the meaning set forth in the prior version of the Plan document or Component Pension Program that was in effect at the time that the related event occurred or the Plan or Component Pension Program that was amended to describe the related event.

Exhibit C

**NONBARGAINED PROGRAM
OF THE AT&T PENSION BENEFIT PLAN**

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I.

PURPOSE AND TYPE OF PLAN

- 1.1 **COMPONENT PENSION PROGRAM.** The Nonbargained Program as set forth in this document is a Component Pension Program as defined in the Plan. As a Component Pension Program, the Program is thereby incorporated into and made a part of the Plan and is subject to, and governed by, all provisions of the Plan. The Program consists of all provisions set forth in this document and the additional provisions set forth in the Plan. References to the Plan in this Program document are to the Plan document.

II. HISTORY AND RESTATEMENT OF NONBARGAINED PROGRAM

- 2.1 ORIGINAL NAME AND ORIGINAL EFFECTIVE DATE OF PROGRAM.** The Nonbargained Program was originally adopted effective January 1, 1984 (then known as the Southwestern Bell Corporation Management Pension Plan).
- 2.2 PLAN MERGERS.** The following Sections of this Article, as of the Restatement Effective Date, identify the plans that have been merged with and into the Plan and whose participants are Program Participants. Any special provisions relating to the participants of those merged plans are set forth in supplements hereto, and those special provisions, as they currently exist or as they may be modified from time to time, control over any contrary or inconsistent provisions in the Plan or the Nonbargained Program. In addition, the Supplements will be updated and amended from time to time to include any special provisions relating to participants in any plan that may be merged with and into the Nonbargained Program on or after the Restatement Effective Date, and those special provisions, as they exist at the time of such adoption or as they may be modified from time to time, will control over any contrary or inconsistent provisions in the Plan or the Nonbargained Program.
- 2.3 MERGER OF PTG CASH BALANCE PLAN.** The Pacific Telesis Group Cash Balance Plan for Salaried Employees was merged with and into the Plan, effective January 1, 1999, and became part of the Nonbargained Program as of such date and as reflected in Supplement 9.
- 2.4 MERGER OF SNETMPP.** The SNET Management Pension Plan was merged with and into the Plan, effective January 1, 2000, and became part of the Nonbargained Program as of such date and as reflected in Supplement 10.
- 2.5 MERGER OF AMPP.** The Ameritech Management Pension Plan was merged with and into the Plan, effective December 31, 2004, and became the Midwest Management Program. As of January 14, 2005, a portion of the Midwest Management Program containing Midwest Managers was merged with and into the Nonbargained Program as reflected in Supplement 11.
- 2.6 SPECIAL PROVISIONS FOR CERTAIN PROGRAM PARTICIPANTS.** Special provisions relating to certain groups of Program Participants are set forth in Supplements hereto, and those special provisions may be amended, supplemented, or deleted from time to time, and those special provisions, as they currently exist or as they may be modified from time to time, control over any contrary or inconsistent provisions in the Plan or the Nonbargained Program. In addition, these Supplements may be updated and amended from time to time, or additional Supplements may be added from time to time to include any special provisions relating to certain Program Participants that may be adopted on or after the Restatement Effective Date, and those special provisions, as they exist at the time of such adoption or as they may be amended, supplemented, or deleted from time to time will control over any contrary or inconsistent provisions in the Plan or the Nonbargained Program.

III. DEFINITIONS AND CONSTRUCTION

3.1 DEFINITIONS. For purposes of the Program, each of the following terms when capitalized has the respective meaning set forth below except where the context clearly indicates to the contrary. Each capitalized term used herein that is not defined below has the meaning ascribed to such term in the Plan unless otherwise stated in this Program or no definition is needed for such term.

- (1) **Actual Base Pay:** means solely for purposes of the Program the definition of Actual Base Pay contained in the Plan as modified as follows:

For periods prior to January 1, 2005:

For the following employers:

- (a) Southern New England Telecommunications Corporation,
- (b) Springwich Cellular Limited Partnership,
- (c) SNET Personal Vision, Inc.,
- (d) The Woodbury Telephone Company,
- (e) SNET America, Inc.,
- (f) SNET Enhanced Services, Inc.,
- (g) The Southern New England Telephone Company,
- (h) SNET Mobility, Inc.,
- (i) SNET Cellular, Inc.,
- (j) SNET Diversified Group, Inc., and
- (k) SNET Information Services, Inc.

Actual Base Pay will mean a Program Participant's compensation that actually has been paid out by a Program Employer on such Program Participant's behalf and that has been identified by such Program Employer as base pay. For a Program Participant on short-term disability, Actual Base Pay will be the amount of payment such Program Participant is entitled to under any short-term disability plan that covers such Program Participant as an Employee of a Nonbargained Employer determined before reductions for workers' compensation, Social Security disability payments, and other payments made under law.

For all other Program Employers for periods prior to January 1, 2005, Actual Base Pay will mean a Program Participant's compensation that actually has been paid out by a Program Employer on such Program Participant's behalf and that has been identified by such Program Employer as base pay.

- (2) **Banded Programs:** means each of the following Component Pension Programs:
- The Midwest Program;
 - The Southwest Program; and
 - The West Program.
- (3) **Basic Rate(s) of Pay:** means the specific, annualized, fixed wage rate assigned by the Employer or Interchange Company as defined in Supplement 8 of the Plan to an Employee. Basic Rate of Pay excludes all other compensation such Employee may receive or be entitled to, including but not limited to bonuses, incentive pay, commissions, team or merit awards or temporary higher classification pay, special project allowances and area differentials, and all other at-risk pay. The Basic Rate of Pay for a part-time employee will be the actual annualized base pay received by that Employee, not its full-time equivalent. The Basic Rate of Pay for an Employee who worked only a portion of a full year (or whose base rate of pay at the relevant time had not been in effect for a full year) will be determined by annualizing the employee's base rate of pay on the relevant date as if it had been in effect for one full year.
- (4) **Bellcore Buy Out:** means the amount of compensation paid to a Participant over a specified period upon his return to employment with a Southwestern Bell company from a Rotational Assignment with Bell Communications Research, Inc. prior to the end of such assignment's contract period that is intended to make up the difference, if any, between the Participant's Actual Base Pay immediately before and immediately after such assignment for the balance of the assignment period.
- (5) **CAM Average Annual Compensation:** means a CAM Participant's total Pension Compensation attributable to the time periods during the CAM Averaging Period, plus the Pension Compensation received in the first (1st) paycheck received by such CAM Participant after December 31, 1999, that is attributable to service on or before December 31, 1999, divided by five (5).
- (6) **CAM Averaging Period:** means the period beginning January 1, 1995, and ending December 31, 1999.
- (7) **CAM Excess Limit:** means four hundred dollars (\$400) per month.
- (8) **CAM Formula:** means the Normal Retirement Pension formula described in Paragraph 7.2.2(1).
- (9) **CAM Income:** means a CAM Participant's CAM Average Annual Compensation, multiplied by his Pension Calculation Service through December 31, 1999, plus such CAM Participant's total Pension Compensation after December 31, 1999 (but excluding any Pension Compensation that was included in his CAM Average Annual Compensation), but not less than the total Pension Compensation paid to such CAM Participant after January 1, 1995.

- (10) **CAM Participant:** means each Program Participant who is employed by a Program Employer subject to the following:

For a Program Participant who is promoted from a Banded Program, such Program Participant must be promoted on or after June 13, 2001, and must remain continuously employed as a Program Eligible Employee for at least three (3) years after such promotion.

- (11) **Cash Balance Formula:** means the Normal Retirement Pension formula described in Paragraph 7.2.2(2).

- (12) **Normal Retirement Age:** means the later of age sixty-five (65) or the fifth anniversary of the date he commenced participation in the Plan.

- (13) **Offsetting Benefit:** means a benefit described in Section 14.2.

- (14) **PBM Eligible Participant:** means each Program Participant who:

- Was promoted into the Nonbargained Program from a Banded Program on or after June 13, 2001; and
- Had an Accrued Benefit under such Banded Program immediately prior to becoming a Program Participant.

- (15) **PBM Supplement:** means the Supplemental Monthly Pension Benefit defined in the applicable Banded Program.

- (16) **PBM Transfer Date:** means with respect to each PBM Eligible Participant, the day immediately preceding the day he became a Program Participant.

- (17) **Pension Band Minimum Formula:** means the Normal Retirement Pension formula described in Paragraph 7.2.2(3).

- (18) **Pension Compensation:** means subject to the special rules set forth in Article VIII and any other special provisions set forth in the Program or the Plan relating to the calculation of Pension Compensation, the total of a Program Participant's:

- Actual Base Pay;
- Group Incentive Compensation;
- Group Incentive Compensation Adjustment paid on or after January 1, 2000;
- Special Contribution Awards paid on or after January 1, 2001 (formerly paid by Ameritech); and
- Lump-Sum Special Payments paid on or after January 1, 2004;

provided, however, that Pension Compensation will exclude any: (i) signing bonus; (ii) retention pay; (iii) severance pay; (iv) recognition award; (v) spot bonus; (vi) premium paid in connection with highly marketable skills; (vii) foreign service or other geographic differential; (viii) relocation allowance or housing allowance; (ix) tax equalizing gross-up; (x) replacement compensation paid in lieu of benefits; (xi) award for contests, sales promotions, or market blitzes;

(xii) stock option; (xiii) income generated from the exercise of a long-term incentive award; and (xiv) benefit payable under the Short Term Incentive Plan; and provided further that the amount of Pension Compensation taken into account under the Program for any Plan Year for each Program Participant will not exceed the applicable Compensation Limit.

For a Program Participant on short-term disability, Pension Compensation will be the amount of payment such Program Participant is entitled to under any short-term disability plan that covers such Program Participant as an Employee of a Program Employer determined before reductions for workers' compensation, Social Security disability payments, and other payments made under law.

Furthermore, amounts deferred by a Program Participant during a Plan Year (i) as a result of participation in a nonqualified plan of deferred compensation sponsored by an AT&T Controlled Group Member; (ii) any elective deferrals and any amounts that are contributed or deferred by an AT&T Controlled Group Member at the election of the Program Participant and that are not included in the gross income of the Program Participant by reason of Code section 125 or Code section 457, or for Plan Years beginning on or after January 1, 2001, by reason of Code section 132(f) will be included in Pension Compensation subject to the Compensation Limit.

Notwithstanding anything in this Subsection to the contrary, effective with annual bonuses paid on or after January 1, 2010, for Program Participants promoted to officer level (as designated on payroll records of the Company) on or after January 1, 2009, and actively on AT&T's payroll on or after January 1, 2011, a Program Participant's Pension Compensation also will include the annual bonus payments made in addition to the Actual Base Pay and that are based upon achievement of a certain level of predetermined objectives, such as financial performance and customer service.

- (19) **Program Employee:** means effective January 1, 1994, an Employee will include an individual who transferred from an Employer to Bell Communications Research, Inc. on a Rotational Assignment during the period of the individual's Rotational Assignment.
- (20) **Rotational Compensation:** means a Participant's basic compensation, Group Incentive Compensation, Nondiscretionary Incentive Compensation, and Differentials paid by Bell Communications Research, Inc. while such Participant was on a temporary employment-related assignment to Bell Communications Research, Inc. with an expected return to the transferor Employer.
- (21) **Special Offset Interest Adjustment Rate:** means the Special Offset Interest Adjustment Rate as defined in any applicable Supplement and Article XIV.
- (22) **Special Offset Participant:** means the Special Offset Participant as defined in any applicable Supplement and Article XIV.
- (23) **Total Service Related Benefit:** means a Program Participant's benefit under the Program that is calculated by including service that was used to calculate the Offsetting Benefit, if any.

IV. ELIGIBILITY AND PARTICIPATION

4.1 ELIGIBILITY TO PARTICIPATE. Each Eligible Employee employed by a Program Employer who satisfies Subsection 4.1.1 below is a Program Eligible Employee eligible to participate in the Program:

4.1.1 PARTIAL FREEZE OF NEW ENTRANTS INTO PROGRAM. A Program Eligible Employee is an Employee who was employed by an AT&T Controlled Group Member on December 31, 2006, and does not have a hire date or rehire date after December 31, 2006, and who also satisfies one of the following requirements:

- (1) **Management Employee.** If such Employee is a Management Employee employed by a Program Employer, he is a Program Eligible Employee eligible to participate in the Nonbargained Program.
- (2) **Certain Transferred In Employees.** If such Employee is an Eligible Employee who transfers from an employer or a position or status listed in Section 3.1 of Supplement 10 of the Plan to a Program Employer between January 1, 2007, and November 30, 2008, he is a Program Eligible Employee eligible to participate in the Nonbargained Program as of the date of such transfer or change in position or status. Effective December 1, 2008, any Eligible Employee who transfers from an employer or a position or status listed in Section 3.1 of Supplement 10 of the Plan to a Program Employer will not be a Program Eligible Employee eligible to participate in the Nonbargained Program.
- (3) **Certain Transferred Out or Promoted Employees.** If such Employee of a Program Employer is a Management Employee, a Nonmanagement Nonunion Employee, or a Bargaining Unit Employee when he is transferred or promoted to a management position at an AT&T Controlled Group Member, except for those who are transferred to an employer or promoted to a position with an employer listed in Section 2.1 of Supplement 10 of the Plan, he is a Program Eligible Employee eligible to participate in the Nonbargained Program.

4.1.2 EXCLUDED EMPLOYEE BY PROGRAM. Notwithstanding the preceding provisions of this Section or any other provision in the Nonbargained Program to the contrary, the term Program Eligible Employee specifically excludes any individual who is concurrently an eligible employee under any of the following:

- (1) AT&T Legacy Management Program;
- (2) AT&T Legacy Management Program of the AT&T Puerto Rico Pension Benefit Plan;

- (3) Mobility Program;
- (4) Mobility Program of the AT&T Puerto Rico Pension Plan Benefit; or
- (5) Southeast Management Program.

4.1.3 **EXCLUDED EMPLOYEE BY JOB TITLE.** Effective October 31, 2007, with respect to any Employee of BellSouth Telecommunications, Inc. or SBC Internet Services, Inc. (in the AT&T Southeast Region) who is a Premise Technician, Customer Specialist, or Dispatcher job title, such Employee will not be eligible to participate in the Nonbargained Program while in such job title (such ineligibility will not affect any benefit previously accrued in the Nonbargained Program).

4.2 COMMENCEMENT OF PARTICIPATION. A Program Eligible Employee will commence participation in the Program in accordance with the requirements set forth in Article IV of the Plan.

4.3 TERMINATION OF PARTICIPATION. Each Program Participant who has commenced participation in the Program will continue to be a Program Participant as long as (and only as long as) he remains a Program Eligible Employee, and each Program Participant will cease to be a Program Participant as of the date he is no longer a Program Eligible Employee.

4.4 RESUMPTION OF PARTICIPATION. A Program Participant who ceases to be a Program Participant pursuant to Section 4.3 will again become a Program Participant as of the date he satisfies the eligibility requirements set forth in Section 4.1 and resumes participation in accordance with Article IV of the Plan.

4.5 EFFECT OF PARTICIPATION IN PROGRAM. Each Program Participant, and only such Program Participant, is entitled to earn an Accrued Benefit under the Program for periods of his participation in the Program, and, except as otherwise explicitly provided in this Program, a Program Participant will not earn any Accrued Benefit under the Program for any period after his participation in the Program terminates pursuant to Section 4.3 or for any period before his participation in the Program commences pursuant to Section 4.2.

**V.
DETERMINATION OF VESTED INTEREST — SEE PLAN**

**VI.
PENSION CALCULATION SERVICE — SEE PLAN**

VII. RETIREMENT PENSION BENEFITS

7.1 IN GENERAL. Each Participant may receive a Program Pension Benefit under this Article, or applicable Supplements, if he has (1) a Vested Interest in the Program and (2) a Termination of Employment. Each Participant's Program Pension Benefit will be determined in accordance with either Section 7.2 (with respect to a Normal Retirement Pension) or Section 7.3 (with respect to an Early Retirement Pension), whichever is applicable, except as otherwise specifically provided herein, in Supplements, or in the Plan.

7.2 NORMAL RETIREMENT PENSION.

7.2.1 IN GENERAL. Each Program Participant's Normal Retirement Pension will be calculated as of the day after the Program Participant's Termination of Employment.

7.2.2 NORMAL RETIREMENT PENSION FORMULAS. Subject to the remaining provisions of this Article, any applicable special provisions of Article VIII, and any additional applicable provisions in the Program or the Plan, each Program Participant's Normal Retirement Pension will be calculated under whichever of the formulas listed in the following Paragraphs of this Subsection, or an applicable Supplement, (considering only the formulas for which such Program Participant is eligible) that produces the greatest Normal Retirement Pension for such Program Participant.

(1) **CAM Formula.** Each such Program Participant who is a CAM Participant is eligible to have the amount of his Normal Retirement Pension calculated under the CAM Formula as follows:

$$(1.6\% \times \text{CAM Income})/12$$

(2) **Cash Balance Formula.** Each Program Participant who is a CB Eligible Participant (as defined in Supplement 7) is eligible to have the amount of his Normal Retirement Pension determined under the Cash Balance Formula determined pursuant to Supplement 7.

(3) **Pension Band Minimum Formula.** Each PBM Eligible Participant is eligible to have the amount of his Normal Retirement Pension calculated under the Pension Band Minimum Formula as follows:

(a) Subject to the special rules of Paragraph (b) below, the greater of:

(i) Such PBM Eligible Participant's Normal Retirement Pension calculated as if such PBM Eligible Participant had remained in the same Banded Program and the same Pension Band Number that he was in on his PBM Transfer Date (using the PBM Supplement that such PBM Eligible Participant had accrued as of his PBM Transfer Date and using all Pension Calculation Service (or its equivalent) credited under the applicable Banded Program plus all

Pension Calculation Service credited under the Nonbargained Program with no double-counting of any period of service); or

- (ii) Such PBM Eligible Participant's Normal Retirement Pension accrued under the Banded Programs as of the PBM Transfer Date plus one and two-tenths percent (1.2%) of such PBM Eligible Participant's Pension Compensation paid while the PBM Eligible Participant is participating in the Nonbargained Program, divided by twelve (12).
- (b) The following special rules apply in determining the PBM Eligible Participant's Normal Retirement Pension under the Pension Band Minimum Formula:
- (i) There will be no double crediting of benefits.
 - (ii) The Pension Band Amount used in calculating the Normal Retirement Pension under the Pension Band Minimum Formula for a PBM Eligible Participant promoted from a commissioned advertising sales employee position of Southwestern Bell Yellow Pages, Inc. on or after June 1, 2005, will be one and twenty-two hundredths percent (1.22%) multiplied by such PBM Eligible Participant's average monthly Pension Compensation, as defined in the Southwest Program, during the thirty-six (36) months prior to date of promotion. Prior to June 1, 2005, the Pension Band Amount to be used in calculating the Normal Retirement Pension under the Pension Band Minimum Formula for a PBM Eligible Participant promoted from a commissioned advertising sales employee position of Southwestern Bell Yellow Pages, Inc. will be one hundred percent (100%) of the Pension Band Amount for Pension Band Number 335 of the Southwest Program for all Pension Calculation Service.
 - (iii) The Pension Band Amount used in calculating the Normal Retirement Pension under the Pension Band Minimum Formula for a PBM Eligible Participant promoted from a commissioned advertising sales employee position of Ameritech Publishing, Inc. on or after June 1, 2006, will be the greater of (a) one and twenty-two hundredths percent (1.22%) multiplied by the average Monthly Compensation, as defined in the Midwest Program, for the highest three (3) of the last five (5) completed calendar years of service ending on date of promotion or (b) the amount that would have been calculated under the rule that existed prior to June 1, 2006, unless the PBM Eligible Participant was hired or rehired after May 31, 2006. Prior to June 1, 2006, the Pension Band Amount to be used in

calculating the Normal Retirement Pension under the Pension Band Minimum Formula for a PBM Eligible Participant promoted from a commissioned advertising sales employee position of Ameritech Publishing, Inc. will be one hundred percent (100%) of the Pension Band amount for Pension Band Number 135 of the Midwest Program for all Pension Calculation Service.

- (iv) The Pension Band Amount to be used in calculating the Normal Retirement Pension under the Pension Band Minimum Formula for a PBM Eligible Participant promoted from a commissioned advertising sales employee position of Pacific Bell Directory will be one and twenty-two hundredths percent (1.22%) multiplied by such PBM Eligible Participant's Average Monthly Compensation, as defined in the West Program.
 - (v) If, at the PBM Eligible Participant's Termination of Employment, the Pension Band Number to which he had been assigned on his PBM Transfer Date is no longer applicable to active employees, then the Plan Administrator, in its sole discretion, will determine which Pension Band Number is most analogous to such PBM Eligible Participant's former Pension Band Number, and the PBM Eligible Participant will be considered to be in that Pension Band Number for purposes of calculating the Normal Retirement Pension under the Pension Band Minimum Formula.
- (4) **Prior Accrued Benefit.** Each Participant who had any portion of his Accrued Benefit determined under the Nonbargained Program for all periods prior to the Restatement Effective Date is eligible to have the amount of his Normal Retirement Pension attributable to such Accrued Benefit calculated under the terms of the Plan and the Nonbargained Program as those terms existed at the relevant prior time.

7.3 EARLY RETIREMENT PENSION.

- 7.3.1 **IN GENERAL.** A Program Participant may elect to receive his Program Pension Benefit prior to his Normal Retirement Age but reduced to reflect such Program Participant's younger age and earlier commencement of payments as determined in Subsection 7.3.2.

7.3.2 **AMOUNT OF EARLY RETIREMENT PENSION.** Subject to the remaining provisions of this Article and any applicable special provisions of Article VIII and any additional applicable provisions in the Program or the Plan, the amount of the Program Participant's Early Retirement Pension will be determined in accordance with the following:

- (1) **Satisfies Modified Rule of 75.** If a Program Participant satisfies the requirements of the Modified Rule of 75 as of his Termination of Employment, he may elect to begin receiving his Program Pension Benefit prior to his Normal Retirement Age as an Early Retirement Pension. The amount of his Early Retirement Pension will equal such Program Participant's Normal Retirement Pension calculated under Section 7.2 but actuarially reduced by one-half percent (0.5%) for each calendar month or part thereof by which such Program Participant's age at his Annuity Starting Date is less than fifty-five (55) years; provided, however, that if such electing Program Participant has a Term of Employment of at least thirty (30) years at the time he elects such Early Retirement Pension, one-quarter percent (0.25%) will be substituted for one-half percent (0.5%) in calculating his Early Retirement Pension in the preceding formula.
- (2) **Does Not Satisfy Modified Rule of 75.** If a Program Participant does not satisfy the requirements of the Modified Rule of 75 as of his Termination of Employment, the amount of his Early Retirement Pension will equal such Program Participant's Normal Retirement Pension calculated under Section 7.2 but reduced by the applicable early retirement factor in the following table based on such Program Participant's age at his Annuity Starting Date.

Early Retirement Factors												
Attained Age Years	Months											
	0	1	2	3	4	5	6	7	8	9	10	11
20	.038	.038	.039	.039	.039	.039	.040	.040	.040	.040	.041	.041
21	.041	.041	.041	.042	.042	.042	.042	.042	.042	.043	.043	.043
22	.043	.043	.043	.044	.044	.044	.044	.044	.044	.045	.045	.045
23	.045	.045	.046	.046	.046	.046	.047	.047	.047	.047	.048	.048
24	.048	.048	.049	.049	.049	.049	.050	.050	.050	.050	.051	.051
25	.051	.051	.052	.052	.052	.052	.053	.053	.053	.053	.054	.054
26	.054	.054	.055	.055	.055	.055	.056	.056	.056	.056	.057	.057
27	.057	.057	.058	.058	.058	.058	.059	.059	.059	.059	.060	.060
28	.060	.060	.061	.061	.061	.062	.062	.062	.063	.063	.063	.064
29	.064	.064	.065	.065	.065	.066	.066	.066	.067	.067	.067	.068
30	.068	.068	.069	.069	.069	.070	.070	.070	.071	.071	.071	.072
31	.072	.072	.073	.073	.073	.074	.074	.074	.075	.075	.075	.076
32	.076	.076	.077	.077	.078	.078	.079	.079	.079	.080	.080	.081
33	.081	.081	.082	.082	.083	.083	.084	.084	.084	.085	.085	.086
34	.086	.086	.087	.087	.088	.088	.089	.089	.089	.090	.090	.091
35	.091	.092	.092	.093	.093	.094	.094	.095	.095	.096	.096	.097
36	.097	.098	.098	.099	.099	.100	.100	.101	.101	.102	.102	.103
37	.103	.104	.104	.105	.105	.106	.107	.107	.108	.108	.109	.109

Early Retirement Factors												
Attained Age Years	Months											
	0	1	2	3	4	5	6	7	8	9	10	11
38	.110	.111	.111	.112	.112	.113	.114	.114	.115	.115	.116	.116
39	.117	.118	.118	.119	.120	.120	.121	.122	.122	.123	.124	.124
40	.125	.126	.126	.127	.128	.128	.129	.130	.130	.131	.132	.132
41	.133	.134	.135	.135	.136	.137	.138	.138	.139	.140	.141	.141
42	.142	.143	.144	.145	.145	.146	.147	.148	.149	.150	.150	.151
43	.152	.153	.154	.155	.156	.157	.158	.158	.159	.160	.161	.162
44	.163	.164	.165	.166	.167	.168	.169	.170	.171	.172	.173	.174
45	.175	.176	.177	.178	.179	.180	.181	.182	.183	.184	.185	.186
46	.187	.188	.189	.191	.192	.193	.194	.195	.196	.198	.199	.200
47	.201	.202	.204	.205	.206	.207	.209	.210	.211	.212	.214	.215
48	.216	.217	.219	.220	.222	.223	.225	.226	.227	.229	.230	.232
49	.233	.235	.236	.238	.239	.241	.242	.244	.245	.247	.248	.250
50	.251	.253	.255	.256	.258	.260	.262	.263	.265	.267	.269	.270
51	.272	.274	.276	.278	.279	.281	.283	.285	.287	.289	.290	.292
52	.294	.296	.298	.300	.302	.304	.306	.308	.310	.312	.314	.316
53	.318	.320	.323	.325	.327	.330	.332	.334	.337	.339	.341	.344
54	.346	.349	.351	.354	.356	.359	.361	.364	.366	.369	.371	.374
55	.376	.379	.382	.385	.387	.390	.393	.396	.399	.402	.404	.407
56	.410	.413	.416	.420	.423	.426	.429	.432	.435	.439	.442	.445
57	.448	.452	.455	.459	.462	.466	.469	.473	.476	.480	.483	.487
58	.490	.494	.498	.502	.506	.510	.514	.518	.522	.526	.530	.534
59	.538	.543	.547	.552	.556	.561	.565	.570	.574	.579	.583	.588
60	.592	.597	.602	.608	.613	.618	.623	.628	.633	.639	.644	.649
61	.654	.660	.666	.671	.677	.683	.689	.694	.700	.706	.712	.717
62	.723	.730	.736	.743	.750	.756	.763	.770	.776	.783	.790	.796
63	.803	.811	.818	.826	.834	.841	.849	.857	.864	.872	.880	.887
64	.895	.904	.913	.921	.930	.939	.948	.956	.965	.974	.983	.991
65	1.000											

VIII. SPECIAL RULES

8.1 DEEMED PENSION COMPENSATION. For purposes of calculating the amount of a Program Participant's Normal Retirement Pension under the CAM Formula the following special rules apply:

8.1.1 If such Program Participant received no Pension Compensation during a portion of the CAM Averaging Period for which he received Pension Calculation Service, such Program Participant will be deemed to have received Pension Compensation for such period of no Pension Compensation (1) at the same Basic Rate(s) of Pay, as applicable, that applied immediately prior to such period of no Pension Compensation, and (2) in the same amount of Group Incentive Compensation, Nondiscretionary Incentive Compensation, differentials, Bellcore Buy Out, and Rotational Compensation as he earned for the last period of equal length during which he earned Pension Compensation immediately prior to such period of no Pension Compensation.

8.1.2 If such Program Participant received no Pension Calculation Service during a portion of the CAM Averaging Period, such Program Participant will be deemed to have received Pension Compensation for such period of no Pension Calculation Service (1) at the same Basic Rate(s) of Pay, as applicable, that applied immediately prior to such CAM Averaging Period, and (2) in the same amount of Group Incentive Compensation, Nondiscretionary Incentive Compensation, differentials, Bellcore Buy Out, and Rotational Compensation as he earned for the last period of equal length during which he earned Pension Calculation Service immediately prior to such CAM Averaging Period.

8.1.3 If such Program Participant received no Pension Compensation during a portion of his Pension Calculation Service after the end of the CAM Averaging Period, such Program Participant will be deemed to have received Pension Compensation for such period of no Pension Compensation (1) at the same Basic Rate(s) of Pay, as applicable, that applied immediately prior to such CAM Averaging Period, and (2) the amount of Group Incentive Compensation, Nondiscretionary Incentive Compensation, differentials, Bellcore Buy Out, and Rotational Compensation actually earned.

If such Program Participant received no Pension Compensation during a period of no Pension Calculation Service after the end of the CAM Averaging Period, he will be deemed to have received no Pension Compensation for that period of no Pension Calculation Service.

8.2 PENSION COMPENSATION FOR PERIOD OF DISABILITY. For purposes of calculating the amount of a Program Participant's Normal Retirement Pension under the CAM Formula, if during or after the CAM Averaging Period a Program Participant receives short-term disability benefits under a Program Employer's short-term disability plan (or any predecessor of such plan), such Program Participant's Pension Compensation for such period of disability benefits will be the Pension Compensation that the Program Participant received during the period of disability.

- 8.3 PENSION COMPENSATION FOR PERIOD OF MILITARY LEAVE.** If such Program Participant received no Pension Compensation during a portion of his Pension Calculation Service earned while on a period of military leave (as defined under section 414(u) of the Code), such Program Participant will be deemed to have received Pension Compensation for such period of no Pension Compensation (1) at the same Basic Rate(s) of Pay, as applicable, that applied immediately prior to such period of military leave, and (2) in the same amount of Group Incentive Compensation, Nondiscretionary Incentive Compensation, differentials, Bellcore Buy Out, and Rotational Compensation as he earned for the last period of equal length during which he earned Pension Calculation Service immediately prior to such period of military leave.
- 8.4 PENSION COMPENSATION FOR PERIOD OF LEAVE OF ABSENCE TO AT&T CONTROLLED GROUP MEMBER OTHER THAN PROGRAM EMPLOYER.** If a Program Participant is on a Leave of Absence at any time during or after the CAM Averaging Period to an Employer (or an entity in which a Participating Employer has a substantial interest, as designated by the Company), his Pension Compensation for the period of leave will be the total of his Pension Compensation, Actual Base Pay, Group Incentive Compensation, Nondiscretionary Incentive Compensation, Bellcore Buy Out and Rotational Compensation, as applicable, from such Employer or other entity.
- 8.5 PENSION COMPENSATION AND PENSION CALCULATION SERVICE FOR PERIOD OF PART-TIME EMPLOYMENT.** Notwithstanding any other provision of the Plan, for purposes of calculating the amount of a Program Participant's Normal Retirement Pension if at any time during the CAM Averaging Period, a Program Participant was employed on a part-time basis, the following special rules apply:
- 8.5.1 If at any time during the CAM Averaging Period a Program Participant was employed on a part-time basis, such Program Participant's Actual Base Pay for his period of part-time employment will be considered to be the Actual Base Pay such Program Participant would have received if he had been employed on a full-time basis during his period of part-time employment plus all other forms of compensation as defined in the term Pension Compensation actually received by the Program Participant.
- 8.5.2 Notwithstanding the preceding Subsections of this Section, in no event will the CAM Average Annual Compensation of a Program Participant who is employed on a part-time basis be less than it would be without reference to this Section.

IX. PRE-RETIREMENT SURVIVOR BENEFITS

9.1 SURVIVOR DEATH BENEFITS. Subject to the remaining provisions of this Article, any applicable Supplement, and any additional applicable provisions in the Program or the Plan, if a Participant with a Vested Interest dies before his Annuity Starting Date, then the Surviving Spouse or effective April 1, 2011, the Legally Recognized Partner of the Participant will receive a Pre-Retirement Survivor Annuity under the applicable formulas contained in this Article or an applicable Supplement (but considering only the formulas for which such Participant is eligible) that produces the greatest Pre-Retirement Survivor Annuity with respect to such Participant.

9.1.1 IMMEDIATE AUTOMATIC PRE-RETIREMENT SURVIVOR ANNUITY. If a Participant:

- (1) Has a Term of Employment of at least fifteen (15) years and dies while he is an Employee; or
- (2) Has satisfied the Modified Rule of 75 and dies while he is an Employee or after his Termination of Employment but prior to his Annuity Starting Date;

Then such Participant's Surviving Spouse Legally Recognized Partner will receive a Pre-Retirement Survivor Annuity under this Subsection. The Pre-Retirement Survivor Annuity provided under this Subsection will consist of equal monthly payments that are equal to fifty percent (50%) of the amount of the Program benefit that would have been payable to such Participant if he had begun to receive a Program Pension Benefit in the form of a Joint and 50% Survivor Annuity on the date of his death, regardless of whether such Participant was eligible for a Program Pension Benefit based upon the Participant having satisfied the requirements of the Modified Rule of 75 on that date. Such Pre-Retirement Survivor Annuity will not be reduced for commencement prior to such Participant's sixty-fifth (65th) birthday. Payment of the Pre-Retirement Survivor Annuity under this Subsection will begin on the day after the date of the Participant's death and will continue until the last day of the month of the Surviving Spouse's or Legally Recognized Partner's death.

9.1.2 DEFERRED PRE-RETIREMENT SURVIVOR ANNUITY. If a Participant with a Vested Interest dies while he is an Employee and his Surviving Spouse or Legally Recognized Partner is not eligible for a Pre-Retirement Survivor Annuity under the provisions of Subsection 9.1.1, such Surviving Spouse or Legally Recognized Partner will receive a Pre-Retirement Survivor Annuity under this Subsection. The Pre-Retirement Survivor Annuity provided under this Subsection will be payable as follows:

- (1) Payment of the Pre-Retirement Survivor Annuity under this Subsection will begin on the day after the date of the Participant's death, provided the Surviving Spouse or Legally Recognized Partner is then living, and will continue until the last day of the month of such Surviving Spouse's or Legally Recognized Partner's death.

- (2) The Pre-Retirement Survivor Annuity under this Subsection will provide such Surviving Spouse or Legally Recognized Partner with equal monthly payments that are equal to fifty percent (50%) of the amount of the Program Pension Benefit that would have been payable to such Participant if he had begun to receive a Program Pension Benefit calculated based upon the Participant not having satisfied the requirements of the Modified Rule of 75 in the form of a Joint and 50% Survivor Annuity on the day before his death.
- (3) Notwithstanding the foregoing provisions of this Subsection, the Surviving Spouse may elect to defer commencement of the Pre-Retirement Survivor Annuity under this Subsection until such Participant would have attained Normal Retirement Age. If the Surviving Spouse makes such election, the Pre-Retirement Survivor Annuity under this Subsection will provide such Surviving Spouse with equal monthly payments that are equal to fifty percent (50%) of the amount of the Program Pension Benefit that would have been payable to such Participant if he had survived to Normal Retirement Age and had begun to receive a Program Pension Benefit, calculated based upon the Participant not having satisfied the requirements of the Modified Rule of 75, in the form of a Joint and 50% Survivor Annuity.

9.1.3 **ELECTIVE PRE-RETIREMENT SURVIVOR ANNUITY.** If a Participant's Termination of Employment (for reasons other than death) occurs after he becomes eligible for a Program Pension Benefit that is calculated upon the Participant having satisfied the requirements of the Modified Rule of 75 and he dies prior to his Annuity Starting Date, his Surviving Spouse or Legally Recognized Partner, if any, will receive a Pre-Retirement Survivor Annuity described in this Subsection unless the Participant has waived his Spouse's or Legally Recognized Partner's right to the monthly Program Pension Benefit and such waiver is in effect on the date of the Participant's death.

- (1) The Pre-Retirement Survivor Annuity will be equal to fifty percent (50%) of the monthly Program Pension Benefit that would have been payable to the Participant if he had begun to receive a Program Pension Benefit in the form of a Joint and 50% Survivor Annuity.
- (2) Payment of the Pre-Retirement Survivor Annuity will begin on the date of the Participant's death, and effective January 1, 1995, will continue until the last day of the month of his Surviving Spouse's or Legally Recognized Partner's death.
- (3) Notwithstanding the foregoing provisions of this Subsection, the Surviving Spouse may elect to defer commencement of the Pre-Retirement Survivor Annuity under this Subsection until the Participant would have attained Normal Retirement Age. If the Surviving Spouse makes such election, the Pre-Retirement Survivor Annuity will be equal to fifty percent (50%) of the monthly Program Pension Benefit that would have been payable to the Participant if he had survived to Normal Retirement Age and begun to receive a Program Pension Benefit in the form of a Joint and 50% Survivor Annuity.

**X.
DISABILITY BENEFITS — NONE**

**XI.
LIMITATIONS ON BENEFITS — SEE PLAN**

**XII.
TIME OF PAYMENT OF BENEFITS/PAYEE — SEE PLAN**

XIII.

FORMS OF PAYMENT OF BENEFITS

13.1 AUTOMATIC FORMS OF PAYMENT OF PROGRAM PENSION BENEFIT. Except as provided in Section 13.2, a Participant's Pension Benefit will be paid in the form of payment applicable to such Participant as follows:

13.1.1 SINGLE LIFE ANNUITY. If the Participant is living on his Annuity Starting Date and does not have a Spouse on such date, his Program Pension Benefit automatically will be paid in the form of a Single Life Annuity.

13.1.2 JOINT AND 50% SURVIVOR ANNUITY. If the Participant is living on his Annuity Starting Date and has a Spouse on such date, his Program Pension Benefit automatically will be paid in the form of a Joint and 50% Survivor Annuity.

13.2 ALTERNATIVE FORMS OF PAYMENT OF PROGRAM PENSION BENEFIT. Subject to the election requirements described in Section 13.2 of the Plan and other requirements provided in Supplements to this Program, a Participant may elect, in lieu of the form of payment provided in Section 13.1, to receive his Program Pension Benefit in one (and only one) of the alternative Program Pension Benefit payment forms listed below to the extent such form is available (as specified below or in an applicable Supplement) to such Participant:

13.2.1 SINGLE LIFE ANNUITY. The Single Life Annuity form of payment is available to all Participants.

13.2.2 JOINT AND 75% SURVIVOR ANNUITY. Effective January 1, 2008, if the Participant is living on his Annuity Starting Date and has a Spouse on such date, he may elect his Program Pension Benefit to be paid in the form of a Joint and 75% Survivor Annuity with such Spouse as the joint annuitant. Effective April 1, 2011, if the Participant does not have a Spouse on his Annuity Starting Date, but has a Legally Recognized Partner on such date, he may elect his Program Pension Benefit to be paid in the form of a Joint and 75% Survivor Annuity with such Legally Recognized Partner as the joint annuitant.

13.2.3 LUMP SUM. The lump-sum form of payment is available only to each Participant whose Program Pension Benefit amount is determined under the Cash Balance Formula or as provided under the CAM Ruler below.

(1) **CAM Ruler.** If (a) a Participant's Pension Benefit is determined under the CAM Formula or the Pension Band Minimum Formula and such Participant is also eligible for the Cash Balance Formula or another formula provided in Paragraph 7.2.2(4) (the "Alternate Formula") and (b) the excess of (i) the Program Pension Benefit determined under the CAM Formula or the Pension Band Minimum Formula and (ii) the second highest formula under Paragraph 7.2.2(4) using the Actuarially Equivalent Single Life Annuity of the Cash Balance Formula or such other Alternate Formula is less than the CAM Excess Limit, then such Participant's Pension Benefit will be eligible to be paid in a Lump Sum or another form available to the Alternate Formula.

- 13.2.4 **JOINT AND 100% SURVIVOR ANNUITY.** Effective December 30, 2010, if the Participant is living on his Annuity Starting Date and has a Spouse on such date, he may elect his Program Pension Benefit to be paid in the form of a Joint and 100% Survivor Annuity with such Spouse as the joint annuitant. Effective April 1, 2011, if the Participant does not have a Spouse on his Annuity Starting Date, but has a Legally Recognized Partner on such date, he may elect his Program Pension Benefit to be paid in the form of a Joint and 100% Survivor Annuity with such Legally Recognized Partner as the joint annuitant.
- 13.2.5 **JOINT AND 50% SURVIVOR ANNUITY.** Effective April 1, 2011, if the Participant does not have a Spouse living on his Annuity Starting Date, but has a Legally Recognized Partner on such date, he may elect his Program Pension Benefit to be paid in the form of a Joint and 50% Survivor Annuity with such Legally Recognized Partner as the joint annuitant.
- 13.3 POP-UP FEATURE.** If a Participant: (i) satisfied the Modified Rule of 75 as of his Annuity Starting Date, (ii) is receiving a Program Pension Benefit, and (iii) his Spouse (or effective April 1, 2011, his Legally Recognized Partner) predeceases him after payment of his Program Pension Benefit has begun in the form of a Joint and 50% Survivor Annuity, Joint and 75% Survivor Annuity or a Joint and 100% Survivor Annuity, the amount of such Program Pension Benefit will be increased. The amount of the increase will be the amount that such Program Participant's Pension Benefit was originally reduced from the Single Life Annuity (taking into account any ad hoc increases). The increase will begin with the payment for the month following the death of such Spouse or Legally Recognized Partner.
- 13.4 WAIVER OF JOINT AND SURVIVOR ANNUITY BY DIVORCED OR SEPARATED SPOUSE PURSUANT TO QUALIFIED DOMESTIC RELATIONS ORDER (QDRO).**
- 13.4.1 Notwithstanding any other provision of the Plan, a Participant may make an irrevocable election to waive his right to payment of his Program Pension Benefit in the form of a survivor annuity after payment has begun in that form, with the consent of the Participant's former Spouse in the event of their divorce or with the consent of the Participant's Spouse in the event of their legal separation, if such waiver is required or allowed under the terms of a QDRO.
- 13.4.2 In the event of a waiver under this Section, the Participant's Program Pension Benefit will be increased by the amount that his benefit was originally reduced from the Single Life Annuity (taking into account any ad hoc increases) as of the date of the Plan Administrator's acceptance of the QDRO, as if a waiver had been in effect since the Annuity Starting Date.
- 13.4.3 Payment of the restored monthly Program Pension Benefit will begin with the monthly Program Pension Benefit for the month following the Plan Administrator's acceptance of the QDRO.
- 13.5 CAM EXCESS CALCULATION.** If a Participant's Pension Benefit is determined under the CAM Formula or the Pension Band Minimum Formula and such Participant is also eligible for the Cash Balance Formula or another formula provided in Paragraph 7.2.2(4) (the "Alternate Formula") the following Subsections will apply:

- 13.5.1 The portion of the Participant's Pension Benefit attributable to the Alternate Formula will be paid in a form that is available to the Participant under Section 13.1, Section 13.2, or applicable Supplement. Effective January 1, 2010, the Lump Sum, if available, will be equal to the CB Account determined under Supplement 7 or as otherwise provided under Subsection 13.2.3, if applicable, or as provided under Subsection 13.5.2.
- 13.5.2 If the excess of Paragraphs (1) and (2) below, measured as an Actuarially Equivalent Single Life Annuity, is less than the CAM Excess Limit, then the excess will be paid in the same form determined under Subsection 13.5.1. If the excess of (1) and (2) below, measured as an Actuarially Equivalent Single Life Annuity, is greater than or equal to the CAM Excess Limit, then the excess will be paid pursuant to Section 13.1 or in an alternate form (available with respect to the CAM Formula or Pension Band Minimum Formula) as elected pursuant to Section 13.2.
- (1) The Participant's Lump Sum of his Program Pension Benefit determined under the CAM Formula or the Pension Band Minimum Formula;
 - (2) The Participant's Lump Sum of his Program Pension Benefit determined under the Cash Balance Formula or another formula provided in Paragraph 7.2.2(4).

XIV.

SPECIAL PROVISIONS FOR PARTICIPANTS WHO TRANSFER TO OR FROM CERTAIN OTHER PLANS OR PROGRAMS

14.1 SPECIAL PROVISIONS FOR PARTICIPATION IN CERTAIN OTHER Programs. Notwithstanding the provisions of Article XV, the rules set forth in this Section apply in determining the Nonbargained Pension Benefit of Nonbargained Participants (equivalent to the definition of Program Participant) who participated in certain other plans in addition to participation in the Nonbargained Program.

14.1.1 THREE-YEAR WRAP RULE. If the Nonbargained Program recognizes a Nonbargained Participant's service for pension calculation purposes while he was covered by a Prior Bargained Plan or Prior Management Plan and such Nonbargained Participant was not previously a Nonbargained Participant, the Nonbargained Participant's Nonbargained Pension Benefit will be determined as follows:

- (1) If the Nonbargained Participant is credited with a Term of Employment of less than three (3) years while covered by the Nonbargained Program, his Nonbargained Pension Benefit under the Nonbargained Program will equal the sum of:
 - (a) His monthly pension benefit determined under the Prior Bargained Plan or Prior Management Plan, as in effect on the day that he was last covered by the Prior Bargained Plan or Prior Management Plan, based on his service for pension calculation purposes while covered by the Prior Bargained Plan; and
 - (b) His Nonbargained Pension Benefit under the Nonbargained Program, based on his Pension Calculation Service while covered by the Nonbargained Program.

- (2) If the Nonbargained Participant is credited with a Term of Employment of three (3) or more years while covered by the Nonbargained Program in his most recent period of service, his Nonbargained Pension Benefit under the Nonbargained Program will equal the greater of:
 - (a) His Nonbargained Pension Benefit under the Nonbargained Program, determined under Paragraph (1) above; or
 - (b) His Nonbargained Pension Benefit under the Nonbargained Program, based on all of his service for pension calculation purposes while covered by the Nonbargained Program, and the Prior Bargained Plan.

Notwithstanding the foregoing, the preceding provisions of this Paragraph and the three (3)-year wrap rule described in this Subsection will not be applicable where the Cash Balance Formula is the winning formula under Subsection 7.2.2.

14.1.2 SERVICE UNDER A PRIOR NONBARGAINED PLAN. If an Interchange Agreement as described in Supplement 8 to the Plan requires the Program to recognize a Program Participant's service for pension calculation purposes while he was covered by a prior nonbargained plan, the Program Participant's Program Pension Benefit under the Program will be determined as follows:

- (1) If the Program Participant is credited with a Term of Employment of less than three (3) years while covered by the Program, his Program Pension Benefit under the Program will equal the sum of:
 - (a) His monthly pension benefit under the prior nonbargained plan, as in effect on the day he was last covered by the Prior Program Plan, based on his service for pension calculation purposes while covered by the prior nonbargained plan; and
 - (b) His Program Pension Benefit under the Program, based on his Pension Calculation Service while covered by the Program.
- (2) If the Program Participant is credited with a Term of Employment of three (3) or more years while covered by the Program, his Program Pension Benefit under the Program will equal the greater of:
 - (a) His Program Pension Benefit under the Program, determined under Paragraph (1) above; or
 - (b) His Program Pension Benefit under the Program, based on all of his service for pension calculation purposes while covered by the Program and the prior nonbargained plan.

14.1.3 CERTAIN SERVICE EXCLUDED. For purposes of Subsection 14.1.1, a Program Participant's Pension Calculation Service and Term of Employment will exclude any service while such Program Participant was covered by a Prior Bargained Plan, Prior Management Plan, or a prior nonbargained plan unless that plan would recognize the service as Pension Calculation Service or Term of Employment, as applicable, if the Program Participant had been covered by a Prior Bargained Plan, Prior Management Plan, or prior nonbargained plan during the time he is covered by the Program.

14.2 PENSION BENEFITS UNDER OTHER PLANS OR PROGRAMS. A Program Participant's Program Pension Benefit determined under Article VII will be reduced by his monthly pension benefit under a Prior Bargained Plan or Prior Management Plan to the extent that his benefit under the Prior Bargained Plan is based on any period of service for pension calculation purposes that is recognized as Pension Calculation Service under the Program. In no event will there be any double crediting of pay or service in calculating the benefit for or on behalf of any Program Participant hereunder. Subsections 14.2.1, 14.2.2, and 14.2.3 immediately below describe offsets for particular situations but will not be interpreted or construed to limit the prohibition on any double crediting of pay or service in calculating the Program Pension Benefit for or on behalf of any Program Participant hereunder.

14.2.1 **GENERAL BENEFIT OFFSET PROVISIONS FOR TERMINATION OF EMPLOYMENT PRIOR TO JULY 1, 2007.** If a Program Participant incurs a Termination of Employment event prior to July 1, 2007, and, if both:

- (1) A Program Participant has earned service under another plan for which he has received or will be entitled to receive benefits or has received a lump-sum payout from this Program for a prior period of service (hereinafter, the "Offsetting Benefit"), and
- (2) Such Program Participant's Program Pension Benefit in this Program is calculated including service that was used to calculate the Offsetting Benefit (hereinafter the "Total Service Related Benefit"),

then such Program Participant will be entitled to a net Program Pension Benefit from this Program calculated as the excess, if any, of:

- (1) The Total Service Related Benefit payable as a Single Life Annuity as of Normal Retirement Age, over
- (2) The Offsetting Benefit calculated as a Single Life Annuity as of Normal Retirement Age,

then applying any applicable reductions for early commencement to the net Program Pension Benefit. In the event that the Total Service Related Benefit is payable as a partial Lump Sum and partial annuity, the offset described in this Paragraph 14.2.1 will be applied first to reduce any Lump Sum payable. The Offsetting Benefit will be calculated as including the value of any special enhancements, including, by way of illustration and not by way of limitation, any temporary annuities or early retirement incentives whether or not the calculated value of such special enhancements is based on service.

14.2.2 **GENERAL BENEFIT OFFSET PROVISIONS FOR TERMINATION OF EMPLOYMENT AFTER JUNE 30, 2007.** If a Program Participant incurs a Termination of Employment event after June 30, 2007, and, if both:

- (1) A Program Participant has earned service under another plan for which he has received or will be entitled to receive benefits or has received a lump-sum payout from this Program for a prior period of service (hereinafter, the "Offsetting Benefit"), and
- (2) Prior to the application of this Paragraph such Program Participant's Program Pension Benefit in this Program is calculated including service that was used to calculate the Offsetting Benefit (hereinafter the "Total Service Related Benefit"),

then such Program Participant will be entitled to a Program Pension Benefit from this Program equal to the larger of (a) or (b) immediately below:

- (3) The excess, if any, of:

- (a) The Total Service Related Benefit payable as a Single Life Annuity as of Normal Retirement Age, over
 - (b) The Offsetting Benefit calculated as a Single Life Annuity as of Normal Retirement Age.
- (4) The Program Pension Benefit calculated under the CAM Formula for such Program Participant including only Term of Employment, Pension Calculation Service, Pension Compensation, and any other factor(s) relevant for the computation of the CAM Formula that have been recognized, credited, or accrued since the Program Participant's rehire date.

14.2.3 SPECIAL OFFSET PROVISIONS. Effective January 1, 2003, and notwithstanding anything in the Program to the contrary, a Special Offset Participant will be entitled to the larger of his Nonbargained Pension Benefit calculated under the otherwise applicable provisions of the Program or a net Nonbargained Pension Benefit after the offset calculated as the excess, if any, of:

- (1) The Total Service Related Benefit as a Single Life Annuity as of his Termination of Employment (applying any applicable reductions for early commencement to such benefit); over
- (2) A Single Life Annuity as of the Termination of Employment calculated by accumulating the prior lump-sum payout(s) with interest from the previous payout date(s) to the Termination of Employment using the Special Offset Interest Adjustment Rate for the applicable time period(s), then converting such accumulated lump sum(s) to a Single Life Annuity using the Actuarial Equivalent as of the Termination of Employment.
- (3) The offset described in this Subsection will be applied first (1st) to reduce any Lump Sum payable. There will be no double crediting of benefit accruals for any period of service.

14.3 PENSION BENEFITS UNDER SUBSEQUENTLY MERGED OR CREATED PLANS OR PROGRAMS. Effective January 1, 2007, if a plan was merged into the Plan or a new Component Pension Program was created that is not explicitly covered by the offset provisions of Section 14.2, the offset provisions of Section 14.2 will apply by substituting such new Component Pension Program for the term Prior Bargained Plan in Section 14.2.

XV. SUSPENSION OF PENSION BENEFITS

- 15.1 SUSPENSION OF PROGRAM PENSION BENEFITS.** If a Program Participant is either (1) employed by an AT&T Controlled Group Member on his sixty-fifth (65th) birthday or (2) re-employed after an Annuity Starting Date with a Participating Company, such Program Participant's right to receive a monthly Program Pension Benefit will be suspended during the period he continues in such employment, subject to the following exceptions:
- 15.1.1 Such suspension will not apply to a Program Participant who is re-employed after sixty-fifth (65th) birthday by a Participating Company and completes less than forty (40) Hours of Service in each calendar month of employment or reemployment.
- 15.1.2 Such suspension will not apply to a Nonbargained Participant (equivalent to the definition of Program Participant) who is receiving a monthly Nonbargained Pension Benefit and is rehired as a Management Employee.
- 15.1.3. Any suspension imposed in accordance with this Section will constitute a permanent withholding of the amount so suspended.
- 15.2 RESUMPTION OF PROGRAM PENSION BENEFIT.** If the Program Pension Benefit of Program Participant has been suspended, his Program Pension Benefit will resume pursuant to Article XII of the Plan, subject to the following exception:
- 15.2.1 If the Program Pension Benefit of Program Participant who has attained the age of sixty-five (65) years has been suspended in accordance with Section 15.1, his Program Pension Benefit will resume no later than the first day of the third calendar month after the calendar month in which the Program Participant was last employed for forty (40) or more Hours of Service by an AT&T Controlled Group Member.
- 15.3 AMOUNT OF RESUMED PENSION BENEFIT.**
- 15.3.1 **RE-EMPLOYED FOR FIVE YEARS OR MORE.** The amount of any subsequent Pension Benefit to which the Program Participant may become entitled under the Plan will be determined in accordance with Article VII. The Program Pension Benefit attributable to service before such re-employment will continue to be paid in the same form and amount as it was paid prior to such re-employment.
- 15.3.2 **RE-EMPLOYED FOR LESS THAN FIVE YEARS.** Notwithstanding any other provision of the Program to the contrary, if a Program Participant: (1) began receiving Program Pension Benefit payments (discounted in accordance with the applicable provisions of the Program in effect on the Annuity Starting Date) following his earlier Termination of Employment, (2) becomes re-employed by a Program Employer or an Interchange Company as defined in Supplement 8 of the Plan, (3) has incurred a break in Term of Employment, and (4) does not have a Term of Employment of at least five (5) years when he again incurs a Termination of Employment, then the amount of such Program Participant's

Program Pension Benefit will be recomputed to reflect an adjustment for the period of suspension of his monthly Program Pension Benefit imposed in accordance with Section 15.1. Any such adjustment will be determined in accordance with the following formula:

$$A = (B \times C \times D) / E$$

For the purposes of the above formula:

- A =** The recomputed amount of the Program Participant's Program Pension Benefit;
- B =** The applicable early retirement reduction factor at the Program Participant's age when he last began receiving a Program Pension Benefit, in accordance with the early reduction factor table used to calculate the amount of the original Program Pension Benefit;
- C =** The amount of the Program Participant's latest Program Pension Benefit prior to reduction for early commencement;
- D =** The applicable reduction factor at the Program Participant's age when he subsequently begins receiving a Program Pension Benefit, in accordance with the early retirement reduction factor table used to calculate the amount of the original Program Pension Benefit; and
- E =** The applicable reduction factor at the Program Participant's age when re-employed by a Program Employer or an Interchange Company as defined in Supplement 8 of the Plan, in accordance with the early retirement reduction factor table used to calculate the amount of the original Program Pension Benefit.

The recomputed amount of the Program Participant's Program Pension Benefit determined in accordance with the formula above will be added to the amount of any Program Pension Benefit accrued by the Program Participant during the period of re-employment, and such sum will equal the Program Participant's total Program Participant's Program Pension Benefit to be paid subsequent to his latest Termination of Employment.

15.3.3 EMPLOYED FOR FEWER THAN FORTY HOURS. In accordance with Subsection 15.2.1, for any month after the Program Participant attains age sixty-five (65) during which such Program Participant completes fewer than forty (40) Hours of Service, the amount of the Program Pension Benefit under this Subsection will equal:

- (1) The amount of the Program Pension Benefit payment to which such Program Participant would be entitled if he had a Termination of Employment as of the first day of the first month during which he works less than forty (40) Hours of Service per month after his sixty-fifth (65th) birthday; plus

- (2) Beginning with the month of January that follows the first monthly payment under Paragraph (1) above, any additional Program Pension Benefit to which such Program Participant would be entitled on the December 31 immediately prior to the month of payment, computed as if the Program Pension Benefit under Paragraph (1) above was an in-service pension payable to a Program Participant working after attaining age seventy and one-half (70½) years. When the Program Participant actually has a Termination of Employment, the Program Participant's Program Pension Benefit will be redetermined under Article VII.

The initial payment upon the resumption of the Program Participant's Program Pension Benefit in accordance with this Subsection will include the Program Pension Benefit amount for the month during which such payments resume and any additional amounts withheld during the period between the Termination of Employment and the resumption of payments, less any amounts that are subject to the offset in accordance with Section 15.4.

15.3.4 AMOUNT OF RESUMED PENSION FOR MANAGEMENT EMPLOYEES. With respect to Management Employees covered by Subsection 15.1.2, the amount of any subsequent Pension Benefit to which he may become entitled under the Plan will be reduced by the amount of the monthly Program Pension Benefit under the Program (determined prior to any reduction for early commencement) that entered payment status prior to such re-employment. Such Program Participant may elect to receive the Program Pension Benefit attributable to the period of re-employment in any form otherwise allowed by the Plan, and the Pension Benefit attributable to service before such re-employment will continue to be paid in the same form and amount as it was paid prior to such re-employment.

15.4 OFFSET FOR FAILURE TO SUSPEND. The amount of any payment to be made in accordance with this Article will be reduced by the amount of any payment previously made to the Program Participant for a period of time during which the Program Participant was employed by an AT&T Controlled Group Member or by an Interchange Company, as defined in Supplement 8 of the Plan, if such previous payment was subject to suspension under Section 15.1; provided, however, that such reduction or offset will not exceed in any one month twenty-five percent (25%) of the total Program Pension Benefit that would have been due but for the offset (excluding the initial payment described in Subsection 15.3.3, which is subject to offset without limitation).

XVI.

FUNDING OF PLAN/PENSION FUND — SEE PLAN

XVII.

ADMINISTRATION OF PLAN AND PENSION FUND — SEE PLAN

XVIII.

PARTICIPATING EMPLOYERS — SEE PLAN

XIX.

AMENDMENT OF PLAN — SEE PLAN

XX.

TERMINATION OF PLAN — SEE PLAN

XXI.

TOP-HEAVY PROVISIONS — SEE PLAN

XXII. GENERAL PROVISIONS

- 22.1 PAYMENTS UNDER LAW.** In the event that any benefit that the Plan Administrator determines is of the same general character as an ancillary benefit provided by the Program is payable under any law now in force or hereafter enacted to any Program Participant, his Surviving Spouse, or Designated Beneficiary under such law, only the excess, if any, of the amount prescribed in the Program over the amount of such payment prescribed by law will be payable under the Program. In those cases where, because of differences in the beneficiaries or differences in the time or methods of payment or otherwise, whether there is such excess or not is not ascertainable by mere comparison but adjustments are necessary, the Plan Administrator is authorized to determine in its discretion whether or not in fact any such excess exists, and, in case of such excess, to make adjustments necessary to carry out in a fair and equitable manner the spirit of the provision for payment of such excess. Notwithstanding the preceding sentence, no benefit payable under the Program will be reduced by reason of any governmental benefit payable on account of military service or by reason of any benefit that the recipient would be entitled to receive under the Social Security Act.
- 22.2 TIME TO FILE SUIT.** Any suit based on a denial of eligibility and/or for benefits must be filed no later than one (1) year from the date of final determination by the Plan Administrator.
- 22.3 LUMP-SUM REPAYMENT BASED ON A SETTLEMENT, AWARD, OR ORDER.** Notwithstanding any other provision of the Plan, a Program Participant is permitted to repay his distribution if he returns to active employment with a Participating Employer in accordance with the terms of a settlement, award, or order involving litigation relating to his prior Termination of Employment. Such terms shall be liberally construed to the extent required to give full effect to any remedy set out in such order, award or agreement, subject to any limits imposed by law. The exact amount and period of repayment shall be in accordance with procedures established by the Plan Administrator.

**SUPPLEMENT 1
RESERVED**

(SEE PRIOR PLAN DOCUMENT DATED JANUARY 1, 2013 FOR SUPPLEMENT INFORMATION)

**SUPPLEMENT 2
RESERVED**

(SEE PRIOR PLAN DOCUMENT DATED JANUARY 1, 2013 FOR SUPPLEMENT INFORMATION)

**SUPPLEMENT 3
RESERVED**

(SEE PRIOR PLAN DOCUMENT DATED JANUARY 1, 2013 FOR SUPPLEMENT INFORMATION)

**SUPPLEMENT 4
RESERVED**

(SEE PRIOR PLAN DOCUMENT DATED JANUARY 1, 2013 FOR SUPPLEMENT INFORMATION)

**SUPPLEMENT 5
RESERVED**

(SEE PRIOR PLAN DOCUMENT DATED JANUARY 1, 2013 FOR SUPPLEMENT INFORMATION)

**SUPPLEMENT 6
RESERVED**

(SEE PRIOR PLAN DOCUMENT DATED JANUARY 1, 2013 FOR SUPPLEMENT INFORMATION)

SUPPLEMENT 7 CASH BALANCE PROVISIONS

I. SCOPE

1.1 SCOPE. This Supplement will apply as follows:

- (1) To Grandfathered CB Participants;
- (2) To a Participant who transfers from a position covered by the Program to a position covered by the Prior Bargained Plan on or after April 1, 1997, and before June 1, 1997;
- (3) To a Participant who had a CB Account on the date prior to the Restatement Effective Date;
- (4) To certain employees who were transferred from a bargained-for position to a position covered by the Program after the implementation of the cash balance design but before January 1, 1999. Specifically it will apply to Group 1 Employees and Group 2 Employees as defined below. Notwithstanding anything herein to the contrary, no employee who is promoted or otherwise reclassified as a Program Employee or Salaried Employee on or after January 15, 2005, will be entitled to any benefits under this Supplement. The preceding sentence will not be interpreted to impair any benefit rights for employees identified in this Supplement who became eligible for benefits under this Supplement prior to January 15, 2005; and
- (5) To Participants with a Net Credited Service Date prior to 1999 who were promoted from the Ameritech Pension Plan. Notwithstanding anything herein to the contrary, no employee who is promoted or otherwise reclassified on or after January 15, 2005, will be entitled to any benefits under this Supplement. The preceding sentence will not be interpreted to impair any benefit rights for employees who became eligible for benefits under this Supplement prior to January 15, 2005.

Notwithstanding anything herein to the contrary, no employee hired, rehired, promoted or otherwise reclassified as a Program Employee or Salaried Employee on or after January 15, 2005, will be entitled to any benefits under this Supplement. The preceding sentence will not be interpreted to impair any benefit rights for employees identified in this Supplement who became eligible for benefits under this Supplement prior to January 15, 2005.

1.2 ACCRUED BENEFIT. Effective January 1, 2010, the Program Participant's Accrued Benefit of the Cash Balance Formula is his CB Account.

II. FREEZE OF THE CASH BALANCE FORMULA

- 2.1 **FREEZE OF THE CASH BALANCE FORMULA.** Effective January 14, 2005, the Cash Balance Formula was frozen except that Interest Credits continue after that date. Nothing in the Plan, the Program, or this Supplement, serves to unfreeze the Cash Balance Formula or change the way the Cash Balance Formula was calculated prior to the Restatement Effective Date.

III. DEFINITIONS

- 3.1 **DEFINITIONS.** Except as otherwise noted below, where a capitalized term is used in this Supplement the capitalized term will have the meaning set forth in the version of the Plan document or Component Pension Program that was in effect on the day immediately prior to the Restatement Effective Date, if any.

- (1) **Adjusted Career Income:** means as of the day after the last day of a Program Participant's most recent period of Pension Calculation Service, the total of:
- (a) The Program Participant's Average Annual Compensation multiplied by his Pension Calculation Service (as of the last day of the applicable Averaging Period); plus
 - (b) The Program Participant's Pension Compensation earned during the period of his Pension Calculation Service after the last day of the applicable Averaging Period (including the amount of the Program Participant's Group Incentive Compensation paid in the year immediately following the year of the Program Participant's Termination of Employment with a Service Pension or Disability Pension).

Notwithstanding the foregoing, (i) if the Program Participant has no Pension Calculation Service before the first day of the Averaging Period, his Adjusted Career Income will be his Pension Compensation for all of his Pension Calculation Service, and (ii) for each Program Participant whose Termination of Employment occurs on or after January 1, 2001 (other than one who retired under the Enhanced Pension and Retirement Program) a Program Participant's Adjusted Career Income will not be less than such Program Participant's CAM Average Annual Compensation multiplied by his Pension Calculation Service as of December 31, 1999, plus the Program Participant's Pension Compensation paid on or after January 1, 2000 (excluding any Pension Compensation included in his CAM Average Annual Compensation).

- (2) **Average Annual Compensation:** means a Program Participant's total Pension Compensation during the Averaging Period, divided by five (5).

- (3) **Averaging Period:** means the applicable Averaging Period provided below that produces the highest Adjusted Career Income:
- (a) January 1, 1989, through December 31, 1993;
 - (b) January 1, 1986, through December 31, 1990;
 - (c) July 1, 1983, through June 30, 1988;
 - (d) July 1, 1981, through June 30, 1986;
 - (e) January 1, 1979, through December 31, 1983;
 - (f) October 1, 1977, through September 30, 1982;
 - (g) October 1, 1976, through September 30, 1981; or
 - (h) January 1, 1975, through December 31, 1979.
- (4) **Basic Benefit Credits:** means an amount credited to the CB Account of each Grandfathered CB Eligible Participant at the end of each month equal to five percent (5%) of such Grandfathered CB Eligible Participant's CB Compensation credited for that month. Notwithstanding the preceding sentence, no Basic Benefit Credits will be credited for any CB Compensation credited on or after January 15, 2005 (except for Grandfathered CB Eligible Participants).
- (5) **Cash Balance Conversion Age:** means a Grandfathered CB Participant's age as of May 31, 1997, rounded up to the next full month.
- (6) **Cash Balance Conversion Pay:** means Pension Compensation calculated for 1996 subject to the following modifications:
- (a) Group Incentive Compensation will mean the greater of 1995 Group Incentive Compensation (paid in 1996) or 1996 Group Incentive Compensation (paid in 1997).
 - (b) Basic Rate of Pay will include amounts deferred as a result of participation in one (1) or more nonqualified deferred compensation plans (subject to statutory limits) and will be based on the greater of (I) the composite of all 1996 Basic Rates of Pay plus 1996 Nondiscretionary Incentive Compensation, or (II) the Basic Rate of Pay as of January 1, 1997.
 - (c) For part-time employees, the Basic Rate of Pay for full-time service will be used.
- (7) **Cash Balance Conversion PCS:** means Pension Calculation Service measured as of May 31, 1997, subject to the following rules:
- (a) After adding all periods of Pension Calculation Service, partial months will be rounded up to the next full month.

- (b) Past periods of Pension Calculation Service that have not been recognized as of May 31, 1997, solely because the Grandfathered CB Participant had not yet completed five (5) years of service since rehire date will be included.
 - (c) Each full year of part-time service earned before January 1, 1984, will be credited as a full year.
 - (d) No credit will be granted for any period of Pension Calculation Service for which the Grandfathered CB Participant has previously received a lump sum payment.
 - (e) Any Grandfathered CB Participant whose monthly pension payment has been suspended as a result of reemployment will have the Pension Credited Service used in the calculation of such suspended benefit included in Cash Balance Conversion PCS.
- (8) **CB Account:** means the hypothetical account established for each CB Eligible Participant that is used solely for the purpose of calculating defined benefit pension rights. In particular, the establishment of a CB Account for a Participant will not give such Participant any right to any particular asset held by the Plan, nor will it give such Participant any preferential right to benefits over other Participants except as otherwise required by the Code and ERISA. Each CB Eligible Participant will have a CB Account established as of the later of March 31, 1997, or the date such CB Eligible Participant becomes a Participant in the Program, but in no event will a CB Account be established for any Participant who first becomes a Participant on or after January 15, 2005 (except for Grandfathered CB Eligible Participants). The value of the CB Account as of any particular date will be determined as follows:
- (a) Unless otherwise explicitly required by the provisions of this Program, the opening value of the CB Account will be zero.
 - (b) At the end of each month, the CB Account will be credited with any applicable Basic Benefit Credits.
 - (c) At the end of each month, the CB Account will be credited with Interest Credits through the month prior to the month containing the Annuity Starting Date.
- (9) **CB Compensation:** means Pension Compensation, subject to the following modifications:
- (a) Amounts deferred as a result of participation in a nonqualified plan of deferred compensation will be included (subject to statutory limits);
 - (b) Group Incentive Compensation that is not payable until after Termination of Employment will be excluded;
 - (c) Basic Rate of Pay will be prorated for part-time service; and

- (d) During periods of short-term disability, the full Basic Rate of Pay will be included.
- (e) Trailing Pay is not included

See prior Plan document to see variations in compensation definitions applicable to certain Participants.

- (10) **CB Eligible Participant:** means each (a) Grandfathered CB Participant and (b) Program Participant who, on or after April 1, 1997, is either (i) hired by a Program Employer, (ii) transferred from a member of the SBC Controlled Group that is not a Program Employer to a Program Employer, or (iii) promoted into a position in which he is eligible for participation in the Program; provided, however, that the term “CB Eligible Participant” specifically excludes (x) any Program Participant who is temporarily promoted from a bargained position until such promotion is made permanent, (y) any Program Participant who first becomes a Program Participant on or after January 15, 2005 (except for Grandfathered CB Eligible Participants), and (z) any Midwest Manager (unless such Midwest Manager is entitled to a cash balance benefit on January 14, 2005, as a result of prior service under the Program.
- (11) **Committee Leave of Absence:** means a Leave of Absence that is subject to the written approval of the Plan Administrator or such other committee or individual appointed by the employing SBC Controlled Group Member to administer such SBC Controlled Group Member’s Leave of Absence policy.
- (12) **Enhanced Pension and Retirement Program or EPR:** means the program described in Supplement 10 of the Program as it existed immediately prior to the Restatement Effective Date.
- (13) **Grandfathered CB Eligible Participant:** means each CB Eligible Participant who is included in any one of the following collective bargaining units: (a) SBC Global Services Customer Operations Specialists; (b) National Internet; or (c) SBC Global Services Warehousemen.
- (14) **Grandfathered CB Participant:** means except as noted elsewhere in this Supplement, a “Grandfathered CB Participant” is any individual who was both:
 - (a) As of March 31, 1997, a Program Employee of a Participating Company, and
 - (b) As of June 1, 1997, a Program Employee of any entity in the SBC Controlled Group.

The definition of “Grandfathered CB Participant” will specifically include any Program Employee who, on the applicable dates noted above:

- (a) Is on a Leave of Absence;
- (b) Is receiving benefits from a short-term disability plan sponsored by any entity in the SBC Controlled Group;

- (c) Is on a military leave of absence (but only if such Program Employee later returns to “at work” status with an SBC Controlled Group Member);
- (d) Is on a Committee Leave of Absence (but only if such Program Employee later returns to “at work” status with an SBC Controlled Group Member);
- (e) Is on any other authorized absence (including an Incidental Absence or Departmental Leave of Absence); or
- (f) Has been promoted from a Prior Bargained Plan and has not yet earned three (3) years of Pension Eligibility Service.

The definition of “Grandfathered CB Participant” will specifically exclude any Program Employee:

- (a) Who is represented by a union,
- (b) Whose job title and classification were not yet included in a collective bargaining agreement between such Program Employee’s Employer and such union, and
- (c) For whom the Employer and the union have agreed that such Program Employee will not participate in the cash balance provisions of the Program.

(15) **GF Adjusted Career Income:** means Adjusted Career Income subject to the following modifications:

- (a) Only Pension Compensation and Pension Calculation Service earned on or before May 31, 2002, will be included in the calculation.
- (b) Pension Compensation will include amounts deferred as a result of participation in a nonqualified deferred compensation plan (subject to statutory limits) for all periods from January 1, 1991, forward.
- (c) The Averaging Period for computing GF Adjusted Career Income will be as follows:
 - (i) January 1, 1991, through December 31, 1995, for Terminations of Employment from April 1, 1997, through December 31, 1997.
 - (ii) January 1, 1992, through December 31, 1996, for Terminations of Employment from January 1, 1998, through December 31, 1998.
 - (iii) January 1, 1993, through December 31, 1997, for Terminations of Employment from January 1, 1999 through December 31, 1999.
 - (iv) January 1, 1994, through December 31, 1998, for Terminations of Employment from January 1, 2000 through December 31, 2000.
 - (v) January 1, 1995, through December 31, 1999, for Terminations of Employment on or after January 1, 2001.

(16) **Group 1 Employee:** means each SBC company Bargained-for Employee or PTG company Nonsalaried Employee (as that term is defined in the PTG Salaried Plan) who is promoted to management or otherwise reclassified as a Program Employee prior to January 1, 1999, provided that such employee satisfies each of (a), (b), and (c) immediately below:

(a) Has a Net Credited Service Date prior to January 1, 1997;

(b) Is either (i) or (ii):

(i) A Bargained-for Employee covered by the Bargained Program on or after March 31, 1997, who is subsequently promoted to a Program Employee position covered by the Program or otherwise reclassified as a Program Employee on or after April 1, 1997, or

(ii) A Nonsalaried Employee covered by the Pacific Telesis Group Pension Plan on or after June 30, 1996, who is subsequently promoted to a Salaried Employee (as that term is defined in the PTG Salaried Plan) position covered by the PTG Salaried Plan or otherwise reclassified as a Salaried Employee on or after July 1, 1996, and becomes a participant in the PTG Salaried Plan;

and

(c) Does not incur a break in service in excess of six (6) months during the period beginning with the effective date of the employee's promotion or reclassification and ending on the date that the first (1st) one-half (1/2) of the promotion/reclassification cash balance contribution is otherwise payable in accordance with Section 9.1 below.

(17) **Group 2 Employee:** means each SBC company Bargained-for Employee or PTG company Nonsalaried Employee provided such employee satisfies (a), (b), and (c) immediately below:

(a) Has a Net Credited Service Date prior to January 1, 1997;

(b) Is either (i) or (ii):

(i) A Bargained-for Employee covered by the Bargained Program on or after March 31, 1997, who is subsequently promoted to a Program Employee position covered by the Program or otherwise reclassified as a Program Employee on or after January 1, 1999, and becomes a Participant in the Program, or

(ii) A Nonsalaried Employee covered by the Pacific Telesis Group Pension Plan on or after June 30, 1996, who is subsequently promoted to a Salaried Employee (as that term is defined in the PTG Salaried Plan) position covered by the PTG Salaried Plan or otherwise reclassified as a Salaried Employee on or after January 1, 1999, and becomes a participant in the Program;

and

- (c) Does not incur a break in service in excess of six (6) months during the period beginning with the effective date of the employee's promotion or reclassification and ending on the date that the first (1st) one-half (1/2) of the promotion/reclassification cash balance contribution is otherwise payable in accordance with Section 9.1.

(18) **Initial CB Account Upon Rehire:** means the CB Account credited upon rehire under the following rules. If a Participant who has an accrued benefit in the Program is rehired on or after June 1, 1997, and before January 15, 2005, (such ending date not applicable to Grandfathered CB Eligible Participants), such Participant will be credited with a CB Account at date of rehire pursuant to the following rules:

- (a) If the Participant's prior Termination of Employment was before June 1, 1997, and such Participant had not commenced receipt of his benefits, such Participant's CB Account at date of rehire will be calculated as the present value of the prior accrued benefit determined as the present value of the accrued annuity deferred to Normal Retirement Age using the GATT Basis and age at date of rehire.

In no event, will such Participant receive a benefit smaller than he would otherwise have been entitled to pursuant to the terms of the Program at his previous Termination of Employment taking into account his age at subsequent Termination of Employment and any additional Pension Eligibility Service (such Pension Eligibility Service to be credited only after five (5) years of new Pension Eligibility Service if the previous break had been in excess of six (6) months).

- (b) If the Participant's prior Termination of Employment was on or after June 1, 1997, and such Participant had not commenced receipt of benefits, then such Participant's CB Account at date of rehire will be the prior CB Account with Interest Credits applied during the Period of Severance. If the prior CB Account had been permanently forfeited due to the Participant's nonvested status and the length of such Participant's Period of Severance, then the CB Account at date of rehire will be zero (0).

(19) **Initial Transition Benefit Account:** means the Initial Transition Benefit Percentage multiplied by Cash Balance Conversion Pay, but in no event less than five hundred dollars (\$500). The Initial Transition Benefit Account will be established as of June 1, 1997.

(20) **Initial Transition Benefit Percentage:** means the percentage contained in Table 2 (based on the Grandfathered CB Participant's Cash Balance Conversion Age) plus an additional percentage (not to exceed one hundred twenty five percent (125%)) where such additional percentage is determined as the sum of:

- (a) One-twelfth (1/12th) of one percent (1%) per point in excess of twenty-five (25) total points, plus
- (b) One-twelfth (1/12th) of two percent (2%) per point in excess of forty (40) total points, plus

(c) One-twelfth (1/12th) of two percent (2%) per point in excess of fifty (50) total points.

For purposes of this definition, "point" means Cash Balance Conversion Age plus Cash Balance Conversion PCS (each separately rounded before adding); fractional points are permitted.

- (21) **Interest Credits:** means the amount credited to each CB Eligible Participant's CB Account at the end of each month and continuing beyond such CB Eligible Participant's Termination of Employment until the month prior to the month containing such CB Eligible Participant's Annuity Starting Date, which amount is equal to the Monthly Interest Crediting Rate multiplied by the balance in such CB Account at the end of the previous month (that is, the balance before the addition of any credits for the current month).
- (22) **Monthly Interest Crediting Rate:** means the monthly rate that, when compounded for twelve (12) months, equals the annual rate of interest of 30-year Treasury securities during the middle month of the previous calendar quarter.
- (23) **Net Credited Service Date:** means, depending upon the context, either:
- (a) The Employment Commencement Date adjusted for any Periods of Severance (if the context requires computation of service based on elapsed time), or
 - (b) The date determined as the original hire date adjusted for any periods of noncredited Pension Eligibility Service so as to correctly reflect credited Pension Eligibility Service (if the context requires computation of service based on computation periods).
- (24) **Nondiscretionary Incentive Compensation:** means the amount of compensation paid that is (all of): (a) identified in a documented compensation program; (b) intended primarily to motivate employee performance; (c) measured by the attainment of a fixed objective that is based on a predetermined set payment formula for each unit of accomplishment; (d) not subject to employer discretion; and (e) communicated to employees prior to a specified performance period.
- (25) **Pension Calculation Date or Payment Calculation Date:** means with respect to each Participant, the later of:
- (a) The first (1st) day of the month following such Participant's Termination of Employment contingent upon such Participant's prior receipt of the written explanation of benefits and return of the appropriate election forms within the Election Period; or
 - (b) If Paragraph (a) immediately above does not apply, the first (1st) day of the month following such Participant's receipt of the written explanation of benefits and return of the appropriate election forms within the Election Period.

- (26) **Salaried Employee:** means an Employee whose pay is at a monthly or annual rate and whose position is not subject to automatic wage progression.

IV. PARTICIPATION AND VESTING

- 4.1 PARTICIPATION AND VESTING.** Effective June 1, 1997, any Grandfathered CB Participant who is not then a Participant will become a Participant, and any Grandfathered CB Participant who is not then vested in benefits from the Program will become fully vested in all past and future benefit accruals from the Program.

V. BASIC OPENING ACCOUNT BALANCE

- 5.1 BASIC OPENING ACCOUNT BALANCE.** The CB Account of each Grandfathered CB Participant will be credited with a Basic Account Opening Balance as of March 31, 1997 determined as the product of the following:
- (1) One and six tenths percent (1.6%), multiplied by;
 - (2) Cash Balance Conversion Pay, multiplied by;
 - (3) Cash Balance Conversion PCS, multiplied by; and
 - (4) The applicable factor from this Supplement, Table 1 (based on Cash Balance Conversion Age).

In no event will the Basic Opening Account Balance be less than two hundred dollars (\$200).

VI. TRANSITION CREDITS

- 6.1 TRANSITION CREDITS.** Each Grandfathered CB Participant will be entitled to Transition Credits pursuant to the terms of this Section.

On June 30, 1997, the Transition Benefit Account will equal the Initial Transition Benefit Account plus interest at the Monthly Interest Crediting Rate for June, 1997. Immediately after the interest is credited, an amount equal to one sixtieth (1/60th) of the Transition Benefit Account (the "Transition Credit") will be added to the CB Account and the Transition Benefit Account will be reduced by a like amount.

On July 31, 1997, the Transition Benefit Account will equal the Transition Benefit Account at June 30, 1997 (after the addition and subtraction described in the previous Paragraph) plus interest at the Monthly Interest Crediting Rate for July 1997. Immediately after the interest is credited, an amount equal to one fifty ninth (1/59th) of the Transition Benefit Account (the "Transition Credit") will be added to the CB Account and the Transition Benefit Account will be reduced by a like amount.

A similar process will be performed for each succeeding month until the final Transition Credit is transferred to the CB Account on May 31, 2002 (except as otherwise provided below).

Notwithstanding anything in this Section to the contrary, the following rules are applicable with respect to the Transition Credits:

- (1) Any Participant who has a Termination of Employment prior to having the entire Transition Benefit Account transferred to his CB Account will forfeit the remainder of his Transition Benefit Account even if he is subsequently rehired. If such Participant has a Termination of Employment prior to the end of a month, he will receive a prorated amount of the Transition Credit for that month based on the number of days up to and including the Termination of Employment date.
- (2) The balance of the Transition Benefit Account for a Participant will be immediately transferred to his CB Account if any of the following events occur:
 - (a) Death prior to Termination of Employment;
 - (b) Death while on a Leave of Absences, while on short-term disability under a disability plan of the Participant's Controlled Group Employer, or while on any other authorized absence; or
 - (c) Determination that the Participant is eligible to receive long-term disability benefits under the disability plan of the Participant's Controlled Group Employer.
- (3) Transition Credits will continue during a period of Incidental Absence or short-term disability.
- (4) Transition Credits will be credited during a period of military leave, but only if the Participant later returns to "at work" status with an SBC Controlled Group Member.
- (5) If a Grandfathered CB Participant is on a Committee Leave of Absence after June 1, 1997 and such Committee Leave of Absence ends before May 31, 2002, any remaining unallocated Transition Credits (with interest) at the date of return will be credited to the CB Account on a pro rata basis over the remainder of the period from return to "at work" status with an SBC Controlled Group Member through May 31, 2002.
- (6) In the event of a "change in control" (as defined in Subsection 9.3.1 of the prior version of the Program), all remaining unallocated Transition Credits will be allocated to the CB Accounts.

VII. GRANDFATHERED BENEFIT

7.1 GRANDFATHERED BENEFIT. Notwithstanding anything in the Program to the contrary, a Grandfathered CB Participant will be entitled to a benefit that is no less than the Grandfathered Benefit calculated pursuant to the provisions of this Section. In all cases, this benefit is a floor with respect to the benefits otherwise payable pursuant to the Program; it is not an additional benefit.

- (1) **Basic Definition of the Grandfathered Benefit:** The Grandfathered Benefit is calculated as a monthly pension benefit payable in the form of a Single Life Annuity in the amount determined by multiplying GF Adjusted Career Income by one and six-tenths percent (1.6%) and dividing the result by twelve (12).
- (2) **Deferred Vested Participants:** A Participant who elects to commence receipt of a Deferred Vested Pension prior to age sixty-five (65) years will have a monthly benefit determined at such early commencement date as the amount calculated in (1) immediately above multiplied by the applicable factor in Table 3 based on completed years and completed months of age at commencement of benefits.
- (3) **Calculation of Grandfathered Benefit Lump Sum:** A Grandfathered CB Participant may elect to receive the Grandfathered Benefit in the form of a lump sum calculated pursuant to the terms of this Subsection.

The Lump Sum payment option will not be available with respect to any Disability Pension or any Service Pension for Total Disability. Notwithstanding the preceding sentence, a Participant who is entitled to a Service Pension for Total Disability may elect to waive his right to a Service Pension for Total Disability and to take his Grandfathered Benefit as a lump sum.

Any Participant who is either over age sixty-five (65) years or eligible for a Service Pension will have the lump sum calculated as (a) plus (b) where:

- (a) The present value of the immediate single life annuity calculated using the GATT Basis as of the Annuity Starting Date and the age as of the Pension Calculation Date, plus
- (b) An additional amount equal to the payments, if any that would have been made pursuant to a Single Life Annuity election between the Annuity Starting Date and the Pension Calculation Date.

Any Participant who is eligible for a Deferred Vested Pension and who is not over age sixty-five (65) years will be entitled to a lump sum calculated as the present value of the deferred age sixty-five (65) years pension using the GATT Basis as of the Annuity Starting Date and age as of the Pension Calculation Date.

Effective January 1, 2008, the term "Actuarial Equivalent" will be substituted for the term "GATT Basis" in this Subsection. Actuarial Equivalent will be determined as set forth in Supplement 9 of the Plan.

- (4) **Grandfathered Benefit Survivor Benefits:** The provisions of this Subsection are applicable to a Grandfathered CB Participant who dies before his Annuity Starting Date. The Designated Beneficiary will be that person designated in pursuant to Subsection 4.13.1 of the prior version of the Program.
- (a) **Spouse as Designated Beneficiary.** If a Grandfathered CB Participant dies before his Annuity Starting Date, and his Spouse is his Designated Beneficiary, then the following rules apply:
- (i) If the Spouse elects to receive the survivor benefit as a lump sum, such lump sum will be no less than the Preretirement Survivor Annuity payable on behalf of the Participant converted to a lump sum using the GATT Basis and the Participant's age as of the date of the Participant's death.
- (ii) If the Spouse elects to receive the survivor benefit as a Single Life Annuity, such Single Life Annuity will not be less than the Preretirement Survivor Annuity payable on behalf of the Participant.
- (b) **Non-Spouse as Designated Beneficiary.** If a Grandfathered CB Participant dies before his Annuity Starting Date, and a person other than a spouse of such Grandfathered CB Participant is the Designated Beneficiary, then such non-Spouse Designated Beneficiary will be entitled to a lump sum benefit calculated as the present value of the Preretirement Survivor Annuity calculated using the GATT Basis and the Participant's age as of the date of such Participant's death.

Effective January 1, 2008, the term "Actuarial Equivalent" will be substituted for the term "GATT Basis" in this Subsection. Actuarial Equivalent will be determined as set forth in Supplement 9 of the Plan.

- (5) **Employees Transferred from Prior Bargained Plan.** Notwithstanding anything in the Program to the contrary, the Three-Year Wrap will be applicable to any Grandfathered CB Participant who did not yet have three (3) years of Pension Eligibility Service in the Program on April 1, 1997.
- (6) **Employee Transferred to Prior Bargained Plan.** If a Grandfathered CB Participant transfers from a position covered by the Program to a position covered by the Prior Bargained Plan after June 1, 1997, then the following rules will apply:
- (a) Transition Credits and Basic Benefit Credits will cease to be applied after the date of transfer.
- (b) The CB Account will continue to be credited with Interest Credits.
- (7) **Suspension of Benefits Upon Reemployment.** The suspension of benefits described in Subsection 4.6.1 of the prior version of the Program will continue to be applicable to any Participant who retires on or after April 1, 1997, who elects to receive his benefit in the form of an annuity, and for whom the annuity

calculated pursuant to the Grandfathered Benefit provisions is greater than the annuity calculated pursuant to the Cash Balance provisions. There will be no suspension of benefits for any employee receiving an annuity rehired on or after January 1, 2002.

VIII. TRANSFERS

8.1 TRANSFER FROM NONBARGAINED PROGRAM TO PRIOR BARGAINED PLAN.

- (1) If a Participant who transfers from a position covered by the Program to a position covered by the Prior Bargained Plan on or after April 1, 1997, and before June 1, 1997 the following rules will apply:
 - (a) Such Participant will retain the right to elect his Program benefit as a lump sum if he is Service Pension Eligible at Termination of Employment. In this case, the benefit payable from the Bargained Program will be offset by the annuity equivalent of such lump sum payment.
 - (b) The Three-Year Wrap rule will continue to apply to the calculation of the total benefit from the Bargained Program.
- (2) If a Participant transfers from a position covered by the Program to a position covered by the Prior Bargained Plan after June 1, 1997, then the following rules will apply:
 - (a) Basic Benefit Credits will cease upon the date of transfer.
 - (b) Interest Credits will continue to be applied.
 - (c) The Three-Year Wrap calculation will continue to be applied for purposes of determining the total benefit.
 - (d) Transition Credits, if applicable, will be credited only during periods of Program participation.
 - (e) The Participant may elect to receive his Program as a lump sum.

8.2 TRANSFER FROM NONBARGAINED PROGRAM TO PRIOR BARGAINED PLAN AND BACK TO NONBARGAINED PROGRAM.

- (1) If a Participant transfers from the Nonbargained Program to the Prior Bargained Plan then back to the Nonbargained Program, the following rules will apply:
 - (a) If a Participant transfers from the Nonbargained Program to the Prior Bargained Plan before April 1, 1997, then transfers back to the Nonbargained Program on or after April 1, 1997 and before June 1, 1997, at Termination of Employment such Participant will be entitled to separate benefits from the Nonbargained Program and the Prior Bargained Plan.

- (b) The Three-Year Wrap calculation will not be applicable, and the lump sum form of payment will be available only with respect to the benefit in the Nonbargained Program (unless otherwise permitted by the terms of the Prior Bargained Plan).
- (2) If a Participant transfers from the Nonbargained Program to the Prior Bargained Plan on or after April 1, 1997, then returns to the Nonbargained Program before June 2, 1997, the following rules will apply:
 - (a) Such Participant will be eligible for the benefits due to a Grandfathered CB Participant,
 - (b) Separate benefits from the Nonbargained Program and the Prior Bargained Plan will be payable at Termination of Employment.
 - (c) The Three-Year Wrap calculation will continue to be applicable with respect to the Grandfathered Benefit but not with respect to the cash balance benefit. The lump sum election will be available only with respect to the Nonbargained Program benefit.
- (3) If a Participant transfers from the Nonbargained Program to the Prior Bargained Plan on or after April 1, 1997 and before June 1, 1997, then returns to the Nonbargained Program after June 1, 1997, the following rules will apply:
 - (a) Such Participant will not be a Grandfathered CB Participant.
 - (b) Separate benefits will be payable from the Nonbargained Program and the Prior Bargained Plan. In particular, the lump sum election will not be available for the benefit from the Prior Bargained Plan (unless otherwise permitted by the terms of the Prior Bargained Plan).
 - (c) The Three-Year Wrap calculation will be available with respect to the cash balance benefit.
- (4) If a Participant transfers from the Nonbargained Program to the Prior Bargained Plan after June 1, 1997, then transfers back to the Nonbargained Program, the following rules will apply:
 - (a) If the transfer back to the Nonbargained Program occurs on or before May 31, 2002, any remaining unallocated Transition Benefit Credits (with interest) will be credited to the CB Account on a pro rata basis over the remainder of the period from the transfer back to the Nonbargained Program through May 31, 2002.
 - (b) The Three-Year Wrap will continue to be applicable to the Grandfathered Benefit (if otherwise eligible for the Grandfathered Benefit) but not to the cash balance benefit. The lump sum option will be available only with respect to the Nonbargained Program benefit.

8.3 TRANSFER FROM PRIOR BARGAINED PLAN TO NONBARGAINED PROGRAM AND BACK TO PRIOR BARGAINED PLAN.

- (1) If an individual transfers from the Prior Bargained Plan to the Nonbargained Program before April 1, 1997, then back to the Prior Bargained Plan before April 1, 1997, such individual will be subject to the provisions of the Prior Bargained Plan in effect on and after the date of transfer.
- (2) If an individual transfers from the Prior Bargained Plan to the Nonbargained Program before April 1, 1997, then back to the Prior Bargained Plan after April 1, 1997 but before June 2, 1997, then the following rules will apply:
 - (a) Such individual will not be a Grandfathered CB Participant.
 - (b) Such individual will be eligible for Basic Benefit Credits only for the period of Nonbargained participation.
 - (c) The Three-Year Wrap will continue to apply to the total benefit calculation in the Prior Bargained Plan.
 - (d) If the individual is eligible for a service pension at Termination of Employment, he may elect to take the benefit attributable to his Nonbargained Program service as a lump sum.
- (3) If an individual transfers from the Prior Bargained Plan before April 1, 1997, then transfers back to the Prior Bargained Plan after June 1, 1997, the following rules will apply:
 - (a) Such individual will be a Grandfathered CB Participant.
 - (b) Such individual will be eligible for Basic Benefit Credits and Transition Credits only for the period of Nonbargained participation.
 - (c) The Three-Year Wrap will continue to apply to the total benefit calculation in the Prior Bargained Plan.
 - (d) If the individual is eligible for a service pension at Termination of Employment, he may elect to take the benefit attributable to his Nonbargained Program service as a lump sum.
- (4) If an individual transfers from the Prior Bargained Plan to the Nonbargained Program on or after April 1, 1997 and returns to the Prior Bargained Plan before June 2, 1997, the following rules will apply:
 - (a) Such individual will not be a Grandfathered CB Participant.
 - (b) Such individual will be eligible for Basic Benefit Credits only for the period of Nonbargained participation.
 - (c) The Three-Year Wrap will continue to apply to the total benefit calculation in the Prior Bargained Plan.

- (d) If the individual is eligible for a service pension at Termination of Employment, he may elect to take the benefit attributable to his Nonbargained Program service as a lump sum.
- (5) If an individual transfers from the Prior Bargained Plan to the Nonbargained Program on or after April 1, 1997, then returns to the Prior Bargained Plan after June 1, 1997, the following rules will apply:
 - (a) Such individual will not be a Grandfathered CB Participant.
 - (b) Such individual will be eligible for Basic Benefit Credits only for the period of Nonbargained participation.
 - (c) The Three-Year Wrap will continue to apply to the total benefit calculation in the Prior Bargained Plan.
 - (d) If the individual is eligible for a service pension at Termination of Employment, he may elect to take the benefit attributable to his Nonbargained Program service as a lump sum.

8.4 TRANSFER FROM MPA INTERCHANGE COMPANY TO PARTICIPATING COMPANY.

- (1) If a Covered Employee who is a Nonbargained Employee is hired by a Participating Company effective before March 31, 1997, and continues Nonbargained Program participation through June 1, 1997, he will be treated as any other Nonbargained Employee.
- (2) If a Covered Employee who is a Nonbargained Employee is hired by a Participating Company effective on or after April 1, 1997 and continues Nonbargained Program participation through June 1, 1997, the following rules will apply:
 - (a) If assets and liabilities are not transferred with respect to the Covered Employee, he will be treated as a new hire.
 - (b) If assets and liabilities are transferred with respect to such Covered Employee, then an opening CB Account will be created for such Covered Employee calculated as cash balance or pension equity plan account (if the prior plan was a cash balance or pension equity plan), or as the lump sum equivalent of the transferred benefit.
 - (c) Such Covered Employee will not be a Grandfathered CB Participant.

8.5 TRANSFERS FROM THE PACIFIC TELESIS GROUP CASH BALANCE PENSION PLAN FOR SALARIED EMPLOYEES TO THE NONBARGAINED PROGRAM. If a Participant transfers from the Pacific Telesis Group Cash Balance Pension Plan for Salaried Employees to the Nonbargained Program on or after April 1, 1997, the following rules will apply:

- (1) The Mandatory Portability Agreement will not apply (in particular, there will be no transfer of assets and liabilities).

- (2) Such Participant will not be a Grandfathered CB Participant.
- (3) At Termination of Employment, such Participant's total benefit from the Nonbargained Program and the Pacific Telesis Group Cash Balance Pension Plan for Salaried Employees will be calculated to be the larger of:
 - (a) The total CB Account in the Nonbargained Program plus the cash balance account from the Pacific Telesis Group Cash Balance Pension Plan for Salaried Employees, or
 - (b) The Accelerated Transition Benefit available from the Pacific Telesis Group Cash Balance Pension Plan for Salaried Employees.

8.6 PARTICIPANT TRANSFERRED FROM NONBARGAINED PROGRAM TO PACIFIC TELESIS GROUP CASH BALANCE PENSION PLAN FOR SALARIED EMPLOYEES. If a Participant is transferred from the Nonbargained Program to the Pacific Telesis Group Cash Balance Pension Plan for Salaried Employees after April 1, 1997, the following rules will apply:

- (1) The Mandatory Portability Agreement will not apply (in particular, there will be no transfer of assets or liabilities).
- (2) If the Participant was eligible for Transition Credits prior to the transfer, the Transition Credits will continue during the period while the Participant is an active Participant in the Pacific Telesis Group Cash Balance Pension Plan for Salaried Employees.
- (3) Compensation and service credited while the Participant is covered by the Pacific Telesis Group Cash Balance Pension Plan for Salaried Employees will be applied in calculating such Participant's Grandfathered Benefit (if such Participant is otherwise eligible for the Grandfathered Benefit).
- (4) At Termination of Employment, the total benefit from the Nonbargained Program and the Pacific Telesis Group Cash Balance Pension Plan for Salaried Employees will be calculated to be the larger of:
 - (a) The CB Account plus the cash balance benefit due under the Pacific Telesis Group Cash Balance Pension Plan for Salaried Employees, or
 - (b) The Grandfathered Benefit (if otherwise eligible for such benefit).

8.7 TRANSFER FROM NONBARGAINED PROGRAM TO A NON-PARTICIPATING COMPANY (OTHER THAN A PACIFIC TELESIS GROUP COMPANY). If a Participant transfers, on or after April 1, 1997, from a Participating Company to another SBC Controlled Group Member (other than a company that is participating in the Pacific Telesis Group Cash Balance Pension Plan for Salaried Employees), the following rules will apply:

- (1) Transition Credits, if any, will continue to be transferred to the CB Account while such Participant is employed by an SBC Controlled Group Member.

- (2) Compensation and service that would be recognized for calculation of the Grandfathered Benefit but for the fact that it is compensation and service earned by a non-Participating Company will be recognized in calculating the Grandfathered Benefit.

IX. ADDITIONAL PERCENTAGE

- 9.1 ADDITIONAL PERCENTAGE.** In addition to the Basic Benefit Credits and Interest Credits payable into the Participant's CB Account under the Nonbargained Program, a percentage of such Participant's Basic Rate of Pay in effect as of such Participant's promotion/reclassification will be added to the CB Account in accordance with the following table:

Year of NCS Date	Additional Percentage
1997 or later	0
1996	2
1995	4
1994	6
1993	8
1992	10
1991	12
1990	14
1989	16
1988	18
1987	20
1986	26
1985	32
1984	38
1983	44
1982	50
1981	51
1980	52
1979	53
1978	54
1977 or earlier	55

X. TIME OF CREDITING

10.1 TIME OF CREDITING. The promotion/reclassification cash balance contribution will be credited to an eligible Participant's CB Account as of the dates indicated below:

(1) **Group 1 Employees:**

- (a) One-half (1/2) will be credited on January 1, 1999, provided the eligible Participant does not incur a break in service in excess of six (6) months during the period beginning with the date the eligible Participant begins participation in the Program and ending on January 1, 1999.
- (b) The remaining one-half (1/2) will be credited on the later of:
 - (i) January 1, 1999, or
 - (ii) The one (1) year anniversary of the date the eligible Participant begins participation in the Nonbargained Program or PTG Salaried Plan, as applicable,

provided that the eligible Participant does not incur a break in service in excess of six (6) months during the one (1) year period after the promotion/ reclassification.

(2) **Group 2 Employees:**

- (a) One-half (1/2) will be credited the date the eligible Participant begins participation in the Nonbargained Program.
- (b) The remaining one-half (1/2) will be credited one (1) year after the eligible Participant begins participation in the Nonbargained Program provided that the eligible Participant does not incur a break in service in excess of six (6) months during the one (1) year period after the promotion/ reclassification.

XI. ADDITIONAL RULES

11.1 ADDITIONAL RULES. An eligible Participant who is not "at work" on the date that part or all of the promotion/reclassification cash balance contribution is creditable into the CB Account will be subject to the same rules applicable to payment of the Transition Credits under the Nonbargained Program.

An eligible Participant will not be eligible to receive a promotion/reclassification cash balance contribution if previously eligible for a PTG Salaried Plan ATB Benefit, Nonbargained Program Transition Credits, or a promotion cash balance contribution, whether or not such Participant received such other benefit in whole or in part.

XII. APP PARTICIPANTS

12.1 PROMOTION/RECLASSIFICATION BENEFITS FOR APP PARTICIPANTS — ELIGIBLE GROUP. Each employee (as that term is defined in the Ameritech Pension Plan) covered by the Ameritech Pension Plan is eligible to receive a promotion/reclassification cash balance contribution in their Basic Account upon promotion to a Nonbargained Employee position provided such employee meets each of the following requirements:

- (1) Is promoted to a Nonbargained Employee position covered by the Nonbargained Program or otherwise reclassified as a Nonbargained Employee on or after January 1, 2001, and
- (2) Does not incur a break in service in excess of six (6) months during the period beginning on the effective date of the employee's promotion and ending on the date that the second (2nd) one-half (1/2) of the promotion cash balance contribution is otherwise payable to the Nonbargained Employee in accordance with Section 12.2 below.

An employee will not be eligible to receive a promotion/reclassification cash balance contribution, upon promotion/reclassification, if previously eligible for a promotion cash balance contribution, whether or not such employee received such other benefit in whole or in part.

12.2 AMOUNT. A percentage of the Nonbargained Employee's Basic Rate of Pay in effect as of the effective date of the employee's promotion/reclassification, will be added to the Nonbargained Employee's Basic Account. The applicable percentage will be determined by the employee's net credit service ("NCS") date in accordance with the following table (such NCS date will be adjusted for any service which has not bridged due to an absence from service which exceeded six (6) months):

Year of NCS Date	Percentage of Basic Rate of Pay
1999 or later	0
1998	1
1997	1
1996	1
1995	1
1994	1
1993	2
1992	2
1991	3
1990	4
1989	7
1988	10
1987	13
1986	18
1985	23
1984	30

Year of NCS Date	Percentage of Basic Rate of Pay
1983	37
1982	45
1981 or earlier	54

12.3 WHEN CREDITED. The promotion/reclassification cash balance contribution will be payable into the eligible Nonbargained Employee's Basic Account as of the dates indicated below:

- (1) One-half (1/2) of the contribution amount on the date the Nonbargained Employee begins participation in the Nonbargained Program; and
- (2) The remaining one-half (1/2) on the date one (1) year after the Nonbargained Employee begins participation in the Nonbargained Program, provided the Nonbargained Employee does not incur a break in service in excess of six (6) months during the one (1) year period after promotion/reclassification.

12.4 "AT WORK" REQUIREMENT. A Nonbargained Employee who is not "at work" on the date that part or all of the promotion/reclassification cash balance contribution is payable into the Nonbargained Employee's Basic Account will be subject to the same rules applicable to the payment of the Transition Benefit under the Nonbargained Program.

XIII.

SPECIAL TRANSFER/REHIRE RULES

13.1 RULES FOR TRANSFERS/REHIRES ON OR AFTER JUNE 1, 1997 BUT BEFORE JANUARY 1, 2005. Notwithstanding anything in the Nonbargained Program to the contrary (including the immediately preceding rules), the rules set forth in the following Subsections of this Section apply in determining the Pensions of Nonbargained Participants who (1) transfer to or from certain other plans, (2) transfer from an MPA Interchange Company to a Nonbargained Employer, or (3) are rehired by a Nonbargained Employer, in each case, on or after June 1, 1997 but before January 1, 2005.

- (1) **Transfer From Nonbargained Program to Prior Bargained Plan:** If a Nonbargained Participant transfers from the Nonbargained Program to the Prior Bargained Plan after June 1, 1997 but before January 1, 2005, then transfers back to the Nonbargained Program, the following rules apply in calculating his Pension:
 - (a) Separate benefits will be payable from the Nonbargained Program and the Prior Bargained Plan.
 - (b) The Three-Year Wrap calculation will not be applied to the cash balance benefit.

- (2) **Transfer From Prior Bargained Plan to Nonbargained Program:** If a Nonbargained Participant transfers from a Prior Bargained Plan to the Nonbargained Program after June 1, 1997 but before January 1, 2005, then subsequently transfers back to a Prior Bargained Plan, the following rules apply:
- (a) Such individual will be eligible for Basic Benefit Credits if he is otherwise so entitled to such credits only for the period of his Nonbargained Program participation.
 - (b) The Three-Year Wrap will continue to apply to the total benefit calculation in the Prior Bargained Plan.
 - (c) If the individual is eligible for a Service Pension at Termination of Employment, he may elect to take the benefit attributable to his Nonbargained Program service as a lump sum.
- (3) **Transfer From MPA Interchange Company to Nonbargained Employer:** If a Covered Employee who is a Nonbargained Employee is hired by a Nonbargained Employer effective on or after June 1, 1997 but before January 1, 2005, the following rules apply:
- (a) If assets and liabilities are not transferred to the Plan with respect to the Covered Employee, he will be treated as a new hire.
 - (b) If assets and liabilities are transferred to the Plan with respect to such Covered Employee, then a CB Account will be created for such Covered Employee with an opening balance calculated as an opening cash balance or pension equity plan account balance (if the prior plan was a cash balance or pension equity plan), or as the lump sum equivalent of the transferred benefit (if the prior plan was not a cash balance or pension equity plan).
- (4) **Additional Rehire and Transfer Rules:** Notwithstanding anything in the Nonbargained Program to the contrary (including the preceding Subsections of this Paragraph), the following rules are applicable with respect to Nonbargained Participants who are rehired on or after June 1, 1997 but before January 1, 2005, or employees who transfer into the Nonbargained Program on or after June 1, 1997 but before January 1, 2005, from another plan in the SBC Controlled Group or from an Interchange Company plan:
- (a) If a Nonbargained Participant has either a Deferred Vested Pension under the Nonbargained Program that is not a cash balance benefit and that has not entered pay status or a deferred vested benefit from an Interchange Company that is not in pay status and is neither a cash balance nor a pension equity type of benefit, then the following rules apply:
 - (i) An opening CB Account balance will be established in the amount of the prior accrued benefit converted to a lump sum value using the GATT Basis and the benefit deferred to Normal Retirement Age as of date of hire or rehire.

- (ii) At Termination of Employment, the Nonbargained Participant will be entitled to a Pension Benefit that is the larger of that attributable to the CB Account or to such prior benefit reflecting any additional early retirement subsidies that have been earned pursuant to otherwise applicable provisions of the Nonbargained Program.

- (b) If a Nonbargained Participant has either a deferred vested benefit in pay status from an Interchange Company plan that is not a cash balance or pension equity benefit or a Deferred Vested Pension in pay status from the Nonbargained Program that is not a cash balance benefit, then the following rules apply:
 - (i) Annuity payments will be suspended for the duration of reemployment (subject to otherwise applicable payment suspension rules of the Nonbargained Program).
 - (ii) An opening CB Account balance will be established in the amount of zero (0).
 - (iii) At Termination of Employment, the suspended benefit will be readjusted as appropriate to reflect additional early retirement subsidies earned but will otherwise be payable in the same form as prior to suspension, and the Nonbargained Participant will be permitted to make a separate election on the new accrued benefit earned under the Nonbargained Program.

- (c) If a Nonbargained Participant is entitled to either a Service Pension under the Nonbargained Program that is not a cash balance benefit and that has not entered pay status or a service pension from an Interchange Company that is not in pay status and is neither a cash balance nor a pension equity type of benefit, then the following rules apply:
 - (i) An opening CB Account balance will be established in the amount of zero (0).
 - (ii) At Termination of Employment, the Participant will be entitled to a Pension Benefit that is the larger of (i) that attributable to the CB Account plus the Pension Benefit that would have been payable at prior Termination of Employment or (ii) such prior benefit reflecting any additional early retirement subsidies that have been earned pursuant to otherwise applicable provisions of the Nonbargained Program.

- (d) If a Nonbargained Participant has either a Service Pension benefit in pay status from an Interchange Company plan that is not a cash balance or pension equity benefit or a Service Pension benefit in pay status from the Nonbargained Program that is not a cash balance benefit, then the following rules apply:
 - (i) Annuity payments will be suspended for the duration of reemployment (subject to otherwise applicable payment suspension rules of the Nonbargained Program).
 - (ii) An opening CB Account balance will be established in the amount of zero (0).
 - (iii) At Termination of Employment, the Nonbargained Participant will receive the larger of (i) such previous benefit plus any additional cash balance accruals from the Nonbargained Program or (ii) the suspended benefit readjusted as appropriate to reflect additional early retirement subsidies earned.
 - (iv) The prior suspended benefit will be payable only in the form previously selected.
- (e) If a Nonbargained Participant has a cash balance or pension equity type Pension Benefit from either the Nonbargained Program or an Interchange Company plan and the Pension Benefit is not in pay status, then the following rules apply:
 - (i) An opening CB Account balance will be established in the amount of the prior cash balance or pension equity account.
 - (ii) The benefit at such Nonbargained Participant's subsequent Termination of Employment will be based on the CB Account.
 - (iii) If there are protected distribution options on the prior benefit that are not otherwise available under the Nonbargained Program, such protected options will be available only with respect to the opening CB Account balance with interest.
- (f) If a Nonbargained Participant has a cash balance or pension equity type Pension Benefit from either the Nonbargained Program or an Interchange Company plan and the Pension Benefit is in pay status, then the following rules apply:
 - (i) The benefit payments will not be suspended.
 - (ii) At such Nonbargained Participant's subsequent Termination of Employment, a new benefit will be payable based on the benefits from this Nonbargained Program.

- (g) If a Nonbargained Participant is eligible for either a deferred vested pension or service pension from a plan in the SBC Controlled Group, such benefits are pursuant to a collective bargaining agreement, such benefits are not cash balance or pension equity type benefits, and such benefits are not in pay status, then the following rules will apply:
 - (i) An opening CB Account balance will be established in the amount of zero (0) plus any otherwise applicable promotion/reclassification credits.
 - (ii) Such Nonbargained Participant will be eligible for separate benefit elections at his subsequent Termination of Employment (using current Pension Band amounts or their equivalent, if applicable).
- (h) If a Nonbargained Participant is eligible for either a deferred vested pension or service pension from a plan in the SBC Controlled Group, such benefits are pursuant to a collective bargaining agreement, such benefits are not cash balance or pension equity type benefits, and such benefits are in pay status, then the following rules apply:
 - (i) Annuity payments of such benefits will be suspended pursuant to otherwise applicable rules.
 - (ii) An opening CB Account balance will be established in the amount of zero (0) plus any otherwise applicable promotion/reclassification credits.
 - (iii) At his subsequent Termination of Employment, the prior benefit will be readjusted, as otherwise appropriate, to reflect additional early retirement subsidies earned, and a separate election will be made with respect to the Pension Benefit newly earned under this Nonbargained Program.
- (i) If a Nonbargained Participant has a cash balance or pension equity type benefit from another plan or program in the SBC Controlled Group that is not in pay status and was earned pursuant to a collective bargaining agreement, then the following rules apply:
 - (i) An opening CB Account balance will be established in the amount of zero (0).
 - (ii) At his subsequent Termination of Employment, separate elections will be made with respect to the two (2) benefits.
- (j) If a Nonbargained Participant has a cash balance or pension equity type benefit from another plan in the SBC Controlled Group that is in pay status and was earned pursuant to a collective bargaining agreement, then the following rules will apply:
 - (i) Any annuity payments will continue.

- (ii) An opening CB Account balance will be established in the amount of zero (0).
 - (iii) At his subsequent Termination of Employment, an election will be made only with respect to the benefit accrued under the Nonbargained Program.
- (k) If a Nonbargained Participant has received a prior benefit in the form of a lump sum, then the following rules apply:
- (i) The opening CB Account will be zero (0) unless repayment is permitted, in which case the opening CB Account will be the amount of the repayment.
 - (ii) The benefit at his subsequent Termination of Employment will be based only on the CB Account at such time.

XIV. SURVIVOR DEATH BENEFIT

14.1 SURVIVOR DEATH BENEFIT WITH RESPECT TO CB ELIGIBLE PARTICIPANTS. The provisions of this Section are applicable with respect to each CB Eligible Participant and supersede any inconsistent provisions of the prior version of the Nonbargained Program; provided, however, that, to the extent the prior version of the Nonbargained Program does not conflict with the provisions of this Section, such provisions will remain in force and apply as applicable to such CB Eligible Participant and his Surviving Spouse.

- (1) **Spouse as Designated Beneficiary:** If a CB Eligible Participant dies before his Annuity Starting Date and his Surviving Spouse is his Designated Beneficiary, such Surviving Spouse will be entitled to such CB Eligible Participant's CB Account in accordance with the following rules:
- (a) Such Surviving Spouse may defer commencement of benefits (and such CB Eligible Participant's CB Account will continue to earn Interest Credits) until a date no later than the first (1st) of the month following the later of (i) the date such CB Eligible Participant would have attained age sixty-five (65) years or (ii) the fifth (5th) anniversary of such CB Eligible Participant's death.
 - (b) Once such Surviving Spouse elects to commence benefits, such Surviving Spouse may elect to receive payment of such benefits either (i) as a lump sum (in the amount of the CB Account as of the date of distribution) or (ii) as a Single Life Annuity that is the Actuarial Equivalent of the CB Account calculated using such Surviving Spouse's age as of the date of distribution.
 - (c) If such Surviving Spouse dies before distribution of benefits commence, such Surviving Spouse's designated beneficiary may defer commencement of benefits (and the CB Account will continue to earn Interest Credits) until no later than the first (1st) of the month following the

fifth (5th) anniversary of such Surviving Spouse's death. The Surviving Spouse's designated beneficiary may take the benefit only as a lump sum in the amount of the CB Account as of the date of distribution, and no annuity or other form of payment is permitted.

(2) **Non-Spouse as Designated Beneficiary:** If a CB Eligible Participant dies before his Annuity Starting Date and his Designated Beneficiary is not his Surviving Spouse, such Designated Beneficiary will be entitled to such CB Eligible Participant's CB Account in accordance with the following rules:

- (a) Such Designated Beneficiary may defer commencement of benefits (and the CB Account will continue to earn Interest Credits) until a date no later than the first (1st) of the month following the fifth (5th) anniversary of such CB Eligible Participant's death.
- (b) The Designated Beneficiary may take the benefit only as a lump sum in the amount of the CB Account as of the date of distribution, and no annuity or other form of payment is permitted.

Table 1 Deferred Vested Pension Lump Sum Factors Used in Calculating Basic Account Opening Balance (Determine age as of 5/31/97 rounded up to the next full month)												
Completed Years of Age	Completed Months of Age											
	0	1	2	3	4	5	6	7	8	9	10	11
15	0.3545	0.3565	0.3585	0.3604	0.3624	0.3644	0.3664	0.3684	0.3704	0.3724	0.3743	0.3763
16	0.3783	0.3804	0.3825	0.3847	0.3868	0.3889	0.3910	0.3931	0.3953	0.3974	0.3995	0.4016
17	0.4037	0.4060	0.4083	0.4105	0.4128	0.4150	0.4173	0.4196	0.4218	0.4241	0.4263	0.4286
18	0.4309	0.4333	0.4357	0.4381	0.4405	0.4429	0.4453	0.4478	0.4502	0.4526	0.4550	0.4574
19	0.4598	0.4624	0.4650	0.4675	0.4701	0.4727	0.4753	0.4778	0.4804	0.4830	0.4856	0.4881
20	0.4907	0.4935	0.4962	0.4990	0.5017	0.5045	0.5072	0.5100	0.5127	0.5155	0.5182	0.5209
21	0.5237	0.5266	0.5296	0.5325	0.5354	0.5384	0.5413	0.5442	0.5472	0.5501	0.5530	0.5560
22	0.5589	0.5620	0.5652	0.5683	0.5714	0.5746	0.5777	0.5808	0.5839	0.5871	0.5902	0.5933
23	0.5965	0.5998	0.6032	0.6065	0.6098	0.6132	0.6165	0.6199	0.6232	0.6266	0.6299	0.6332
24	0.6366	0.6402	0.6437	0.6473	0.6509	0.6544	0.6580	0.6616	0.6651	0.6687	0.6723	0.6758
25	0.6794	0.6832	0.6870	0.6908	0.6946	0.6985	0.7023	0.7061	0.7099	0.7137	0.7175	0.7213
26	0.7251	0.7292	0.7333	0.7373	0.7414	0.7455	0.7495	0.7536	0.7577	0.7617	0.7658	0.7699
27	0.7739	0.7783	0.7826	0.7869	0.7913	0.7956	0.8000	0.8043	0.8087	0.8130	0.8173	0.8217
28	0.8260	0.8307	0.8353	0.8399	0.8446	0.8492	0.8538	0.8585	0.8631	0.8677	0.8724	0.8770
29	0.8817	0.8866	0.8916	0.8965	0.9015	0.9064	0.9114	0.9163	0.9213	0.9262	0.9312	0.9361
30	0.9411	0.9463	0.9516	0.9569	0.9622	0.9675	0.9728	0.9781	0.9833	0.9886	0.9939	0.9992
31	1.0045	1.0101	1.0158	1.0214	1.0271	1.0327	1.0384	1.0440	1.0497	1.0553	1.0609	1.0666
32	1.0722	1.0783	1.0843	1.0903	1.0964	1.1024	1.1084	1.1144	1.1205	1.1265	1.1325	1.1386
33	1.1446	1.1510	1.1575	1.1639	1.1703	1.1768	1.1832	1.1897	1.1961	1.2025	1.2090	1.2154
34	1.2219	1.2287	1.2356	1.2425	1.2494	1.2563	1.2631	1.2700	1.2769	1.2838	1.2906	1.2975
35	1.3044	1.3118	1.3191	1.3265	1.3338	1.3411	1.3485	1.3558	1.3632	1.3705	1.3779	1.3852
36	1.3926	1.4004	1.4083	1.4161	1.4240	1.4319	1.4397	1.4476	1.4554	1.4633	1.4711	1.4790
37	1.4868	1.4952	1.5036	1.5120	1.5204	1.5288	1.5371	1.5455	1.5539	1.5623	1.5707	1.5791
38	1.5875	1.5964	1.6054	1.6144	1.6233	1.6323	1.6413	1.6502	1.6592	1.6681	1.6771	1.6861
39	1.6950	1.7046	1.7142	1.7238	1.7334	1.7429	1.7525	1.7621	1.7717	1.7813	1.7909	1.8004
40	1.8100	1.8203	1.8305	1.8407	1.8510	1.8612	1.8715	1.8817	1.8920	1.9022	1.9125	1.9227
41	1.9329	1.9439	1.9549	1.9658	1.9768	1.9877	1.9987	2.0096	2.0206	2.0315	2.0425	2.0535

Table 1 Deferred Vested Pension Lump Sum Factors Used in Calculating Basic Account Opening Balance (Determine age as of 5/31/97 rounded up to the next full month)												
Completed Years of Age	Completed Months of Age											
	0	1	2	3	4	5	6	7	8	9	10	11
42	2.0644	2.0761	2.0879	2.0996	2.1113	2.1230	2.1347	2.1465	2.1582	2.1699	2.1816	2.1933
43	2.2051	2.2176	2.2301	2.2427	2.2552	2.2678	2.2803	2.2929	2.3054	2.3180	2.3305	2.3430
44	2.3556	2.3690	2.3825	2.3959	2.4093	2.4227	2.4362	2.4496	2.4630	2.4765	2.4899	2.5033
45	2.5168	2.5312	2.5455	2.5599	2.5743	2.5887	2.6031	2.6175	2.6319	2.6463	2.6607	2.6750
46	2.6894	2.7049	2.7203	2.7357	2.7511	2.7666	2.7820	2.7974	2.8128	2.8282	2.8437	2.8591
47	2.8745	2.8911	2.9076	2.9241	2.9407	2.9572	2.9738	2.9903	3.0068	3.0234	3.0399	3.0565
48	3.0730	3.0908	3.1085	3.1263	3.1440	3.1618	3.1795	3.1972	3.2150	3.2327	3.2505	3.2682
49	3.2860	3.3050	3.3241	3.3432	3.3622	3.3813	3.4003	3.4194	3.4384	3.4575	3.4765	3.4956
50	3.5146	3.5351	3.5556	3.5760	3.5965	3.6170	3.6374	3.6579	3.6784	3.6988	3.7193	3.7398
51	3.7602	3.7822	3.8042	3.8262	3.8482	3.8702	3.8922	3.9141	3.9361	3.9581	3.9801	4.0021
52	4.0241	4.0477	4.0714	4.0950	4.1186	4.1423	4.1659	4.1895	4.2132	4.2368	4.2605	4.2841
53	4.3077	4.3332	4.3586	4.3840	4.4094	4.4348	4.4603	4.4857	4.5111	4.5365	4.5620	4.5874
54	4.6128	4.6402	4.6675	4.6949	4.7222	4.7496	4.7770	4.8043	4.8317	4.8590	4.8864	4.9137
55	4.9411	4.9706	5.0000	5.0295	5.0589	5.0884	5.1179	5.1473	5.1768	5.2062	5.2357	5.2652
56	5.2946	5.3264	5.3581	5.3899	5.4216	5.4534	5.4851	5.5168	5.5486	5.5803	5.6121	5.6438
57	5.6756	5.7098	5.7440	5.7783	5.8125	5.8468	5.8810	5.9125	5.9495	5.9837	6.0180	6.0522
58	6.0864	6.1234	6.1604	6.1973	6.2343	6.2713	6.3082	6.3452	6.3822	6.4192	6.4561	6.4931
59	6.5301	6.5700	6.6100	6.6500	6.6899	6.7299	6.7699	6.8099	6.8498	6.8898	6.9298	6.9697
60	7.0097	7.0530	7.0963	7.1396	7.1828	7.2261	7.2694	7.3127	7.3560	7.3992	7.4425	7.4858
61	7.5291	7.5761	7.6230	7.6700	7.7169	7.7639	7.8108	7.8578	7.9047	7.9517	7.9986	8.0456
62	8.0925	8.1436	8.1946	8.2457	8.2967	8.3478	8.3988	8.4498	8.5009	8.5519	8.6030	8.6540
63	8.7051	8.7607	8.8163	8.8719	8.9276	8.9832	9.0388	9.0944	9.1501	9.2057	9.2613	9.3169
64	9.3725	9.4333	9.4941	9.5549	9.6157	9.6764	9.7372	9.7980	9.8588	9.9195	9.9803	10.0411
65	10.1019	10.0816	10.0613	10.0410	10.0207	10.0004	9.9801	9.9598	9.9395	9.9192	9.8989	9.8786
66	9.8583	9.8376	9.8168	9.7961	9.7754	9.7546	9.7339	9.7131	9.6924	9.6717	9.6509	9.6302
67	9.6094	9.5883	9.5672	9.5460	9.5249	9.5038	9.4826	9.4615	9.4404	9.4192	9.3981	9.3770
68	9.3558	9.3344	9.3129	9.2914	9.2699	9.2484	9.2270	9.2055	9.1840	9.1625	9.1410	9.1196
69	9.0981	9.0763	9.0545	9.0327	9.0109	8.9891	8.9673	8.9456	8.9238	8.9020	8.8802	8.8584
70	8.8366	8.8145	8.7925	8.7704	8.7483	8.7263	8.7042	8.6821	8.6600	8.6380	8.6159	8.5938
71	8.5718	8.5494	8.5271	8.5048	8.4825	8.4601	8.4378	8.4155	8.3932	8.3708	8.3485	8.3262
72	8.3039	8.2813	8.2588	8.2362	8.2137	8.1912	8.1686	8.1461	8.1236	8.1010	8.0785	8.0560
73	8.0334	8.0108	7.9881	7.9654	7.9427	7.9201	7.8974	7.8747	7.8520	7.8294	7.8067	7.7840
74	7.7613	7.7386	7.7159	7.6932	7.6704	7.6477	7.6250	7.6023	7.5795	7.5568	7.5341	7.5114
75	7.4886	7.4660	7.4433	7.4206	7.3980	7.3753	7.3526	7.3299	7.3073	7.2846	7.2619	7.2393

Table 2 Percentage Factor Used in Calculating Hypothetical Retroactive Cash Balance Benefit Account (Determine PCS as of 5/31/97 rounded up to the next full month)												
Completed Years of PCS	Completed Months of PCS											
	0	1	2	3	4	5	6	7	8	9	10	11
0	0.0000	0.0042	0.0084	0.0126	0.0168	0.0211	0.0254	0.0297	0.0341	0.0385	0.0429	0.0473
1	0.0518	0.0563	0.0608	0.0652	0.0697	0.0742	0.0787	0.0832	0.0877	0.0921	0.0966	0.1011
2	0.1056	0.1103	0.1149	0.1195	0.1242	0.1288	0.1335	0.1382	0.1428	0.1475	0.1521	0.1568
3	0.1615	0.1663	0.1711	0.1759	0.1808	0.1856	0.1904	0.1953	0.2001	0.2049	0.2098	0.2146
4	0.2195	0.2245	0.2295	0.2345	0.2395	0.2445	0.2495	0.2546	0.2596	0.2646	0.2697	0.2747
5	0.2797	0.2849	0.2901	0.2953	0.3005	0.3057	0.3109	0.3161	0.3214	0.3266	0.3318	0.3371

Table 2 Percentage Factor Used in Calculating Hypothetical Retroactive Cash Balance Benefit Account (Determine PCS as of 5/31/97 rounded up to the next full month)												
Completed Years of PCS	Completed Months of PCS											
	0	1	2	3	4	5	6	7	8	9	10	11
6	0.3423	0.3477	0.3531	0.3585	0.3639	0.3693	0.3747	0.3801	0.3855	0.3909	0.3964	0.4018
7	0.4073	0.4129	0.4184	0.4240	0.4296	0.4353	0.4409	0.4465	0.4521	0.4578	0.4634	0.4691
8	0.4748	0.4805	0.4863	0.4921	0.4980	0.5038	0.5096	0.5155	0.5213	0.5272	0.5330	0.5389
9	0.5448	0.5508	0.5568	0.5629	0.5689	0.5749	0.5810	0.5871	0.5932	0.5992	0.6053	0.6115
10	0.6176	0.6238	0.6301	0.6363	0.6426	0.6488	0.6551	0.6614	0.6678	0.6741	0.6804	0.6868
11	0.6932	0.6996	0.7061	0.7126	0.7191	0.7256	0.7321	0.7387	0.7452	0.7518	0.7584	0.7650
12	0.7716	0.7783	0.7850	0.7918	0.7985	0.8053	0.8121	0.8189	0.8257	0.8325	0.8394	0.8462
13	0.8531	0.8601	0.8670	0.8740	0.8810	0.8880	0.8951	0.9022	0.9092	0.9163	0.9234	0.9306
14	0.9377	0.9449	0.9522	0.9594	0.9667	0.9740	0.9813	0.9886	0.9960	1.0034	1.0108	1.0182
15	1.0256	1.0331	1.0406	1.0481	1.0557	1.0632	1.0708	1.0784	1.0861	1.0937	1.1014	1.1091
16	1.1169	1.1246	1.1324	1.1402	1.1481	1.1559	1.1638	1.1717	1.1796	1.1876	1.1956	1.2036
17	1.2116	1.2197	1.2278	1.2359	1.2440	1.2522	1.2604	1.2686	1.2768	1.2851	1.2934	1.3017
18	1.3100	1.3184	1.3268	1.3352	1.3436	1.3521	1.3606	1.3692	1.3777	1.3863	1.3949	1.4035
19	1.4122	1.4209	1.4296	1.4383	1.4471	1.4559	1.4647	1.4736	1.4825	1.4914	1.5004	1.5093
20	1.5183	1.5273	1.5364	1.5455	1.5546	1.5637	1.5729	1.5821	1.5913	1.6006	1.6099	1.6192
21	1.6285	1.6379	1.6473	1.6567	1.6661	1.6756	1.6851	1.6947	1.7043	1.7139	1.7236	1.7333
22	1.7430	1.7527	1.7624	1.7722	1.7820	1.7919	1.8018	1.8117	1.8216	1.8316	1.8417	1.8517
23	1.8618	1.8719	1.8820	1.8922	1.9023	1.9126	1.9228	1.9331	1.9435	1.9539	1.9643	1.9747
24	1.9852	1.9957	2.0062	2.0167	2.0273	2.0379	2.0486	2.0593	2.0700	2.0808	2.0916	2.1025
25	2.1134	2.1243	2.1353	2.1461	2.1571	2.1681	2.1792	2.1903	2.2014	2.2126	2.2239	2.2352
26	2.2465	2.2578	2.2691	2.2804	2.2918	2.3033	2.3148	2.3263	2.3379	2.3495	2.3612	2.3729
27	2.3847	2.3964	2.4081	2.4199	2.4318	2.4436	2.4556	2.4676	2.4796	2.4917	2.5038	2.5160
28	2.5283	2.5404	2.5526	2.5648	2.5771	2.5894	2.6018	2.6143	2.6268	2.6393	2.6519	2.6646
29	2.6773	2.6899	2.7025	2.7152	2.7280	2.7408	2.7537	2.7666	2.7796	2.7926	2.8057	2.8189
30	2.8321	2.8451	2.8583	2.8715	2.8847	2.8980	2.9114	2.9248	2.9383	2.9518	2.9654	2.9791
31	2.9928	3.0064	3.0200	3.0337	3.0474	3.0612	3.0751	3.0891	3.1031	3.1171	3.1313	3.1455
32	3.1597	3.1738	3.1879	3.2022	3.2164	3.2308	3.2452	3.2597	3.2742	3.2888	3.3035	3.3182
33	3.3330	3.3477	3.3624	3.7771	3.3919	3.4068	3.4218	3.4368	3.4519	3.4671	3.4823	3.4977
34	3.5130	3.5282	3.5435	3.5588	3.5742	3.5896	3.6052	3.6208	3.6365	3.6522	3.6681	3.6840
35	3.7000	3.7157	3.7316	3.7475	3.7634	3.7795	3.7956	3.8118	3.8281	3.8445	3.8610	3.8775
36	3.8941	3.9104	3.9269	3.9434	3.9600	3.9766	3.9934	4.0102	4.0272	4.0442	4.0612	4.0784
37	4.0957	4.1126	4.1297	4.1468	4.1641	4.1814	4.1988	4.2163	4.2338	4.2515	4.2692	4.2871
38	4.3050	4.3226	4.3403	4.3581	4.3760	4.3940	4.4121	4.4302	4.4485	4.4668	4.4852	4.5038
39	4.5224	4.5407	4.5591	4.5775	4.5961	4.6148	4.6335	4.6524	4.6714	4.6904	4.7095	4.7288
40	4.7481	4.7671	4.7862	4.8054	4.8247	4.8441	4.8635	4.8831	4.9028	4.9226	4.9425	4.9625
41	4.9825	5.0023	5.0221	5.0420	5.0620	5.0822	5.1024	5.1227	5.1432	5.1637	5.1844	5.2051
42	5.2260	5.2465	5.2670	5.2877	5.3085	5.3294	5.3504	5.3715	5.3928	5.4141	5.4356	5.4571
43	5.4788	5.5000	5.5214	5.5429	5.5645	5.5862	5.6080	5.6299	5.6520	5.6741	5.6964	5.7188
44	5.7413	5.6734	5.7856	5.8079	5.8303	5.8528	5.8755	5.8982	5.9211	5.9442	5.9673	5.9906
45	6.0139	6.0369	6.0599	6.0830	6.1063	6.1297	6.1532	6.1769	6.2007	6.2246	6.2486	6.2728
46	6.2971	6.3208	6.3447	6.3688	6.3930	6.4173	6.4417	6.4662	6.4909	6.5158	6.5407	6.5658
47 or more	6.5911	6.5911	6.5911	6.5911	6.5911	6.5911	6.5911	6.5911	6.5911	6.5911	6.5911	6.5911

Table 3 Early Retirement Factors Based Upon Completed Years and Months of Age at Commencement of Deferred Vested Pension												
Completed Years of Age	Completed Months of Age											
	0	1	2	3	4	5	6	7	8	9	10	11
20	0.038	0.038	0.039	0.039	0.039	0.039	0.040	0.040	0.040	0.040	0.041	0.041
21	0.041	0.041	0.041	0.042	0.042	0.042	0.042	0.042	0.042	0.043	0.043	0.043
22	0.043	0.043	0.043	0.044	0.044	0.044	0.044	0.044	0.044	0.045	0.045	0.045
23	0.045	0.045	0.046	0.046	0.046	0.046	0.047	0.047	0.047	0.047	0.048	0.048
24	0.048	0.048	0.049	0.049	0.049	0.049	0.050	0.050	0.050	0.050	0.051	0.051
25	0.051	0.051	0.052	0.052	0.052	0.052	0.053	0.053	0.053	0.053	0.054	0.054
26	0.054	0.054	0.055	0.055	0.055	0.055	0.056	0.056	0.056	0.056	0.057	0.057
27	0.057	0.057	0.058	0.058	0.058	0.058	0.059	0.059	0.059	0.059	0.060	0.060
28	0.060	0.060	0.061	0.061	0.061	0.062	0.062	0.062	0.063	0.063	0.063	0.064
29	0.064	0.064	0.065	0.065	0.065	0.066	0.066	0.066	0.067	0.067	0.067	0.068
30	0.068	0.068	0.069	0.069	0.069	0.069	0.070	0.070	0.071	0.071	0.071	0.072
31	0.072	0.072	0.073	0.073	0.073	0.074	0.074	0.074	0.075	0.075	0.075	0.076
32	0.076	0.076	0.077	0.077	0.078	0.078	0.079	0.079	0.079	0.080	0.080	0.081
33	0.081	0.081	0.082	0.082	0.083	0.083	0.084	0.084	0.084	0.085	0.085	0.086
34	0.086	0.086	0.087	0.087	0.088	0.088	0.089	0.089	0.089	0.090	0.090	0.091
35	0.091	0.092	0.092	0.093	0.093	0.094	0.094	0.095	0.095	0.096	0.096	0.097
36	0.097	0.098	0.098	0.099	0.099	0.100	0.100	0.101	0.101	0.102	0.102	0.103
37	0.103	0.104	0.104	0.105	0.105	0.106	0.107	0.107	0.108	0.108	0.109	0.109
38	0.110	0.111	0.111	0.112	0.112	0.113	0.114	0.114	0.115	0.115	0.116	0.116
39	0.117	0.118	0.118	0.119	0.120	0.120	0.121	0.122	0.122	0.123	0.124	0.124
40	0.125	0.126	0.126	0.127	0.128	0.128	0.129	0.130	0.130	0.131	0.132	0.132
41	0.133	0.134	0.135	0.135	0.136	0.137	0.138	0.138	0.139	0.140	0.141	0.141
42	0.142	0.143	0.144	0.145	0.145	0.146	0.147	0.148	0.149	0.150	0.150	0.151
43	0.152	0.153	0.154	0.155	0.156	0.157	0.158	0.158	0.159	0.160	0.161	0.162
44	0.163	0.164	0.165	0.166	0.167	0.168	0.169	0.170	0.171	0.172	0.173	0.174
45	0.175	0.176	0.177	0.178	0.179	0.180	0.181	0.182	0.183	0.184	0.185	0.186
46	0.187	0.188	0.189	0.191	0.192	0.193	0.194	0.195	0.196	0.198	0.199	0.200
47	0.201	0.202	0.204	0.205	0.206	0.207	0.209	0.210	0.211	0.212	0.214	0.215
48	0.216	0.217	0.219	0.220	0.222	0.223	0.225	0.226	0.227	0.229	0.230	0.232
49	0.233	0.235	0.236	0.238	0.239	0.241	0.242	0.244	0.245	0.247	0.248	0.250
50	0.251	0.253	0.255	0.256	0.258	0.260	0.262	0.263	0.265	0.267	0.269	0.270
51	0.272	0.274	0.276	0.278	0.279	0.281	0.283	0.285	0.287	0.289	0.290	0.292
52	0.294	0.296	0.298	0.300	0.302	0.304	0.306	0.308	0.310	0.312	0.314	0.316
53	0.318	0.320	0.323	0.325	0.327	0.330	0.332	0.334	0.337	0.339	0.341	0.344
54	0.346	0.349	0.351	0.654	0.356	0.359	0.361	0.364	0.366	0.369	0.371	0.374
55	0.376	0.379	0.382	0.385	0.387	0.390	0.393	0.396	0.399	0.402	0.404	0.407
56	0.410	0.413	0.416	0.420	0.423	0.426	0.429	0.432	0.435	0.439	0.442	0.445
57	0.448	0.452	0.455	0.459	0.462	0.466	0.469	0.473	0.476	0.480	0.483	0.487
58	0.490	0.494	0.498	0.502	0.506	0.510	0.514	0.518	0.522	0.526	0.530	0.534
59	0.538	0.543	0.547	0.552	0.556	0.561	0.565	0.570	0.574	0.579	0.583	0.588
60	0.592	0.597	0.602	0.608	0.613	0.618	0.623	0.628	0.633	0.639	0.644	0.649
61	0.654	0.660	0.666	0.671	0.677	0.683	0.689	0.694	0.700	0.706	0.712	0.717
62	0.723	0.730	0.736	0.743	0.750	0.756	0.763	0.770	0.776	0.783	0.790	0.796
63	0.803	0.811	0.818	0.826	0.834	0.841	0.849	0.857	0.864	0.872	0.880	0.887
64	0.895	0.904	0.913	0.921	0.930	0.939	0.948	0.956	0.965	0.974	0.983	0.991
65	1.000											

SUPPLEMENT 8 DEATH BENEFITS

I. SCOPE

- 1.1 **SCOPE.** This Supplement applies only to Program Participants who are Death Benefit Eligible Employees, Death Benefit Eligible Pensioners, and Disabled Former Employees as defined below. To the extent the provisions of this Supplement conflict with other provisions of the Plan or the Program, this Supplement will control with respect to the Death Benefit Eligible Employees, Death Benefit Eligible Pensioners, and Disabled Former Employees. No death benefits will be provided under the Program, other than the ancillary death benefits described in this Supplement and the survivor benefits described in the Program.
- 1.2 **LIMITATION.** Except to the extent otherwise provided in another Supplement to the Nonbargained Program, the Death Benefits described in this Supplement are eliminated effective June 1, 2002, with respect to any Program Participant who was an Employee of an AT&T Controlled Group Member at any time on or after June 1, 1997. Individuals who were Former Eligible Employees on June 1, 1997, and who do not return as Employees of an AT&T Controlled Group Member on or after June 1, 2002, will continue to be Death Benefit Eligible Employees and Death Benefit Eligible Pensioners with respect to the Death Benefits they were entitled to on June 1, 1997.

II. DEFINITIONS

- 2.1 **DEFINITION.** For purposes of this Supplement each of the following terms when capitalized has the respective meaning set forth below except where the context clearly indicates to the contrary. Capitalized terms not defined below are as defined in the Nonbargained Program or the Plan, unless the context clearly indicates to the contrary.
- (1) **Accident Death Benefit:** means the accident death benefit described in this Supplement.
 - (2) **Reserved.**
 - (3) **Ancillary Death Benefit:** means the benefits described in this Supplement.
 - (4) **Reserved.**
 - (5) **Child (or Children):** means the child of a Deceased Employee, who on the day of the death of such Deceased Employee meets one of the following two requirements:
 - (i) Not yet twenty-three (23) years of age and Supported in Whole or in Part by a Deceased Employee or entitled to receive support in whole or in part by the Deceased Employee at the time of his death; or

- (ii) (A) Twenty-three (23) years of age or older, (B) Mentally or Physically Incapable of Self-Support, and (C) receiving from the Deceased Employee more than half of such child's total income from all sources at the time of the Deceased Employee's death; and

For purposes of this definition "Child" will include the following individuals:

- (a) Such Deceased Employee's child by birth or legal adoption;
- (b) The stepchild of such Deceased Employee; and
- (c) A child who resides in the household of such Deceased Employee or for whom the Deceased Employee or the Deceased Employee's Spouse is the legally declared guardian of the person of the child or the equivalent thereof under applicable state law; provided, however, that no child will be eligible for coverage under this Paragraph (c) unless both of the following are demonstrated:
 - (i) A court of competent jurisdiction has issued an order assigning to the Deceased Employee and/or the Deceased Employee's Spouse sole and exclusive care, custody, and control of such child, as well as exclusive financial and legal responsibility for such child; and
 - (ii) The occurrence of either of the following circumstances:
 - (A) All prior parental rights with regard to such child have been completely and permanently terminated either:
 - (1) As a result of the death of both of the child's biological or adoptive parents and any and all other persons having legally established parental rights, responsibilities, and duties with regard to such child; or
 - (2) By order of a court of competent jurisdiction; or
 - (B) Both parents and any and all other persons having legally established parental rights, responsibilities, and duties with regard to such child are unable to perform substantially all parental duties and responsibilities as a result of such persons':
 - (1) Physical, mental, and/or medical disability, as determined by a physician or court of competent jurisdiction;
 - (2) Imprisonment; or

- (3) Disappearance and the inability to locate such persons by any reasonable means;

but only for as long as such circumstances continues.

- (6) **Death Benefit:** means one of the following: an Accident Death Benefit, a Sickness Death Benefit, or a Retiree Death Benefit described in this Supplement.
- (7) **Death Benefit Claimant:** means a person entitled to file a claim for a Death Benefit.
- (8) **Death Benefit Compensation:** means the amount, if any, of the Program Participant's Pension Compensation computed under the prior version of the Nonbargained Program. To the extent that Pension Compensation is used for any Plan Year to pay any Death Benefit from the Pension Fund, Pension Compensation is limited by the Compensation Limit.
- (9) **Death Benefit Eligible Employee:** means each Program Eligible Employee eligible to receive a Death Benefit pursuant to this Supplement.
- (10) **Death Benefit Eligible Pensioner:** means each Death Benefit Eligible Employee who prior to his Termination of Employment was a Program Eligible Employee and who (a) had satisfied the Modified Rule of 75 and was receiving a Program Pension Benefit, (b) is entitled to receive a Program Pension Benefit and satisfied the Modified Rule of 75, but for the fact that the Program Participant's Program Pension Benefit has been suspended in accordance with the provisions of this Supplement or (c) is receiving a Disability Pension.
- (11) **Reserved.**
- (12) **Reserved.**
- (13) **Deceased Employee:** means a deceased Death Benefit Eligible Employee, Death Benefit Eligible Pensioner, or Disabled Former Employee, as applicable.
- (14) **Dependent on a Deceased Employee:** means the Deceased Employee provides a significant degree of a Death Benefit Claimant's subsistence by means of contributing money, property, or a service that has a lasting or continuing value to the Death Benefit Claimant, as determined by the Plan Administrator in its discretion.
- (15) **Disabled Former Employee:** means a Program Eligible Employee who becomes totally disabled by reason of accident or sickness while a Program Eligible Employee and who remains totally disabled until death, as determined under the disability plan under which such individual is receiving benefits by reason of his employment or former employment with a Program Employer.
- (16) **Disabled Former Employee Death Benefit:** means the Death Benefit available to a former Program Eligible Employee described in this Supplement.
- (17) **Reserved.**

- (18) **Eligible Beneficiary:** means one or more of the following, as applicable: (a) the Surviving Spouse of a Deceased Employee, if Living with the Deceased Employee at the time of his death; (b) the surviving Legally Recognized Partner of a Deceased Employee; (c) the surviving unmarried Child of a Deceased Employee, if Supported in Whole or in Part by a Deceased Employee or entitled to receive support in whole or in part by the Deceased Employee at the time of his death; or (d) the surviving Parent of a Deceased Employee, who is Dependent on a Deceased Employee at the time of his death and who is either: (a) living in the Same Household as the Deceased Employee at the time of his death; or (b) living in a Separate Household Provided for such Parent by the Deceased Employee at the time of his death.
- (19) **Legally Recognized Partner:** means any individual: (a) who is a Registered Domestic Partner; or (b) with whom an Eligible Employee, retired Eligible Employee, or Participant, as applicable, has entered into a same-gender relationship pursuant to and in accordance with state or local law, such as civil union, or other legally recognized arrangement that provides similar legal benefits, protections, and responsibilities under state law to those afforded to a Spouse. An individual who has a Spouse will not be permitted to designate a Legally Recognized Partner. No individual will be permitted to designate more than one Legally Recognized Partner during the same period nor will any individual be permitted to designate different Legally Recognized Partners for different plans or programs during the same period.
- (20) **Living in a Separate Household Provided for Such Parent by the Deceased Employee:** means the Deceased Employee contributes a significant degree of support toward a Death Benefit Claimant's principal residence by making the down payment on the purchase of such residence, by making mortgage or rental payments on such residence, by paying taxes on such residence, by paying maintenance expenses on such residence, or by similar means, as determined by the Plan Administrator in its discretion.
- (21) **Living in the Same Household as the Deceased Employee:** means that the Death Benefit Claimant was living under the same roof in the same house, apartment, condominium, unit, trailer, or other dwelling as the Deceased Employee, as determined by the Plan Administrator in its discretion.
- (22) **Living With the Deceased Employee:** means either: (a) The Death Benefit Claimant was Living in the Same Household as the Deceased Employee, or (b) The Death Benefit Claimant was not Living in the Same Household as the Deceased Employee as a result of being separated for a reason not due to the pending break-up of the Death Benefit Claimant's marriage with the Deceased Employee.
- (23) **Reserved.**
- (24) **Mentally or Physically Incapable of Self-Support:** means either:
- (a) A mentally or physically handicapped Child who, because of a disability existing as of the day of the Deceased Employee's death, is unable to engage in any gainful employment; or

- (b) A mentally or physically handicapped Child who, as of the day of the Deceased Employee's death, is:
 - (i) Able to engage in some form of gainful employment; and
 - (ii) Undergoing treatment or therapy that at a reasonably foreseeable time in the future will enable such Child to engage in more lucrative employment than that described in Subparagraph (i).
- (25) **Parent:** means either: (a) A Deceased Employee's parent by birth or legal adoption; or (b) A Deceased Employee's stepparent.
- (26) **Pensioner Death Benefit:** means the pensioner death benefit described in Article V of this Supplement.
- (27) **Reserved.**
- (28) **Reserved.**
- (29) **Retiree Death Benefit:** means either the Pensioner Death Benefit described in Section 5.2 of this Supplement or Disabled Former Employee Benefit described in Subsection 5.1.2 of this Supplement.
- (30) **Reserved.**
- (31) **Reserved.**
- (32) **Sickness Death Benefit:** means the sickness death benefit described in Article IV of this Supplement.
- (33) **Supported in Whole or in Part by the Deceased Employee:** means the following, as determined by the Plan Administrator in its discretion:
 - (a) With regard to a Death Benefit Claimant who is a legitimate Child of a Deceased Employee, that:
 - (i) such Death Benefit Claimant was living in the same household as the Deceased Employee; or
 - (ii) the Deceased Employee contributed significantly toward such Death Benefit Claimant's education while such Death Benefit Claimant was attending school and not living in the same household as the Deceased Employee; or
 - (iii) such Death Benefit Claimant was otherwise receiving a significant degree of support from the Deceased Employee; and
 - (b) With regard to a Death Benefit Claimant who is an illegitimate Child of a Deceased Employee, that:
 - (i) the Deceased Employee has acknowledged his parentage of such Death Benefit Claimant; and

- (ii) the Deceased Employee contributed significantly to such Death Benefit Claimant's support; and
- (iii) Any of Subparagraph (a)(i) through (iii) above.

III. ACCIDENT DEATH BENEFIT

3.1 ELIGIBILITY TO RECEIVE ACCIDENT DEATH BENEFIT.

3.1.1 All Death Benefit Eligible Employees are participants in the Accident Death Benefit Plan. If a Death Benefit Eligible Employee dies while employed by a Program Employer as the result of accidental injury arising out of and in the course of employment by a Program Employer, and the Death Benefit Eligible Employee is survived by an Eligible Beneficiary, an Accident Death Benefit will be paid under this Supplement in accordance with the following Subsection.

3.1.2 For purposes of this Article, accidental injuries will be considered as arising out of and in the course of employment only where the injury resulted solely from an accident that occurred during and in direct connection with the performance of duties to which the Death Benefit Eligible Employee is assigned while in the service of a Program Employer or that he is directed to perform by proper authority, or in voluntarily protecting a Program Employer's property or interests. There must be a clear and well-established history of the cause and circumstances of injury accidentally inflicted, which must be sufficient to produce the alleged injury. There must also be satisfactory evidence that such injury resulted in the Death Benefit Eligible Employee's death.

3.2 AMOUNT OF ACCIDENT DEATH BENEFIT. The Accident Death Benefit will be an amount equal to three (3) times the deceased Program Eligible Employee's Death Benefit Compensation; provided, however, that if a larger Sickness Death Benefit that would have been paid under this Supplement if such Death Benefit Eligible Employee died from sickness (without regard to any waiver under this Supplement) the larger amount will be paid as an Accident Death Benefit under this Supplement. In addition to the Accident Death Benefit, the necessary expenses for the burial of the Death Benefit Eligible Employee, not exceeding \$500, will be paid.

3.3 ELIGIBLE BENEFICIARY OF ACCIDENT DEATH BENEFIT. Payment of the Accident Death Benefit will be made to the Death Benefit Eligible Employee's Eligible Beneficiary, if any.

IV. SICKNESS DEATH BENEFIT

4.1 ELIGIBILITY TO RECEIVE SICKNESS DEATH BENEFIT. If a Death Benefit Eligible Employee dies while employed by a Program Employer as the result of sickness or injury (other than accidental injury as described in Article III) and he is survived by an Eligible Beneficiary, there will be paid a Sickness Death Benefit.

- 4.2 AMOUNT OF SICKNESS DEATH BENEFIT.** The Sickness Death Benefit will be an amount equal to one (1) times the deceased Death Benefit Eligible Employee's Death Benefit Compensation.
- 4.3 ELIGIBLE BENEFICIARY OF SICKNESS DEATH BENEFIT.** Payment of the Sickness Death Benefit will be made to the Death Benefit Eligible Employee's Eligible Beneficiary, if any.

V. RETIREE DEATH BENEFIT

- 5.1 ELIGIBILITY TO RECEIVE RETIREE DEATH BENEFIT.** Upon the death of a Death Benefit Eligible Pensioner or a Disabled Former Employee who is survived by an Eligible Beneficiary, a Retiree Death Benefit will be paid to the applicable Eligible Beneficiary in accordance with the following Paragraphs.
- 5.1.1 PENSIONER DEATH BENEFIT.** In the event of the death of any Death Benefit Eligible Pensioner, there may be paid a Pensioner Death Benefit (also referred to as a Retiree Death Benefit) in an amount described in Section 5.2.
- 5.1.2 DISABLED FORMER EMPLOYEE DEATH BENEFIT.** If a Disabled Former Employee dies after his Termination of Employment with a Nonbargained Employer and is survived by an Eligible Beneficiary, a Disabled Former Employee Death Benefit may be paid in the discretion of the Plan Administrator provided the Plan Administrator has been furnished from time to time with such proof of continued disability as it may have required, and provided further, the Plan Administrator has been permitted to make, or have made by a physician, such examinations of the Disabled Former Employee as it has deemed necessary in order to ascertain his condition.
- 5.2 AMOUNT OF RETIREE DEATH BENEFIT.**
- 5.2.1 PENSIONER DEATH BENEFIT.**
- (1) The Pensioner Death Benefit and the Disabled Former Employee Death Benefit will be equal to the maximum Sickness Death Benefit under Article IV that could have been paid if he had died on his Termination of Employment date.
 - (2) Notwithstanding Paragraph (1) above, in the case of a Death Benefit Eligible Pensioner who retired after the last day of the month in which his sixty-fifth (65th) birthday occurred, and whose retirement was effective during the period from January 2, 1979, to August 10, 1980, inclusive, the Death Benefit Eligible Pensioner's Death Benefit will not exceed the maximum Sickness Death Benefit under a Predecessor Plan that could have been paid if the Death Benefit Eligible Pensioner had died on the last day of the month in which his sixty-fifth (65th) birthday occurred.
 - (3) If the Death Benefit Eligible Pensioner retired under the Plan prior to the date specified in such prior version of the Plan for the payment of an unreduced death benefit subsequent to retirement, the Death Benefit

Eligible Pensioner's Death Benefit will be not less than the amount specified in Paragraph (1), reduced by ten percent (10%) of such amount for each full year that has elapsed since the Death Benefit Eligible Pensioner's retirement.

- (4) In no event will the amount of the Pensioner Death Benefit payable under this Section exceed the maximum amount that would have been payable as a Sickness Death Benefit if the Death Benefit Eligible Pensioner had died on December 31, 1991 (or, if earlier, the date of his Termination of Employment from a Participating Employer).
- (5) Notwithstanding Paragraph (1) above, the Pensioner Death Benefit payable under either Paragraphs (2) or (3) will not be less than his monthly Nonbargained Pension Benefit, determined under Article VII of the Nonbargained Program, multiplied by 12.

5.2.2 DISABLED FORMER EMPLOYEE DEATH BENEFIT. The amount of the Disabled Former Employee Death Benefit, if any, will not exceed the amount that could have been paid if the Disabled Former Employee had died on December 31, 1989, (or, if earlier, on the date of his Termination of Employment from a Participating Employer).

5.3 ELIGIBLE BENEFICIARY OF RETIREE DEATH BENEFIT. Payment of the Pensioner Death Benefit or Disabled Former Employee Benefit will be made to the applicable Eligible Beneficiary, if any.

VI. TIME OF PAYMENT OF BENEFITS/PAYEE

6.1 METHOD OF PAYMENT.

6.1.1 PAYMENT ON DEATH OF DECEASED EMPLOYEE. At the death of a Death Benefit Eligible Pensioner or Disabled Former Employee, a Pensioner Death Benefit (also referred to as a Retiree Death Benefit) under this Supplement will be paid in a lump sum as soon as administratively feasible after proof of death and proof of an eligible beneficiary have been received by the Plan Administrator.

6.1.2 PAYMENT ON DEATH OF ELIGIBLE BENEFICIARY. If an Eligible Beneficiary of a Death Benefit Eligible Employee, a Death Benefit Eligible Pensioner or Disabled Former Employee dies before receiving any amount to which he is entitled under this Section, the amount will be payable in a lump sum to the Eligible Beneficiary's estate.

6.2 ADVANCE PAYMENT.

6.2.1 Upon the death of a Death Benefit Eligible Employee or Death Benefit Eligible Pensioner, the Plan Administrator, without awaiting determination of an Eligible Beneficiary to whom the Death Benefit under this Section will be made, may pay an amount equivalent to the amount of compensation, disability benefits under the disability plan of the Death Benefit Eligible Employee's employing

Nonbargained Employer, or monthly pension benefit, as applicable, that the deceased Death Benefit Eligible Employee or Death Benefit Eligible Pensioner would have received from the date of his death until the end of the immediately following applicable pay period, if he had survived until such time. Such payment may be made to the Spouse of the deceased Death Benefit Eligible Employee or Death Benefit Eligible Pensioner, or to some other appropriate individual selected by the Plan Administrator in its discretion. Such payment, if made, will constitute a part of such Death Benefit.

- 6.2.2 In addition to the benefit payable under Subsection 6.2.1 above, if any, before payment of the balance of the Death Benefit under this Subsection, the Plan Administrator, in its discretion, may authorize payment of a part of such Death Benefit, not exceeding fifteen hundred dollars (\$1,500), to meet urgent expenses incident to the last illness and death of the deceased Death Benefit Eligible Employee, Death Benefit Eligible Pensioner, or Disabled Former Employee, if any.
- 6.2.3 If any of the individuals to whom a Death Benefit may be payable under this Supplement cannot be found or are incompetent to authorize use of any part thereof for the payment of such expenses, if any, the Plan Administrator, in its discretion, may make such payments, as a part of such Death Benefit, as in its judgment may be reasonable for such expenses and for the burial of the deceased Death Benefit Eligible Employee, Death Benefit Eligible Pensioner, or Disabled Former Employee.

6.3 PAYMENT OF INTEREST.

- 6.3.1 In the event that a Death Benefit payable under this Supplement is paid in installments pursuant to the written direction of a Deceased Employee, or as elected by an Eligible Beneficiary, such Death Benefit will be credited with interest from the date of the first installment, and such portion of the Death Benefit that remains unpaid after any installment will be credited with interest from the date of such installment and such interest will be paid as part of the next installment. The rate of interest payable under the preceding sentence will be the current three (3) month average United States Government Treasury bill rate as redetermined on the first day of each month during the Plan Year.
- 6.3.2 Notwithstanding Subsection 6.3.1 above, no interest will be credited beyond the date of death of the initial Eligible Beneficiary who begins receiving such Death Benefit in installments unless the Plan Administrator determines to pay any unpaid balance to another Eligible Beneficiary in installments, and no interest will be credited or paid in any case when installment payments of a Death Benefit under this Supplement are offset by any payments under law pursuant to this Supplement.

6.4 SOURCE OF PAYMENTS OF ANCILLARY DEATH BENEFITS.

- 6.4.1 **SOURCE OF PAYMENTS OF ANCILLARY DEATH BENEFITS.** Pensioner Death Benefits (also referred to as Retiree Death Benefits) shall be paid from the AT&T Retiree Death Benefit Program under AT&T Umbrella Benefit Plan No. 1 if the Employee was not an Employee at the time of death. If such Retiree Death Benefit Eligible

Employee was an Employee at the time of his or her death, then Retiree Death Benefits will be payable directly from the AT&T Retiree Death Benefit Program under AT&T Umbrella Benefit Plan No. 3.

6.5 EXISTENCE OF TWO OR MORE ELIGIBLE BENEFICIARIES. If a Deceased Employee is survived by more than one Eligible Beneficiary, the benefit will be paid in the following manner to individuals who are Eligible Beneficiaries:

6.5.1 If there is a Surviving Spouse or Legally Recognized Partner, the entire benefit will be paid to the Surviving Spouse or Legally Recognized Partner.

6.5.2 If there is no Surviving Spouse or Legally Recognized Partner, the benefit will be paid in equal shares to all surviving Children.

6.5.3 If there is no Surviving Spouse or Legally Recognized Partner, and no surviving Children, the benefit will be paid in equal shares to all surviving Parents.

6.6 PAYMENT OF FINAL EXPENSES. If the Death Benefit payable under this Supplement would have been payable but for the fact that there is no Eligible Beneficiary who survived a Death Benefit Eligible Employee or a Death Benefit Eligible Pensioner, the Plan Administrator in its discretion, may authorize payments to defray:

6.6.1 The expenses associated with the last illness and death of a Death Benefit Eligible Employee or Death Benefit Eligible Pensioner, if any; and

6.6.2 In the case of a Sickness Death Benefit or Accident Death Benefit, the expenses associated with the burial of the Death Benefit Eligible Employee or Death Benefit Eligible Pensioner, if any, up to a maximum of five hundred dollars (\$500). Notwithstanding the preceding sentence, the total amount payable under this Subsection will not exceed the maximum amount that would have been payable to an Eligible Beneficiary who would receive a Accident Death Benefit, Sickness Death Benefit, or Pensioner Death Benefit.

6.7 CLAIMS FOR ANCILLARY DEATH BENEFITS. All claims for Death Benefits under this Supplement must be made within one (1) year after the death on which the claim is based unless the Plan Administrator, in its discretion, determines that the circumstances warrant an extension. If notice of the existence of a Spouse, Legally Recognized Partner, Child, or Parent of a Deceased Employee is not served on the Plan Administrator within one (1) year after such Deceased Employee's death, the Plan Administrator will not be required to recognize any claim made by or on behalf of any such individual.

6.8 GENERAL ANCILLARY DEATH BENEFIT PROVISIONS.

6.8.1 **PAYMENTS TO OTHERS.** If there is any question as to the legal right of any Eligible Beneficiary to receive a Death Benefit under this Supplement in the discretion of the Plan Administrator, the amount in question may be: (a) paid to the estate of the Deceased Employee; or (b) deposited with a court of competent jurisdiction for distribution by said court, in which event neither the Plan, the Nonbargained Program, the Plan Administrator, any organizational committee or subcommittee,

nor any Nonbargained Employer will have any further liability to anyone with respect to such amount.

6.8.2 CLAIMS RELEASE.

- (1) In case of an accident resulting in the death of a Deceased Employee that entitles his Eligible Beneficiary to a Death Benefit under this Supplement, such Eligible Beneficiary may elect to accept such benefit or to prosecute such claims at law as such Eligible Beneficiary may have against any AT&T Controlled Group Member that employed the Deceased Employee. If election is made to accept such Death Benefit, such election must be in writing and release all AT&T Controlled Group Members from all claims and demands that the Deceased Employee and his Eligible Beneficiaries may have against them, otherwise than under the Plan, on account of such accident.
- (2) If any individual other than an Eligible Beneficiary under the Nonbargained Program might legally assert a claim against a Nonbargained Employer on account of the death of a Deceased Employee, no part of any Death Benefit under this Supplement will be due or payable until there have also been delivered to the Plan Administrator good and sufficient releases of all claims arising from or growing out of the death of the Deceased Employee that such other individual might legally assert against any Nonbargained Employer.
- (3) In addition to the foregoing, the Plan Administrator, in its discretion, may require that the elections and releases above described will release any Interchange Company (as defined in Supplement 8 of the Plan), as applicable.

6.8.3 DAMAGE CLAIMS OR SUITS. Should a claim other than under the Nonbargained Program be presented or suit brought against a Nonbargained Employer or any Interchange Company (as defined in Supplement 8 of the Plan) for damages on account of the death of a Deceased Employee, nothing will be payable under this Supplement on account of such death except as provided in Subsection 6.8.4 below; provided, however, that the Plan Administrator may, in its discretion and upon such terms as it may prescribe, waive this provision if such claim be withdrawn or if such suit be discontinued.

6.8.4 JUDGMENT OR SETTLEMENT. In case any judgment is recovered against a Nonbargained Employer or any settlement is made of any claim or suit on account of the death of a Deceased Employee, and the amount that would otherwise have been payable under this Supplement is greater than the amount paid on account of such judgment or settlement, the difference between the two amounts may, in the discretion of the Plan Administrator, be distributed to the Eligible Beneficiary who otherwise would have received a Death Benefit under this Supplement.

SUPPLEMENT 9
MERGER OF PACIFIC TELESIS GROUP CASH BALANCE PLAN FOR
SALARIED EMPLOYEES INTO THE NONBARGAINED PROGRAM

I.
SCOPE

- 1.1 **SCOPE.** This Supplement applies any individual who was an employee of a company that participated in the PTG Plan on December 31, 1998, or who, during December 1998, transferred employment from a company that participated in the PTG Plan to a Participating Company (henceforth, a “PTG Transferee”). Where a capitalized term is used in this Supplement the capitalized term will have the meaning set forth in the version of the Plan document or Component Pension Program that was in effect on the day immediately prior to December 31, 2008, if any.

II.
PARTICIPATION

- 2.1 **PARTICIPATION PROVISIONS.** Each PTG Transferee will become a Participant in the Program on January 1, 1999.

III.
VESTING

- 3.1 **VESTING PROVISIONS.** Each PTG Transferee will be entitled to a Deferred Vested Pension as of January 1, 1999.

IV.
CASH BALANCE ACCOUNT

- 4.1 **CASH BALANCE ACCOUNT.** Each PTG Transferee who has a cash balance account in the PTG Plan will have that cash balance account added to his CB Account in the Program as of January 1, 1999.

V.
BENEFIT ACCRUALS

- 5.1 **PRIOR BENEFIT ACCRUALS.** All benefits accrued under the provisions of the PTG Plan prior to January 1, 1999 and transferred to the Program effective January 1, 1999, will continue to be governed, with respect to current employees, under the provisions of the PTG Plan in effect as of December 31, 1998, and with respect to former employees, under the provisions of the PTG Plan in effect when the former employee terminated employment under the Plan, as such provisions are amended, subject to any subsequent amendments.

VI. BENEFICIARY DESIGNATIONS

- 6.1 BENEFICIARY DESIGNATIONS.** PTG Plan Participant beneficiary designation forms properly prepared and accepted in accordance with the provisions of the PTG Plan prior to January 1, 1999, will continue to be in effect for the benefits payable under the Program on or after January 1, 1999, to the extent applicable, unless and until a superseding beneficiary designation form is properly prepared and accepted in accordance with the provisions of the Program.

VII. SPECIAL ATB

- 7.1 SPECIAL ATB.** A Participant employed by a Participating Company on January 1, 1999, who has accrued a right to an Accelerated Transition Benefit (hereinafter, the "Regular ATB benefit") under the PTG Plan will be entitled to receive an alternative cash balance account benefit (hereinafter called the "Special ATB benefit") in accordance with the following:

- (1) The initial value of the Special ATB benefit will equal the present value of the Participant's Regular ATB benefit on January 1, 1999, determined as if the Participant had terminated employment on that date and elected to receive his Regular ATB benefit in a lump sum form.
- (2) The Participant's Special ATB benefit will be credited with a full month's interest for each full or partial month prior to the Participant's Termination of Employment, beginning January 1, 1999, and extending through December 2001, at the rate applicable to the Participant's regular cash balance benefit. Thereafter, the amount of the Participant's Special ATB benefit will remain frozen.
- (3) Subject to the provisions of the immediately following Paragraph, after Termination of Employment the Participant will be entitled to receive the greatest of the following: (a) the Participant's Special ATB benefit (including all interest credited up through the Participant's Termination of Employment date), (b) the Participant's regular cash balance account benefit, or (c) the Participant's Regular ATB benefit. The value of each benefit will be determined as of the Participant's Termination of Employment and will be based on each benefit's cashout value. Effective January 1, 2008, the cashout value of the Regular ATB benefit will be determined using the Actuarial Equivalent as set forth in Supplement 9 of the Plan.

If, as of the Participant's Termination of Employment, the cashout value of the Participant's Special ATB benefit is greater than the cashout value of the Participant's Regular ATB benefit and the cashout value of the Participant's CB Account, the Participant will receive the greatest of the Participant's Special ATB benefit or the Participant's CB Account as of the Participant's Annuity Starting Date. The value of each benefit will be based on each benefit's cashout value.

- (1) To the extent applicable, the survivor benefit associated with a Participant's Special ATB benefit will equal forty-five percent (45%) of the value of the Participant's Special ATB benefit at the time of the Participant's death.
- (2) Except as otherwise provided above, the Special ATB benefit will be subject to the provisions applicable to the CB Account benefit.
- (3) A Participant whose largest benefit entitlement at Termination of Employment is the Special ATB benefit will be entitled to interest credits on such Special ATB following Termination of Employment as follows:

Annuity Starting Dates on or Prior to January 1, 2002:

- (a) If such Participant elects a lump sum payment during the ninety (90) day election period associated with the initial set of election forms sent to such Participant in connection with or following his Termination of Employment, the interest will be credited on the lump sum payment from the day after the day of Termination of Employment until the date payment is made, but in no event will interest be credited after December 31, 2001.
- (b) If such Participant fails to make an election during the ninety (90) day election period associated with the initial set of election forms sent to such Participant in connection with or immediately following his Termination of Employment, then interest will be credited on such Participant's Special ATB benefit through the end of the month that contains the Termination of Employment Date.

Annuity Starting Dates after January 1, 2002:

- (a) If such Participant elects a lump sum payment during the ninety (90) day election period associated with the initial set of election forms sent to such Participant in connection with or immediately following his Termination of Employment, then, provided there is an administrative delay in the payment of the benefit, interest will be credited on the lump sum payment from the day after the date of termination until the date payment is made.
- (b) For purposes of the immediately preceding Item (a), an administrative delay is defined as any delay in payment of the benefit that exceeds sixty (60) days beyond the expiration of the ninety (90) day election period.

Any interest credit that is granted in accordance with this Subsection will be at the same rate as interest is credited to cash balance accounts during the period of interest entitlement. Nothing in this Subsection is to be construed as authorizing double interest credits for any period of time. Nothing in this Subsection is to be construed as creating or defining interest entitlements for any other class of Participants.

VIII. MANDATORY IN-SERVICE DISTRIBUTIONS

- 8.1 MANDATORY IN-SERVICE DISTRIBUTIONS.** Mandatory in-service distributions for a Participant who reaches age seventy and one-half (70½) years on or after January 1, 1999, are eliminated, and in lieu thereof, upon Termination of Employment, payment of the Participant's pension benefit will begin as of the Participant's Annuity Starting Date in accordance with the terms of the Program, subject to actuarial adjustment of the Participant's pension benefit in accordance with applicable law.

IX. SURVIVOR DEATH BENEFIT

- 9.1 SURVIVOR DEATH BENEFITS.** Survivor Death Benefits will be determined in accordance with the provisions for cash balance participants. Refer to Supplement 7.

SUPPLEMENT 10 MERGER OF SNET MANAGEMENT PENSION PLAN

I. SCOPE

- 1.1 SCOPE.** This Supplement contains the special provision related to the merger of the SNET Management Pension Plan ("SNETMPP") into the Program effective January 1, 2000. Where a capitalized term is used in this Supplement the capitalized term will have the meaning set forth in the version of the Plan document or Component Pension Program that was in effect on the day immediately prior to December 31, 2008, if any.

II. MERGER OF SNETMPP

- 2.1 MERGER OF SNETMPP INTO THE NONBARGAINED PROGRAM.** Effective January 1, 2000, the rights of participants and beneficiaries (as those terms are defined in ERISA section 3) to benefits accrued under the SNETMPP as of December 31, 1999, will be governed by the terms of the Program as provided in this Supplement and as subsequently amended from time to time.

III. PARTICIPATION AND VESTING

- 3.1 IMMEDIATE PARTICIPATION AND VESTING.** Any individual who is an Employee, including any individual who is on Leave of Absence (henceforth, an "Active SNET Management Employee") on December 31, 1999, will be granted participation and full vesting status under the Program, effective January 1, 2000. Any individual who is on a Temporary Layoff and who is rehired by an SBC company prior to January 1, 2000, will be granted participation and full vesting status under the Program effective with the date of rehire. As used throughout this document, "Employee", "Leave of Absence", and "Temporary Layoff" have the meanings assigned them by the SNETMPP.

IV. PRIOR RIGHTS UNDER SNETMPP

- 4.1 PRIOR RIGHTS UNDER SNETMPP PRESERVED.** All rights accrued under the SNETMPP prior to January 1, 2000, will continue to be governed under the provisions of the SNETMPP as in effect on December 31, 1999, except as modified by this and subsequent amendments. In all other respects rights of participants and beneficiaries, whether accrued or not, will be governed by the provisions of the Program.

V. SPECIAL CREDITING RULE FOR YEAR 2000

5.1 SPECIAL CREDITING RULES FOR YEAR 2000. Any individual:

- (1) Who is an Active SNET Management Employee on December 31, 1999,
- (2) Who is on a Temporary Layoff on December 31, 1999, and who is rehired by an SBC company prior to January 1, 2000, or
 - (a) Who both:
 - (i) Is participating in the SNET Pension Plan on December 31, 1999; and
 - (ii) Who becomes an Eligible Employee of a Participating Company under the Program during the period from January 1, 2000 to December 31, 2000,

will receive Basic Pay Credits and Supplemental Pay Credits (as those terms are defined in the SNETMPP), as applicable, in lieu of Basic Benefits under the Program commencing on the date they become eligible to participate through December 31, 2000, subject to the following modifications:

- (3) Pension Compensation, as defined under the Program, will be used in lieu of Eligible Pay, as defined under the SNETMPP, with the following exceptions:
 - (a) Any Active SNET Management Employee who is on an approved Leave of Absence on December 31, 1999, will continue to have his Basic Pay Credits and Supplemental Pay Credits, as applicable, calculated using Eligible Pay as defined under the SNETMPP for the duration of such Leave of Absence; and
 - (b) Any Active SNET Management Employee who is receiving short term disability benefits under the terms of the SNET Disability Benefits Program or its successor plan will have his Basic Pay Credits and Supplemental Pay Credits, as applicable, calculated using Pension Compensation inclusive of payments under law.
- (4) Any individual who began a leave of absence under the SNET Leave of Absence Policy prior to January 1, 2000, will receive Basic Pay Credits and Supplemental Pay Credits, as applicable, under the provisions of the SNETMPP through the earlier of the following: (a) termination of employment or, (b) December 31, 2000. In the event such individual's SNET Leave of Absence extends beyond December 31, 2000, such individual will receive Basic Benefits under the Program commencing on January 1, 2001.
- (5) The Basic Pay Credits and Supplemental Pay Credits, as applicable, will be credited at the end of each calendar month, and Interest Credits will be credited at the end of each calendar month pursuant to the terms of the Program.

VI. SPECIAL JANUARY 1, 2000 RULES

6.1 EMPLOYEES HIRED ON OR AFTER JANUARY 1, 2000. An individual who is hired as an Eligible Employee under the Program by a Participating Company (henceforth, a "Program Eligible Employee") on or after January 1, 2000, and who was not a participant in the SNETMPP or the SNET Pension Plan on December 31, 1999, will not be eligible to receive Basic Pay Credits and Supplemental Pay Credits (as those terms are defined in the SNETMPP) during calendar year 2000, but will receive Basic Benefits (as that term is defined in the Program), to the extent the participant is otherwise eligible to receive them.

6.2 IMMEDIATE PARTICIPATION AND VESTING FOR CERTAIN REHIRED EMPLOYEES. An individual who is hired as a Program Eligible Employee on or after January 1, 2000, who at any time prior to January 1, 2000, was a participant in the SNETMPP or the SNET Pension Plan, and who is not an employee of an SBC company on December 31, 1999, will participate immediately in the Program when hired as a Program Eligible Employee.

An individual who is hired as a Program Eligible Employee on or after January 1, 2000, who at any time prior to January 1, 2000, was a vested participant in the SNETMPP or the SNET Pension Plan, and who is not an employee of an SBC company on December 31, 1999, will be fully vested in the Program immediately when hired as a Program Eligible Employee.

An individual who is hired as a Program Eligible Employee on or after January 1, 2000, who was a participant in the SNETMPP prior to January 1, 2000, who terminated from the SNETMPP in a nonvested status, and who is not an employee of an SBC company on December 31, 1999, will become a fully vested Participant in the Program immediately when hired as a Program Eligible Employee, but only if the length of time between such individual's prior termination of employment and such individual's rehire as a Program Eligible Employee is five (5) years or less.

Effective January 1, 2000, the Program is hereby amended to provide that any individual who is hired as a Program Eligible Employee (as defined in the November 22, 1999, amendment to the Program) on or after January 1, 2000, who was a participant in the SNET Pension Plan ("SNETPP") prior to January 1, 2000, who terminated from the SNETPP in a nonvested status, and who is not an employee of an SBC Controlled Group of Corporations on December 31, 1999, will become a fully vested Participant in the Program immediately when hired as an Eligible Employee, but only if the length of time between such individual's prior termination of employment and such individual's rehire as an Eligible Employee is five (5) years or less.

6.3 INTEREST CREDITING RULES. Effective January 1, 2000, the Program's rules for calculating and crediting Interest Credits will be applied for calculating Interest Credits on the cash balance accounts transferred into the Program from the SNETMPP.

6.4 OPTIONAL FORMS. Effective January 1, 2000, the Program's optional form conversion factors will be used to convert the cash balance accounts that have been transferred into the Plan from the SNETMPP to annuities, provided that if a Participant with a prior cash balance account in the SNETMPP elects an annuity form of payment on or after January 1, 2000, in no event will such annuity be less than the annuity based on such Participant's December 31, 1999, account balance in the SNETMPP, using the December 31, 1999 optional form conversion factors that would have been used by the SNETMPP for retirements on December 31, 1999, and using such Participant's age as of his actual Annuity Start Date.

For participants in the SNETMPP who have accrued benefits in the SNETMPP on December 31, 1999, all distribution options available to these participants under the SNETMPP will be retained under the Program for benefits accrued on or before December 31, 1999. For benefit accruals on or after January 1, 2000, only the optional forms of payment that are otherwise available under the Program will be available.

In the event that a Participant chooses a protected form of accrued benefit available to the Participant under the SNETMPP that is not otherwise available under the Plan, then, except as otherwise required by the terms of the Plan, the Residual Benefit after reduction for the SNETMPP protected benefit will be determined as the Participant's total accrued benefit under the Plan (determined as a present value using the GATT Basis) minus the Participant's SNETMPP protected benefit (determined as a present value using the GATT Basis) as of the Annuity Starting Date.

Effective June 13, 2001, any Participant who:

- (1) Is a CAM Participant;
- (2) Has a protected accrued benefit under the SNETMPP;
- (3) Elects to receive such protected accrued benefit in the form of a Lump Sum Certain as permitted by the terms of the SNETMPP; and
- (4) Would otherwise be required to receive a portion of his benefit in the form of a net Single Life Annuity pursuant to the provisions of the CAM benefit.

will, notwithstanding any provisions of the CAM benefit to the contrary, be entitled to elect a lump sum payment out of the Residual Benefit that is equal to the lesser of:

- (1) The total Residual Benefit, or
- (2) The total lump sum value of such Participant's Program benefit (determined as a present value using the GATT Basis) calculated without regard to the CAM benefit and without offset for the SNETMPP Lump Sum Certain benefit.

If such lump sum payment is less than the total Residual Benefit, any remaining amount will be payable as either a Single Life Annuity or a Joint and 50% Survivor Annuity.

For purposes of this Supplement the term "Residual Benefit" will mean the total accrued benefit to which a Participant is entitled under the terms of the Program reduced by the amount of the benefit to which such Participant is entitled as a protected accrued benefit

that is not otherwise available under the Program (including, by way of illustration but not of limitation, the protected optional forms of payment available under the SNETMPP), and, unless the terms of the Program explicitly require otherwise, such reductions will be determined using the GATT Basis.

Effective January 1, 2008, the term "Actuarial Equivalent" will be substituted for the term "GATT Basis" in this Section. Actuarial Equivalent will be determined as set forth in Supplement 9 of the Plan.

- 6.5 DEATH BENEFITS.** The rights to Death Benefits described in Article IX of the SNETMPP will be preserved under the Program for Participants who are otherwise eligible for such benefits pursuant to that Article and who have a Termination of Employment prior to January 1, 2000. The rights to Death Benefits under such Article IX of any individual who is a SNET Active Management Employee on December 31, 1999, and who is eligible for such Death Benefits on December 31, 1999, will be retained under the Program until December 31, 2004.
- 6.6 DISABILITY BENEFITS ELIMINATED.** The Disability Service Pension (as provided under the terms of the SNETMPP) will be eliminated for any participant whose disability begins or relapses under the SNET Disability Benefits Plan or its successor after December 31, 1999.
- 6.7 SERVICE BRIDGING RULES.** For a Program Participant who is rehired on or after January 1, 2000, periods of Pension Eligibility Service and Pension Calculation Service prior to an absence will be included in Pension Eligibility Service and Pension Calculation Service after rehire under otherwise applicable rules of the Program regardless of the length of the prior period of Pension Eligibility Service and Pension Calculation Service and regardless of the length of the absence.

Any individual who is either an SNET Employee or on a SNET Leave of Absence, and who has:

- (1) An accrued pension benefit under the SNETMPP on December 31, 1999;
- (2) Had a Break in Service prior to January 1, 2000, as defined in Article 6 of the SNETMPP;
- (3) Been subsequently rehired on or before December 31 1999; and
- (4) Not bridged prior Credited Service on December 31, 1999;

will be entitled to have prior Credited Service bridged after four subsequent years of continuous Credited Service. The terms "Break in Service" and "Credited Service" will have the meanings assigned to them by the SNETMPP.

- 6.8 RIGHT TO DEFER COMMENCEMENT TO AGE 70½ PRESERVED.** Notwithstanding any other provisions of the Program to the contrary, any Participant with an accrued Cash Balance benefit in the SNETMPP on December 31, 1999, may defer commencement of pension benefits under the Program up to age seventy and one-half (70½) years.

6.9 REHIRED RIGHTS OF SNET EMPLOYEES ON TEMPORARY LAYOFF. Any former SNET Employee who is on a Temporary Layoff, (as defined by the SNETMPP), on December 31, 1999, will, if rehired before January 1, 2001, retain all rehire rights for which he or she is otherwise eligible under the SNETMPP.

6.10 SUSPENSION OF BENEFIT PAYMENTS. Notwithstanding any Program provisions to the contrary, any Employee who:

- (1) Retired with an annuity from the SNETMPP;
- (2) Was subsequently rehired on or before December 31, 1999; and
- (3) Had the right to continue his annuity during his employment period under the terms of the SNETMPP;

will continue to receive his annuity payments after December 31, 1999, while reemployed. However, if such Employee subsequently terminates employment and is rehired by an SBC Company, such employee will be subject to the provisions of the Program governing the right to continue annuity payments during such subsequent period of reemployment.

VII. DECEMBER 31, 1999 ACCOUNT BALANCE

7.1. ACCRUED BENEFIT OF DECEMBER 31, 1999 CASH BALANCE PLAN ACCOUNT. Effective January 1, 2010, the Program Participant's Accrued Benefit of the Cash Balance Formula that was merged into the Program on December 31, 1999 is his Cash Balance Account.

VIII. SURVIVOR DEATH BENEFITS

8.1 SURVIVOR DEATH BENEFITS. Survivor Death Benefits will be determined in accordance with the provisions for cash balance participants. Refer to Supplement 7.

SUPPLEMENT 11 MIDWEST MANAGEMENT PROGRAM CONSOLIDATION

I. SCOPE

- 1.1 SCOPE.** This Supplement defines the benefit rights of Midwest Managers and their beneficiaries who were transferred from the SBC Pension Benefit Plan — Midwest Management Program into the Program effective January 14, 2005.

All rights to benefits accrued under the SBC Pension Benefit Plan — Midwest Management Program prior to January 15, 2005, will continue to be governed by the provisions of the SBC Pension Benefit Plan — Midwest Management Program as in effect immediately prior to giving effect to the amendments made thereto that are effective on January 14, 2005, except as modified by this Supplement and subsequent amendments. In all other respects, the rights of participants and beneficiaries (as those terms are defined in ERISA section 3), whether accrued or not, will be governed by the provisions of the Program.

II. DEFINITIONS

- 2.1 DEFINITIONS.** Except as otherwise noted below, where a capitalized term is used in this Supplement the capitalized term will have the meaning set forth in the version of the Plan document or Component Pension Program that was in effect on the day immediately prior to December 31, 2008, if any.
- (1) **Midwest Manager:** means an active Participant in the SBC Pension Benefit Plan — Midwest Management Program as of January 14, 2005, as determined by the Plan Administrator in its reasonable discretion, except for Participants who are included in collective bargaining units as of January 14, 2005.
 - (2) **Midwest Management Program:** means the SBC Pension Benefit Plan — Midwest Management Program.

III. PARTICIPATION

- 3.1 PARTICIPATION.** All Midwest Managers will become Participants in the Program effective January 14, 2005, subject to all the terms and conditions of the Program, except as provided in this Supplement.

IV. VESTING

4.1 VESTING. Effective January 15, 2005, all Midwest Managers will have a nonforfeitable right to their accrued benefits in the Program.

An individual who;

- (1) Was previously a Participant in the Ameritech Management Pension Plan, the Ameritech Pension Plan, the SBC Pension Benefit Plan — Midwest Management Program, or the SBC Pension Benefit Plan — Midwest Program;
- (2) Terminates employment with all members of the SBC Controlled Group prior to January 15, 2005, with a nonforfeitable right to benefits under any of the Ameritech Management Pension Plan, the Ameritech Pension Plan, the SBC Pension Benefit Plan — Midwest Management Program, or the SBC Pension Benefit Plan — Midwest Program;
- (3) Is not an employee of a Controlled Group member on January 14, 2005;
- (4) Becomes an employee of a Controlled Group member on a date that is after January 14, 2005; and
- (5) Is an Eligible Employee;

will be a fully vested Participant in the Program.

An individual who:

- (1) Was previously a Participant in the Ameritech Management Pension Plan, the Ameritech Pension Plan, the SBC Pension Benefit Plan — Midwest Management Program, or the SBC Pension Benefit Plan — Midwest Program;
- (2) Terminates employment with all members of the SBC Controlled Group prior to January 15, 2005, without a nonforfeitable right to benefits under any of the Ameritech Management Pension Plan, the Ameritech Pension Plan, the SBC Pension Benefit Plan — Midwest Management Program, or the SBC Pension Benefit Plan - Midwest Program;
- (3) Is not an employee of a Controlled Group member on January 14, 2005;
- (4) Becomes an employee of a Controlled Group member on a date that is after January 14, 2005, and that is within five (5) years of such individual's previous termination of employment; and
- (5) Is an Eligible Employee;

will be a fully vested Participant in the Program.

V. BENEFITS

- 5.1 BENEFITS.** For terminations of employment on and after January 15, 2005, each Midwest Manager will be entitled to whichever of the following benefits is largest:
- (1) The benefit under the SBC Pension Benefit Plan — Midwest Management Program that was frozen as of January 14, 2005;
 - (2) The CAM Benefit calculated under the terms of the Program in accordance with the following:
 - (a) Pension Calculation Service will include a Participant's Term of Employment, as that term was defined in the Midwest Management Program.
 - (b) Pension Compensation recognized for periods of time prior to January 15, 2005, will be Compensation as that term is defined in the Midwest Management Program.
 - (c) Pension Compensation for periods of time on or after January 15, 2005, will include Trailing Pay.
 - (3) The PBM Benefit, if applicable, calculated in accordance with the following;
 - (a) Pension Calculation Service will include a Participant's Term of Employment, as that term was defined in the Midwest Management Program.
 - (b) Pension Compensation recognized for periods of time prior to January 15, 2005, will be Compensation as that term is defined in the Midwest Management Program.
 - (c) Pension Compensation for periods of time on or after January 15, 2005, will include Trailing Pay.
 - (4) The Transition Benefit as defined in Supplement B to the Midwest Management Program, if applicable, calculated in accordance with the following;
 - (a) Term of Employment will include Pension Compensation Service earned under this Program on and after January 15, 2005.
 - (b) Compensation for periods of time after January 15, 2005, will be Pension Compensation as defined herein.
 - (c) Pension Compensation for periods of time on or after January 15, 2005, will include Trailing Pay.
 - (5) The DLS Account Benefit as defined in Section 5.3 below.

To the extent that any benefit calculation for a Midwest Manager requires the conversion of a lump sum amount to an annuity or an annuity to a lump sum amount, or otherwise requires the use of an actuarial equivalent basis, such conversion will be done using the GATT Basis (but see Section 5.2 below for a special rule applicable during the period from January 15, 2005 through January 14, 2006). Effective January 1, 2008, the term "Actuarial Equivalent" will be substituted for the term "GATT Basis" in this Section. Actuarial Equivalent will be determined as set forth in Supplement 9 of the Plan.

Notwithstanding anything herein to the contrary, in no event will there be any double-crediting or other multiple-crediting of any service or compensation in any benefit calculation. In particular, the reference to the frozen benefit in both the Midwest Management Program and this Program will not be interpreted as providing any Midwest Manager with a double-entitlement to such frozen benefit.

- 5.2 SPECIAL GATT RULE.** For benefits that commence during the period from January 15, 2005, through December 31, 2005, inclusive, and that require the use of the GATT Basis, the benefit calculated with respect to a Midwest Manager will be the larger of that calculated using the GATT Basis or that calculated using the Applicable Mortality Table and an interest rate of four and eighty nine hundredths percent (4.89%).

For benefits that commence during the period from January 1, 2006, through January 14, 2006, inclusive, and that require the use of the GATT Basis, the benefit calculated with respect to a Midwest Manager will be the larger of that calculated using the GATT Basis or that calculated using the Applicable Mortality Table and the interest rate promulgated by the Internal Revenue Service for the month of November 2005 for purposes of making determinations under section 417(e)(3) of the Code.

- 5.3 DLS ACCOUNT BENEFIT.** No Midwest Manager will be entitled to a benefit calculated based upon a CB Account as defined and described in the Program (unless such Midwest Manager is entitled to such a benefit on January 14, 2005, as a result of prior service in the Program). Each Midwest Manager will be entitled to a benefit calculated based upon a DLS Account as described in this Section.

5.3.1 DLS ACCOUNT. Each Midwest Manager who terminates employment for any reason on or before January 31, 2005, will not have a DLS Account established. Every other Midwest Manager will have established a DLS Account on February 1, 2005. The initial amount of the DLS Account will be amount of such Midwest Manager's Defined Lump Sum as defined in the Midwest Management Program determined as if such Midwest Manager had terminated employment on January 31, 2005. The DLS Account is a hypothetical account that is used solely for the purpose of calculating defined benefit pension rights. In particular, the establishment of a DLS Account for a Midwest Manager will not give such Midwest Manager any right to any particular assets held by the Plan, nor will it give such Midwest Manager any preferential right to benefits over other Participants except as otherwise required by the Code and ERISA.

5.3.2 DLS ACCOUNT INTEREST CREDITS. For each month after January 2005 through the month immediately prior to the month containing the Midwest Manager's Annuity Starting Date, the DLS Account will be credited with interest at the Monthly Interest Crediting Rate. The Special GATT Rule in Section 5.2 is not applicable for purposes of determining interest credits to the DLS Account.

5.3.3 Effective January 1, 2008, **Monthly Interest Crediting Rate**: means the monthly rate that, when compounded for twelve (12) months, equals the annual rate of interest of (thirty) 30-year Treasury securities during the middle month of the previous calendar quarter.

5.3.4 **DLS ACCOUNT FORMS OF PAYMENT.** For terminations of employment on or after February 1, 2005, a Midwest Manager's pension benefit at Normal Retirement Age will be no less than the "DLS Account Normal Pension" which will mean such Midwest Manager's DLS Account accumulated with interest at the current Monthly Interest Crediting Rate to such Midwest Manager's Normal Retirement Age (if such Midwest Manager has not yet attained Normal Retirement Age), then converted to a Single Life Annuity using the current GATT Basis (subject to the Special GATT Rule in Section 5.2) and the later of such Midwest Manager's Normal Retirement Age or current age.

In lieu of receiving the DLS Account Normal Pension at Normal Retirement Age, a Midwest Manager may elect to receive the benefit after termination of employment but before Normal Retirement Age, and may further elect to receive the benefit as a Single Life Annuity, as a Joint and 50% Survivor Annuity, or as a Lump Sum, determined in the same manner as such benefits would be determined for a Participant with a CB Account (but subject to the Special GATT Rule of Section 5.2, when applicable), and subject to spousal consent when appropriate.

5.3.5 **DLS ACCOUNT SURVIVOR BENEFITS.** Survivor benefits attributable to the DLS Account will be calculated in the same manner as such benefits would be calculated with respect to a CB Account (but subject to the Special GATT Rule of Section 5.2 when appropriate). Survivor Death Benefits will be determined in accordance with the provisions for cash balance participants. Refer to Supplement 7.

5.3.6 Effective January 1, 2010, the Midwest Manager's Accrued Benefit with regard to the DLS Account is his DLS Account.

**SUPPLEMENT 12
RESERVED**

(SEE PRIOR PLAN DOCUMENT DATED JANUARY 1, 2013 FOR SUPPLEMENT INFORMATION)

SUPPLEMENT 13 REHIRED IBM TRANSFEREES

I. SCOPE

- 1.1 **SCOPE.** This Supplement will be applicable to Rehired IBM Transferees, who are hereby deemed Special Offset Participants for purposes of eligibility for the Special Offset Provisions of the Plan. This Supplement will be effective January 1, 2004; provided, however, that any Rehired IBM Transferee who terminated employment on or after January 1, 2002, but prior to January 1, 2004, will be entitled to the benefit increase, if any, provided for in this Supplement.

II. DEFINITIONS

- 2.1 **DEFINITIONS APPLICABLE TO SUPPLEMENT.** Except as otherwise noted below, where a capitalized term is used in this Supplement the capitalized term will have the meaning set forth in the version of the Plan document or Component Pension Program that was in effect on the day immediately prior to December 31, 2008, if any.

- (1) **Rehired IBM Transferees:** means Participants who were: (i) involuntarily terminated with a termination code of ISSC/IBM/Alliance, (ii) elected to receive a lump sum distribution from the Plan as a result of such termination, (iii) became employed by International Business Machines Corporation (“IBM”), (iv) subsequently re-hired by a Participating Company on or after January 1, 2001, and (v) whose prior IBM service was recognized by the Program for vesting and eligibility, pursuant to Section 2.68.2 of the SBC Pension Benefit Plan — Program Definitions and Rules for Crediting Service.
- (2) **Special Offset Interest Adjustment Rate Applicable to the Rehired IBM Transferees:** means an interest rate according to the following schedule:

Month/Year of Prior Lump Sum Distribution(s)	Interest Rate*
January 1996	95.7061%
June 1996	87.5606%
July 1996	94.7833%
August 1996	91.0774%
September 1996	82.9980%
October 1996	80.6276%
November 1996	72.3740%
December 1996	73.8816%
January 1997	69.4927%
February 1997	69.9151%
March 1997	74.4663%
April 1997	69.6354%
July 1997	46.9578%
November 2000	5.9304%
December 2000	2.7586%

Month/Year of Prior Lump Sum Distribution(s)	Interest Rate*
January 2001	0.3052%
February 2001	6.2838%

for the period through December 31, 2003, plus interest at an assumed rate of eight and five tenths percent (8.5%) per year thereafter through Termination of Employment.

- * If an Interest Rate is needed for a month that is not listed, the Plan Administrator will determine such Interest Rate in the same manner as used to determine those listed herein.

SUPPLEMENT 14 SPECIAL PENSION ACCOUNT

I. SCOPE

- 1.1 SCOPE.** This Supplement will be applicable to any Participant in the Program who:
- (1) Is a Grandfathered CB Participant;
 - (2) Was an Employee of an SBC Controlled Group Member on December 31, 1999; and
 - (3) Was eligible for a Service Pension on December 31, 1999.

Such employee is henceforth referred to as a "SPA Eligible Employee."

Where a capitalized term is used in this Supplement the capitalized term will have the meaning set forth in the version of the Plan document or Component Pension Program that was in effect on the day immediately prior to December 31, 2008, if any.

II. BENEFIT

- 2.1 BENEFIT.** The lump sum pension benefit payable to a SPA Eligible Employee who terminates employment on or after January 1, 2000 will never be less than the Special Pension Account. The pension benefit payable to a SPA Eligible Employee in a form other than a lump sum will never be less than the actuarial equivalent of the Special Pension Account using the GATT Basis.

Effective January 1, 2008, the term "Actuarial Equivalent" will be substituted for the term "GATT Basis" in this Subsection. Actuarial Equivalent will be determined as set forth in Supplement 9 of the Plan.

III. SPECIAL PENSION ACCOUNT

- 3.1 SPECIAL PENSION ACCOUNT.** A Special Pension Account will be created for each SPA Eligible Employee who has a Termination of Employment on or after January 1, 2001, in accordance with the following:
- (1) The initial value of the Special Pension Account will be calculated as of December 31, 1999, and will equal the lump sum benefit that the SPA Eligible Employee would have been entitled to if he had an Annuity Starting Date of December 31, 1999.

- (2) The Special Pension Account will be credited with interest from January 1, 2000 through December 31, 2000, using the published average annual yield for thirty (30) year Treasury bonds during the month of November 1999, in accordance with the Retirement Protection Act of 1994.
- (3) On January 1, 2001, the amount of the Special Pension Account will be frozen and will operate as a minimum lump sum benefit as long as the SPA Eligible Employee is otherwise eligible for a lump sum benefit under the terms of the Program.
- (4) The Special Pension Account will be available as an alternative benefit for any SPA Eligible Employee who retires at any time on or after January 1, 2001, and who is otherwise eligible for a lump sum benefit under the terms of the Program.
- (5) A SPA Eligible Employee who has a Termination of Employment on or after January 1, 2001, and who elects a lump sum form of payment will receive the greater of: (i) the Special Pension Account; or (ii) the lump sum pension benefit otherwise payable under the Program.
- (6) For a SPA Eligible Employee who dies on or after January 1, 2001, while employed by an SBC Controlled Group Member, the survivor benefit associated with the Special Pension Account will be equal to forty-five percent (45%) of the value of the Special Pension Account. There will be no survivor benefit associated with the Special Pension Account for any SPA Eligible Employee who dies prior to January 1, 2001.

IV. CERTAIN TERMINATIONS

- 4.1 CERTAIN TERMINATIONS DURING 2000.** A Program Employee who is a SPA Eligible Employee who has a Termination of Employment after December 31, 1999, but prior to January 1, 2001, and who is eligible for a severance package will be eligible for the SPA. Interest on the SPA on or after December 31, 1999, through December 31, 2000, will be credited through the end of the month containing the day following such SPA Eligible Employee's Termination of Employment.

V. SURVIVOR DEATH BENEFIT

- 5.1 SURVIVOR DEATH BENEFITS.** Survivor Death Benefits will be determined in accordance with the provisions for cash balance participants. Refer to Supplement 7.

SUPPLEMENT 15 SPECIAL PROVISIONS FOR PARTICIPANTS IN THE MIDWEST PUBLISHING VENTURES PROGRAM

I. SCOPE

- 1.1 SCOPE.** This Supplement is applicable to MPV Participants. To the extent the provisions of this Supplement conflict with other provisions of the Plan or the Nonbargained Program, this Supplement will control only with respect to the Program Participants described in the respective Article below.
- 1.2 NO ADDITIONAL BENEFITS.** This Supplement is intended to describe the frozen benefits to which certain MPV Participants were entitled under the terms of the MPV Program. Notwithstanding Section 1.1, this Supplement shall not confer to any MPV Participant any greater benefits attributable to his or her participation in the MPV Program than those provided under the terms of the MPV Program.

II. DEFINITIONS

2.1 DEFINITIONS. Except as otherwise noted below, where a capitalized term is used in this Supplement the capitalized term will have the meaning set forth in the version of the Plan document or Nonbargained Program that was in effect on January 1, 2013, if any.

- (1) **Ameritech:** means Ameritech Corporation, a Delaware corporation and its affiliates, as applicable.
- (2) **Annual Compensation:** means the total of all amounts paid to an MPV Participant by Ameritech for personal services during the Plan Year as reported on the MPV Participant's federal income tax withholding statement (Form W-2), but with the following adjustments. Annual Compensation will not include any per diem allowances, auto allowances, or other expense reimbursements not charged against the MPV Participant's earnings for such year, any gift, prize, award, recognition, or payment of a similar nature or related thereto received by the MPV Participant as a result of MPV Participant's employment with Ameritech, any amounts received by the MPV Participant from Ameritech during such year which represent compensation deferred from a prior year, nor any amounts received by the MPV Participant from Ameritech during such year which represent compensation in respect of unused vacation, but Annual Compensation will include any elective contributions made on behalf of an MPV Participant to any plan of Ameritech that are excludible from gross income pursuant to sections 402(a)(8) or 125 of the Code. The Annual Compensation of any MPV Participant with respect to who assets and liabilities have been transferred from the Berry Plan to the Plan will also include the annual compensation recognized under the Berry Plan as of December 31, 1990. Notwithstanding anything in the Plan, Nonbargained Program, or this Supplement to the contrary, as a result of the freeze of all accruals of benefits

under the MPV Program effective December 31, 1993, each MPV Participant's Annual Compensation will be frozen as of December 31, 1993.

- (3) **Berry**: means L.M. Berry and Company, an Ohio corporation.
- (4) **Berry Plan**: means the Employees' Pension Plan of L. M. Berry and Company.
- (5) **Covered Compensation**: means, with respect to a Participant, the average (without indexing) of the Social Security Wage Bases in effect for each calendar year during the thirty five (35) year period ending with the last day of the calendar year preceding the calendar year in which the MPV Participant attains (or will attain) "Social Security retirement age" (as defined in section 415(b)(8) of the Code, divided by twelve (12). In determining an MPV Participant's Covered Compensation for a Plan Year, the Social Security Wage Base for the current Plan Year and any subsequent Plan Year will be assumed to be the same as the Social Security Wage Base in effect as of the beginning of the Plan Year for which the determination is being made. An MPV Participant's Covered Compensation for a Plan Year after the thirty-five (35) year period described above will be the MPV Participant's Covered Compensation for the Plan Year during which the MPV Participant attained social security retirement age. An MPV Participant's Covered Compensation for a Plan Year before the thirty-five (35) year period described above will be the Social Security Wage Base in effect as of the beginning of such Plan Year. An MPV Participant's Covered Compensation will be automatically adjusted for each Plan Year. Notwithstanding anything in the Plan, Nonbargained Program, or this Supplement to the contrary, as a result of the freeze of all accruals of benefits under the MPV Program effective December 31, 1993, each MPV Participant's Covered Compensation will be frozen as of December 31, 1993.
- (6) **Disability Retirement Date**: means, in the case of an MPV Participant who incurs Total and Permanent Disability after attaining age fifty-five (55) or after completing a Term of Employment of ten (10) years, but prior to attaining age sixty-two (62), either (a) or (b):
 - (a) in the case of an MPV Participant who is not covered under a long-term disability plan maintained by an AT&T Controlled Group Member, his date of Total and Permanent Disability.
 - (b) in the case of an MPV Participant who is covered under a long-term disability plan maintained by an AT&T Controlled Group Member, the date he attains Normal Retirement Age as of which he will be deemed to have a Termination of Employment because of his Total and Permanent Disability, provided that the MPV Participant receives and continues to receive long-term disability benefits pursuant to such plan through attainment of Normal Retirement Age.
- (7) **Early Retirement Date**: means, in the case of an MPV Participant who has attained his fifty-fifth (55th) birthday and has also completed a Term of Employment of ten (10) years, the last day of any month prior to his Normal Retirement Age as of which he has a Termination of Employment.

- (8) **Election Period:** means for purposes of Section 7.1, the period which begins on the first day of the Plan Year in which the MPV Participant attains age thirty-five (35) years and ends on the date of the MPV Participant's death. If an MPV Participant separates from service prior to the first day of the Plan Year in which age thirty five (35) years is attained, with respect to his benefits accrued prior to Termination of Employment, the election period will begin on the date of Termination of Employment.
- (9) **Late Retirement Date:** means, in the case of any MPV Participant who elects to continue his employment beyond his Normal Retirement Date, the last day of the month during which his Termination of Employment for any reason other than his death.
- (10) **Monthly Plan Compensation:** means, as of the Date of Determination, one-twelfth (1/12) of the average of an MPV Participant's Annual Compensation for the five (5) consecutive calendar years during which the average of the MPV Participant's Annual Compensation is the highest. If, however, an MPV Participant's entire Term of Employment is less than five (5) consecutive calendar years, the Participant's Monthly Plan Compensation will be one-twelfth (1/12th) of the average (on an annual basis) of the Annual Compensation received by the MPV Participant during the MPV Participant's entire Term of Employment. For purposes of the foregoing sentence, service with Berry recognized under the Berry Plan as of December 31, 1990 will be included in the MPV Participant's Term of Employment. Notwithstanding the foregoing, Monthly Plan Compensation will be determined without regard to any Annual Compensation for any Plan Year that exceeds the Compensation Limit. Notwithstanding anything in the Plan, Nonbargained Program, or this Supplement to the contrary, as a result of the freeze of all accruals of benefits under the MPV Program effective December 31, 1993, each MPV Participant's Monthly Plan Compensation will be frozen as of December 31, 1993.
- (11) **MPV Participant:** means, any person who had been admitted to, and has not been removed from, participation in the MPV Program on or before December 31, 1993.
- (12) **MPV Program:** means the Employees' Pension Plan of Ameritech Publishing Ventures, Inc. which was merged with and into the Plan as the Midwest Publishing Ventures Program effective December 31, 2007. The provisions of this program were previously contained in the version of the Plan in effect on January 1, 2011, as amended.
- (13) **Normal Retirement Age:** means the last day of the month on which an MPV Participant attains his sixty-second (62nd) birthday.
- (14) **Qualified Pre-Retirement Survivor Annuity:** means, with respect to a married MPV Participant, a benefit in the form of a Single Life Annuity for the Spouse's life commencing as of the first day of the month next following the MPV Participant's date of death, in an amount which is the Actuarial Equivalent of the Accrued Benefit that would have been paid to the MPV Participant in the form of a Standard Retirement Benefit if the Participant had commenced receiving such benefit on the first day of the month next following his date of death.

- (15) **Standard Retirement Benefit:** has the meaning ascribed to such term in Section 3.2.
- (16) **Term of Employment:** has the meaning ascribed to such term under the Plan, provided however, with respect to any MPV Participant for whom assets and liabilities have been transferred to the Plan from the Berry Plan, a Term of Employment will also include any years of service credited to such MPV Participant under the Berry Plan as of December 31, 1990.
- (17) **Total and Permanent Disability:** means total disability arising from occupational or non-occupational bodily injury or disease, which prevents an MPV Participant from engaging in an occupation or employment for remuneration or profit, and which is determined by the Plan Administrator to be total disability which will be permanent and continuous for the remainder of the MPV Participant's life; however, that Total and Permanent Disability for purposes of this Supplement will not include any disability which results from the MPV Participant's engagement in a criminal enterprise or from an intentionally self-inflicted injury. If such disability is incurred while the MPV Participant is on leave of absence for military or similar service and for which a governmental pension is payable, the amount payable hereunder will be reduced by the amount of such governmental pension. The Plan Administrator will have the power to make rules and regulations of uniform application concerning a minimal level of earnings in restricted activity which will not disqualify a MPV Participant from being considered to have incurred Total and Permanent Disability.

III. ACCRUED BENEFITS

3.1 DETERMINATION OF ACCRUED BENEFIT. Notwithstanding Section 7.1 of the Nonbargained Program, a MPV Participant's Accrued Benefit as of the Date of Determination is the product of (1) and (2) below:

- (1) The Standard Retirement Benefit for any MPV Participant otherwise payable at Normal Retirement Age assuming no interruption in employment prior to Normal Retirement Age which would cause the MPV Participant to lose credit for prior service; and
- (2) The ratio (not to exceed one (1)) of the MPV Participant's Term of Employment at the Date of Determination to the MPV Participant's Term of Employment at Normal Retirement Age (or twenty-five (25) years if less) assuming no interruption in employment prior to Normal Retirement Age.

In the case of any MPV Participant with respect to whom assets and liabilities have been transferred to the Plan from the Berry Plan, in no event will such MPV Participant's Accrued Benefit under this Supplement be less than his accrued retirement benefit under the Berry Plan as of December 31, 1990, assuming all such benefits were vested as of such date. Notwithstanding any provision of the Plan, the Nonbargained Program, or this Supplement to the contrary, as a result of the freeze of all accruals of benefits under the MPV Program effective December 31, 1993, no MPV Participant shall accrue any benefit under this Supplement other than that benefit accrued by such MPV

Participant as of December 31, 1993 under the MPV Program.

- 3.2 STANDARD RETIREMENT BENEFIT.** Subject to Article VIII of this Supplement, and notwithstanding Section 7.1 of the Nonbargained Program, the Standard Retirement Benefit to be provided for each MPV Participant who has a Term of Employment of twenty-five (25) years or more will be a Single Life Annuity commencing as of the first day of the month next following attainment of his Normal Retirement Age and payable for the lifetime of such MPV Participant, in the monthly amount of thirty-five percent (35%) of the MPV Participant's Monthly Plan Compensation, plus thirteen percent (13%) of the MPV Participant's Monthly Plan Compensation in excess of his Covered Compensation, if any. If such MPV Participant has less than a twenty-five (25) year Term of Employment, his benefit will be reduced proportionately. Notwithstanding any provision of this Supplement to the contrary, no MPV Participant shall accrue any benefit under this Supplement that will be that benefit accrued by such MPV Participant as of December 31, 1993 under the MPV Program.

IV. RETIREMENT PENSION

- 4.1 NORMAL RETIREMENT.** An MPV Participant whose employment continues until his Normal Retirement Age will thereupon be retired (except as otherwise provided in Section 4.2) and will be entitled to the Standard Retirement Benefit commencing as of the first day of the month next following his Normal Retirement Age.
- 4.2 LATE RETIREMENT.** An MPV Participant whose employment continues beyond his Normal Retirement Age will not be entitled to receive any benefit under this Supplement until his Late Retirement Age, except as provided in Section 13.7 of the Plan or as otherwise required under section 203(a)(3)(B) of the Employee Retirement Income Security Act of 1974, as amended, and applicable regulations of the Department of Labor. Such an MPV Participant instead will be entitled to a benefit under this Supplement as determined under Subsection (1) or (2) below, whichever is applicable, to commence or be paid as of the first day of the month next following his Late Retirement Date:

- (1) **Prior to January 1, 1991.** In the case of a Participant whose Normal Retirement Date occurred prior to January 1, 1991, the amount of such Late Retirement Benefit will be determined as follows:
- (a) A lump sum present value will be determined as the greater of (A) or (B) as follows: (A) the lump sum present value, as of his Normal Retirement Age, of the Participant's Accrued Benefit at his Normal Retirement Age (determined under the provisions of the Berry Plan as of such date) will be determined by applying the definition of Actuarial Equivalent in effect as of his Late Retirement Date, but taking into account his Term of Employment at his Late Retirement Date (to a maximum of twenty-five (25)), as if such determination were a determination under Section 8.1(6); (B) The lump sum present value as of his Late Retirement Date of the MPV Participant's Late Retirement Benefit (determined under the provisions of Subsection (2) below as if the MPV Participant were eligible under such Subsection), will be determined by applying the definition of Actuarial Equivalent in effect as of his Late Retirement Date,

as if such determination were a determination under Section 8.1(6).

- (b) Subject to Section 13.1 of the Nonbargained Program, such MPV Participant's retirement benefit may be paid, at his election, as a monthly pension for his life only, a Qualified Joint and Survivor Annuity, or in one of the forms of optional retirement benefit described in Section 8.1(1) through 8.1(4), in which case the benefit will be of actuarially equivalent present value to the lump sum present value determined under (a) above determined by discounting all future payments for assumed interest and mortality using the mortality rates on a unisex basis and the interest rate for valuing immediate annuities as published by the Pension Benefit Guaranty Corporation for plan terminations as of the January 1 coincident with or immediately preceding the date of benefit commencement; provided, however, that the monthly amount of such retirement benefit (in any such form) will not be less than the monthly amount that would have been paid (in such form) if the MPV Participant had retired at Normal Retirement Age (determined under the provisions of the Berry Plan as of such date) and such retirement benefit had commenced on the first day of the month next following Normal Retirement Age.
 - (c) Subject to Section 13.1 of the Nonbargained Program, such MPV Participant's benefit may be paid, at his election, as a single sum cash settlement equal in amount to the lump sum present value determined under (a) above, or, in the optional form of retirement benefit described in Section 8.1(5), in which case the amount deposited to the account described in Section 8.1(5) will be equal to the lump sum present value determined under (a) above; provided, however, that such single sum cash settlement and such amount deposited to the account described in Section 8.1(5) will not be less than the single sum cash settlement that would have been paid to such Participant if he had retired on his Normal Retirement Age (determined under the provisions of the Berry Plan as of such date) and his retirement benefit had been paid as a single sum cash settlement on the first day of the month next following his Normal Retirement Age but taking into account his actual Term of Employment (to a maximum of twenty-five (25) years) at his Late Retirement Date.
- (2) **On or After January 1, 1991.** If an MPV Participant attains Normal Retirement Age on or after January 1, 1991 and retires after such Normal Retirement Age, he will be entitled to a Late Retirement Benefit in an amount which, when expressed as Single Life Annuity, is equal to an amount determined under the formula set forth in Section 3.2 using his Monthly Plan Compensation, Covered Compensation and Years of Service (to a maximum of twenty-five (25) years) as of his Late Retirement Date, payable (subject to Section 13.1 of the Nonbargained Program) in any form described in Article VIII of this Supplement. Notwithstanding anything in the Plan, Nonbargained Program, or this Supplement to the contrary, as a result of the freeze of all accruals of benefits under the MPV Program effective December 31, 1993, each MPV Participant's Monthly Plan Compensation, Covered Compensation, and Years of Service will be frozen as of December 31, 1993.

4.3 BENEFIT ON VESTED TERMINATION. If an MPV Participant has a Termination of Employment prior to becoming vested, no benefit will be payable under this Supplement to him or on his account. If, at Termination of Employment, the MPV Participant is vested, the MPV Participant will be entitled to a benefit which is the Actuarial Equivalent of the Participant's Accrued Benefit as of the date of such termination. Subject to Section 13.1 of the Nonbargained Program, such benefit will be paid in the form of the Standard Retirement Benefit or one of the optional forms under Article VIII, at the MPV Participant's election, and such benefit may commence, at the prior election of the MPV Participant, as of the first day of any month following his Termination of Employment. If such Termination of Employment occurs after the Participant attains Normal Retirement Age or his Early Retirement Date, the provisions of Section 4.1, Section 4.2, or Section 5.1 will apply and no benefit will be payable under this Section 4.3. An MPV Participant whose Disability Retirement Date, pursuant to Section 2.1(4)(b), is contingent upon receiving continuing long-term disability benefits, will not be eligible for any benefit under this Section 4.3 during the continuance of such long-term disability benefits. This Section will in no event result in duplication of benefits under this Supplement.

4.4 SUSPENSION UPON REEMPLOYMENT. If an MPV Participant is reemployed by an AT&T Controlled Group Member after he has commenced receiving a retirement or vested termination benefit under this Supplement, his retirement or vested termination benefit will be suspended for any month beginning after his reemployment date in which he completes eighty (80) or more Hours of Service, but only if he is notified of such suspension. Notwithstanding anything in the preceding sentence to the contrary, if an MPV Participant receiving a retirement or a vested termination benefit under this Supplement is rehired as an Employee who is eligible to participate in the SBC Pension Benefit Plan — Nonbargained Program on or after January 1, 2002, by any AT&T Controlled Group Member, then such MPV Participant's pension payments will be continued during the period he continues in such employment as an Eligible Employee as defined by the SBC Pension Benefit Plan — Nonbargained Program. Upon such MPV Participant's subsequent termination of employment, the benefit from this Supplement will continue to be paid in the same form and amount as it was paid prior to such reemployment.

V.

EARLY RETIREMENT PENSION

5.1 ELIGIBILITY. Upon retirement of an MPV Participant as of an Early Retirement Date, he will be entitled to a Single Life Annuity which is the Actuarial Equivalent of his Accrued Benefit determined as of his Early Retirement Date, commencing as of the first day of the month next following his Early Retirement Date. If such MPV Participant has elected an optional payment form under Article VIII of this Supplement, his benefit will be payable in accordance with such form in an amount which will be the Actuarial Equivalent of the monthly pension payable to such MPV Participant upon his early retirement.

5.2 NOT ELIGIBLE IF RECEIVING CONTINUING LONG-TERM DISABILITY BENEFITS. An MPV Participant whose Disability Retirement Date, pursuant to Section 2.1(4)(b), is contingent upon receiving continuing long-term disability benefits will not be eligible for any benefit under this Section during the continuance of such long-term disability benefits.

VI. DISABILITY RETIREMENT PENSION

- 6.1 **ELIGIBILITY.** Upon retirement of an MPV Participant as of a Disability Retirement Date, he will be entitled to the Actuarial Equivalent of his Accrued Benefit determined as of his Disability Retirement Date in the form of the Standard Retirement Benefit or any optional payment form under Article VIII of this Supplement, with payment commencing as of the first day of the month next following his Disability Retirement Date.
- 6.2 **SPECIAL PROVISIONS FOR MPV PARTICIPANTS RECEIVING CONTINUING LONG-TERM DISABILITY BENEFITS.** An MPV Participant whose Disability Retirement Date is contingent upon receiving continuing long-term disability benefits, who begins to receive such benefits and who thereafter ceases to receive such benefits because of a change in his status as disabled will for purposes of Sections 5.1 and 4.3 be considered to have retired or had a Termination of Employment, whichever is applicable, on the date such benefits cease, and such MPV Participant's Accrued Benefit will be determined based on his Term of Employment as of the date such long-term disability benefits cease; provided, however, that such a MPV Participant will not be deemed to have terminated employment if he is reemployed by an AT&T Controlled Group Member as of the date such long-term disability benefits cease. An MPV Participant whose Disability Retirement Date is contingent upon receiving continuing long-term disability benefits, who dies prior to cessation of such benefits and prior to attainment of Normal Retirement Age will for purposes of Section 7.2 be considered employed on his date of death and such MPV Participant's Accrued Benefit will for purposes of that section be determined based on his Term of Employment as of his date of death. An MPV Participant whose Disability Retirement Date is deemed to be the date he attains his Normal Retirement Age by reason of Section 2.1(4)(b) will not be eligible to receive any benefit under this Supplement other than his benefit payable under this Article VI.

VII. PRE-RETIREMENT SURVIVOR BENEFITS

- 7.1 **PRE-RETIREMENT SURVIVOR ANNUITY.** Unless an election is made in accordance with Article XII of the Plan within the Election Period, if a married MPV Participant dies after he become vested but before his Annuity Starting Date, the Participant's Surviving Spouse will receive a Qualified Pre-Retirement Survivor Annuity.
- (1) **Deferred Payment.** Notwithstanding the above, if the lump sum Actuarial Equivalent of such Qualified Pre-Retirement Survivor Annuity is more than \$5,000, the Surviving Spouse may elect to defer payment of such Qualified Pre-Retirement Survivor Annuity, in which case the Actuarial Equivalent value of such Qualified Pre-Retirement Survivor Annuity will be adjusted accordingly to reflect such deferred commencement, and provided further, that the Surviving Spouse may elect to receive the Actuarial Equivalent of the Qualified Pre-Retirement Survivor Annuity in the form of a lump sum.

- (2) **Notice.** The Plan Administrator will provide each married MPV Participant to whom this Section applies a written explanation of the Qualified Pre-Retirement Survivor Annuity within whichever of the following period ends last:
- (a) The period beginning with the first day of the Plan Year in which the MPV Participant attains age thirty two (32) years and ending with the close of the Plan Year preceding the Plan Year in which the MPV Participant attains age thirty five (35) years.
 - (b) A reasonable period after the individual becomes a MPV Participant.
 - (c) A reasonable period ending after the immediately following paragraph ceases to apply to the MPV Participant.
 - (d) A reasonable period ending after section 401(a)(11) of the Code applies to the MPV Participant.
 - (e) A reasonable period after Termination of Employment in case of an MPV Participant who separates before attaining age thirty five (35) years.

7.2 NON-SPOUSE SURVIVOR BENEFIT. To the extent that the benefit provided in 7.1 is unavailable or waived by the MPV Participant and his Surviving Spouse in accordance with Article XIII of the Plan, the MPV Participant's Designated Beneficiary will be eligible for a death benefit in the same amount as would have been payable to the MPV Participant under Section 8.1(5) or Section 8.1(6), whichever applies, if the MPV Participant had a Termination of Employment on the date of his death and his retirement benefit had been paid or commenced on the first day of the month next following such date of death, or if the MPV Participant had a Termination of Employment prior to his death, if his retirement benefit had been paid or commenced on the first day of the month following the month in which his death occurred. Payment of any death benefit under this Section will be made to the Participant's Beneficiary in the form described in Sections 8.1(5) or 8.1(6).

7.3 NO ADDITIONAL BENEFITS. Any death benefit paid under this Article will be in lieu of all other benefits under the MPV Program.

VIII. OPTIONAL PAYMENT FORMS

8.1 Subject to the provisions of Article XIII of the Plan and Section 13.1 of the Nonbargained Program, an MPV Participant may elect to have his or her benefits paid in one of the following alternative benefit payment forms which will be the Actuarial Equivalent of the Standard Retirement Benefit at current prevailing rates:

- (1) **Joint and 100% Survivor Annuity.** A Single Life Annuity providing a series of equal monthly payments made to the MPV Participant for his lifetime with continuing monthly payments equal to one hundred percent (100%) of the amount of the Single Life Annuity to his designated contingent survivor who is his Spouse, or, if not the MPV Participant's Spouse, to his designated contingent survivor who is not more than ten (10) years younger than the MPV Participant.

- (2) **Joint and 50% Survivor Annuity.** A Single Life Annuity providing a series of equal monthly payments made to the MPV Participant for his lifetime with continuing monthly payments equal to fifty percent (50%) of the amount of the Single Life Annuity to his designated contingent survivor who is his Spouse, or, if not the MPV Participant's Spouse, to his designated contingent survivor who is more than ten (10) years younger but not more than thirty (30) years younger than the MPV Participant.
- (3) **Joint and 75% Survivor Annuity.** A Single Life Annuity providing a series of equal monthly payments made to the MPV Participant for his lifetime with continuing monthly payments equal to seventy-five percent (75%) of the amount of the Single Life Annuity to his designated contingent survivor who is his Spouse, or, effective April 1, 2011, the MPV Participant's Legally Recognized Partner.
- (4) **Single Life Annuity with Period Certain.** A Single Life Annuity providing a series of equal monthly payments during the MPV Participant's lifetime in an adjusted level amount with a guaranteed minimum number of payments (not exceeding one hundred eighty (180) payments).
- (5) **Installment Payments.** Periodic payments in the form of equal monthly installment payments for a period of up to ten (10) years, as designated by the MPV Participant.
- (6) **Lump Sum.** A single sum cash settlement in the form of a Lump Sum payable within one year after the MPV Participant's retirement or death.

**SUPPLEMENT 16
RESERVED**

(SEE PRIOR PLAN DOCUMENT DATED JANUARY 1, 2013 FOR FURTHER INFORMATION)

SUPPLEMENT 17 LUMP SUM OFFER 2

I. PURPOSE

- 1.1 PURPOSE.** This Supplement describes the Lump Sum Offer 2 (LSO2). LSO2 is a one-time pension window benefit that will allow LSO2 Eligible Participants to terminate employment with all AT&T Controlled Group Members and elect their Accrued Benefit under the Nonbargained Program be payable as an LSO2 Lump Sum. The LSO2 Lump Sum is also available to Metered Employees.

II. DEFINITIONS

- 2.1 DEFINITIONS.** Except as otherwise noted below, where a capitalized term is used in this Supplement the capitalized term will have the meaning set forth in the Program or Plan, as applicable.
- 2.1.1 Lump Sum Offer 2 (LSO2):** means the one-time pension window benefit described in this Supplement.
- 2.1.2 LSO2 Actuarial Equivalent:** means as specified under Section 5.3 of this Supplement.
- 2.1.3 LSO2 Annuity Starting Date:** means the Annuity Starting Date applicable to an LSO2 Eligible Participant or a Metered Employee, as applicable, and as described in Article IV of this Supplement.
- 2.1.4 LSO2 Applicable Interest Rate:** means the AT&T Phase-in Applicable Interest Rate applicable to an Annuity Starting Date occurring in 2013 and determined using August 2012 as the lookback period and the Plan Year as the stability period.
- 2.1.5 LSO2 Election:** means the irrevocable election to participate in the LSO2 described in Section 3.2 of this Supplement.
- 2.1.6 LSO2 Eligible Participant:** means a Participant with a pension benefit under the Program who meets the following requirements:
- (1) Is a Management Employee on December 30, 2013, and does not become a Bargaining Unit Employee prior to his or her Termination of Employment;
 - (2) Meets the Modified Rule of 75 as of December 30, 2013;
 - (3) Is in a business function impacted by the agreement reached on December 17, 2013, to sell AT&T's incumbent local exchange (ILEC)

operations in Connecticut to Frontier Communications, as determined by reference to such agreement;

- (4) Makes an LSO2 Election;
- (5) Terminates employment with all AT&T Controlled Group Members as of January 24, 2014, unless subject to Metering; and
- (6) Elects an Annuity Starting Date of February 1, 2014, unless subject to Metering.

Notwithstanding the preceding, an LSO2 Eligible Participant does not include any Bargaining Unit Employee nor any Employee who is classified as an "officer level" Employee (L6 and above) as determined by the payroll records of the Employer. In addition, an LSO2 Eligible Participant does not include any Participant who elected to participate in the Lump Sum Offer under Supplement 16.

2.1.7 **LSO2 Lump Sum:** means the single-sum amount payable to an LSO2 Eligible Participant or a Metered Employee, as set forth in Article V of this Supplement.

2.1.8 **Metered Employee** means a Participant with a pension benefit under the Program who meets the following requirements:

- (1) Is an LSO2 Eligible Participant and is subject to Metering;
- (2) Is identified by the applicable business organization based upon the need for continuity of the business and/or knowledge transfer needs;
- (3) Agrees to extend his or her off-payroll date as requested by the applicable business unit, consistent with procedures established by such business unit; and
- (4) Elects the next available Annuity Starting Date following his or her Termination of Employment.

2.1.9 **Metering:** means the ability to defer the termination date for Metered Employees from January 24, 2014, as described in Article VI of this Supplement.

III. ELIGIBILITY FOR LSO2

3.1 **ELIGIBILITY FOR LSO2.** LSO2 Eligible Participants, including Metered Employees, who elect the LSO2, as described in Section 3.2 of this Supplement, will be eligible to receive an LSO2 Lump Sum as of the LSO2 Annuity Starting Date.

3.2 **LSO2 ELECTION.** LSO2 Eligible Participants must affirmatively elect to participate in the LSO2. This election is known as the LSO2 Election. The LSO2 Election must meet all of the following:

- 3.2.1 The LSO2 Election is irrevocable and includes an agreement to voluntarily terminate employment on January 24, 2014, unless subject to Metering. The LSO2 Election also includes a release of claims against the Plan and against all AT&T Controlled Group Members as of the date such LSO2 Election is made.
- 3.2.2 All LSO2 Elections must be made in the manner specified in Subsection 3.2.3 of this Supplement during the period beginning December 30, 2013, and ending January 15, 2014, at 11:59 pm C.T.
- 3.2.3 LSO2 Elections are required to be made online via an online election tool; however, paper elections will be made available for LSO2 Eligible Participants who are on a Leave of Absence or receiving short-term disability benefits from an Employer or are otherwise unable to access the online election tool. Paper elections must be faxed or mailed as specified on such paper election form within the time period specified under Subsection 3.2.2 of this Supplement. LSO2 Elections are NOT permitted to be made via telephone.

IV. ELECTION OF PENSION COMMENCEMENT

- 4.1 **ELECTION OF LSO2 LUMP SUM.** Participants who meet the eligibility requirements for the LSO2 described in Article III must elect to commence their LSO2 Lump Sum as of the LSO2 Annuity Starting Date, and such election must be consistent with applicable provisions of the Plan and occur no later than June 30, 2014. All requirements for election of an Annuity Starting Date under the Plan remain in effect. Participants who elect an Annuity Starting Date other than the LSO2 Annuity Starting Date will not be eligible to receive the LSO2 Lump Sum. Participants who are eligible to elect an LSO2 Lump Sum are not required to do so and all applicable forms of distribution available to such Participant under the Program remain in effect and are not altered by the LSO2.
- 4.2 **LSO2 ANNUITY STARTING DATE.** The LSO2 Annuity Starting Date is:
 - 4.2.1 February 1, 2014, for LSO2 Eligible Participants who are not subject to Metering; or
 - 4.2.2 The first available Annuity Starting Date following the Termination of Employment for Metered Employees.

V. AMOUNT OF LSO2 LUMP SUM

- 5.1 **AMOUNT OF LSO2 LUMP SUM.** The amount of the LSO2 Lump for all applicable Participants other than Metered Employees is determined as of December 31, 2013, and assuming that the LSO2 Eligible Participant had terminated employment as of December 30, 2013 and is equal to the LSO2 Actuarial Equivalent of the CAM Formula or the Pension Band Minimum Formula, or any other winning alternate formula payable under the Program in lieu of the CAM Formula or the Pension Band Minimum Formula, as of December 31, 2013. The LSO2 Lump Sum for Metered Employees is determined under Section 5.4 of this Supplement. Notwithstanding the preceding, in no event will the

LSO2 Lump Sum be less than the amount determined under Section 5.2 of this Supplement.

5.2 MINIMUM LUMP SUM. The amount of the LSO2 Lump Sum will not be less than the amount determined by applying the Actuarial Equivalent, as defined under Supplement 9 of the Plan, to the CAM Formula or the Pension Band Minimum Formula, or any other winning alternate formula payable under the Program in lieu of the CAM Formula or the Pension Band Minimum Formula as of the LSO2 Annuity Starting Date.

5.3 LSO2 ACTUARIAL EQUIVALENT. LSO2 Actuarial Equivalent will mean the greater of the following:

5.3.1 The Actuarial Equivalent specified under Subsection 1.2 of Supplement 9 of the Plan; and

5.3.2 The LSO2 Actuarial Equivalent, which is determined using the LSO2 Applicable Interest Rate and the Statutory Applicable Mortality Table.

5.3.3 For purposes of this subsection, "greater of" means the actuarial basis that produces the highest LSO2 Lump Sum.

5.4 METERED EMPLOYEES. The amount of the LSO2 Lump Sum payable to a Metered Employee is equal to the greater of:

5.4.1 The LSO2 Lump Sum determined in accordance with Section 5.1 of this Supplement; and

5.4.2 The LSO2 Lump Sum determined under Section 5.2 of this Supplement as of February 1, 2014, assuming that such Metered Employee had terminated employment with all AT&T Controlled Group Members as of January 24, 2014; and

5.4.3 The single-sum amount equal to the Actuarial Equivalent, as defined under Supplement 9 of the Plan, of the CAM Formula or the Pension Band Minimum Formula, or any other winning alternate formula payable under the Program in lieu of the CAM Formula or the Pension Band Minimum Formula, as of the LSO2 Annuity Starting Date.

5.5 NO RESIDUAL ANNUITY. If the LSO2 Lump Sum is payable under this Supplement, then no Residual Annuity will be payable with respect to the Participant's Program Pension Benefit.

VI. METERING

6.1 APPLICABILITY. Metering is applied based on the needs of the business and allows Metered Employees to have an off-payroll date that is later than January 24, 2014. Each Business Organization, by approval of the direct report to the Chairman of AT&T for each such Business Organization, may apply Metering to up to approximately ten percent (10%) of their impacted populations.

- 6.2 TIMING OF METERING.** The new off-payroll date for Metered Employees is determined in the discretion of the applicable Business Organization but will generally be no later than March 31, 2014. In limited circumstances and subject to the approval of the Sr. Executive Vice President of Human Resources for AT&T Inc., the off-payroll date may be extended past March 31, 2014, but in no cases may the date be extended beyond June 30, 2014.

VII. SURVIVOR BENEFITS

- 7.1 APPLICABILITY.** For LSO2 Eligible Participants and Metered Employees who die prior to the LSO2 Annuity Starting Date, such Participant's Spouse or Legally Recognized Partner will be eligible to elect to receive a single-sum amount equal to the LSO2 Lump Sum in lieu of any Pre-Retirement Survivor Benefit payable under Article IX of the Program. If there is no Spouse or Legally Recognized Partner, then a Lump Sum equal to the LSO2 Lump Sum will be paid to the Participant's Beneficiary. The survivor benefit described in this Section 7.1 will be payable even if:
- 7.1.1 The LSO2 Eligible Participant dies after December 30, 2013, and prior to the end of the election window, described in Article III of this Supplement; or
 - 7.1.2 The LSO2 Eligible Participant, including a Metered Employee, elected the LSO2 in accordance with Article III of this Supplement but dies prior to the LSO2 Annuity Starting Date.
- 7.2 NO DEFERRAL OF COMMENCEMENT.** The Surviving Spouse or Legally Recognized Partner is not eligible to defer commencement of the survivor benefit payable under Section 7.1 of this Supplement.

SUPPLEMENT 18
AMERITECH MANAGEMENT PENSION PLAN
COMPLIANCE AMENDMENTS

I.
PURPOSE

- 1.1 **PURPOSE.** This Supplement adopts compliance amendments related to the May 21, 2015 Determination Letter received for the former Ameritech Management Pension Plan.

II.
AMENDMENTS

- 2.1 Amendment submitted to the Internal Revenue Service on September 17, 2002.

Thirty-Fifth Amendment of the
Ameritech Management Pension Plan

The Ameritech Management Pension Plan ("the Plan") is hereby amended as follows:

Effective February 28, 1998, Section 3.3 Leased Employee of the Plan is hereby deleted and the following is substituted therefor:

- 3.1 Leased Employees, Highly Compensated Employees, and Nonhighly Compensated Employees

Effective for periods before January 1, 1997, if an individual is not an employee of an Employer and provides services to an Employer:

- (a) pursuant to an agreement between the Employer and a leasing organization, and
- (b) on a substantially full-time basis for a period of at least one year, and
- (c) such services are of a type historically performed, in the business field of an Employer, then such individual shall be a "**Leased Employee**".

Effective January 1, 1997, Leased Employee shall mean an individual who is not an employee of an Employer and provides services to an Employer:

- (a) pursuant to an agreement between the Employer and a leasing organization, and
- (b) on a substantially full-time basis for a period of at least 1 year, and
- (c) under primary direction or control of the Employer.

Except as otherwise explicitly provided herein, no Leased Employee shall be eligible to participate in the Plan. If an individual has been a Leased Employee and is subsequently employed in a position in which he or she is eligible to participate in the Plan, then such individual's service as a Leased Employee (including service during the year described in (b) in the paragraph immediately above) shall be recognized for purposes of calculating eligibility to participate in the Plan, vesting status, determination of the minimum top-heavy benefit, and maximum benefit limitations under section 415 of the Code.

Notwithstanding the preceding sentence, such service shall not be recognized for periods of time during which both

- (a) no more than 20% of the Nonhighly Compensated Employees of the Employer and Related Companies (for periods prior to October 8, 1999) or of the SBC Controlled Group (for periods on and after October 8, 1999) are Leased Employees, and
- (b) such individual was a participant in a nonintegrated money purchase pension plan maintained by the leasing organization that provided for (i) accruals of 10% or more of compensation, (ii) full and immediate vesting, and (iii) immediate participation by all employees of the leasing organization (except employees who perform substantially all of their services for the leasing organization and employees whose compensation from the leasing organization in each plan year during the four year period ending with the plan year was less than \$1,000.00).

"Highly Compensated Employee" shall mean, for Plan Years beginning on and after January 1, 1998, any Employee who:

- (a) was a five percent (5%) owner (within the meaning of section 416(i) of the Code) of any Controlled Group Member in the Plan Year or in the preceding Plan Year; or
- (b) during the preceding Plan Year, received more than \$80,000 (adjusted in accordance with section 414(q)(1) of the Code) in section 415 Compensation (as defined in Section 5.1(c)), but without regard to the Compensation Limit) and was in the top twenty percent (20%) of all Employees (other than any Employees who may be excluded under section 414(q)(5) of the Code) ranked by such compensation.

For plan years prior to January 1, 1998, Highly Compensated Employee shall mean an employee who during the Plan Year or the preceding Plan Year was:

- (i) 5-percent owner at any time,
- (ii) had compensation from the employer in excess of \$75,000 (as adjusted in accordance with Code section 414(q)(1)),

- (iii) had compensation from the employer in excess of \$50,000 (as adjusted in accordance with Code section 414(q)(1)) and was in the top paid group of employees (that is, the top 20% of employees when ranked on the basis of compensation paid during such year) for such year, or
- (iv) was at any time an officer and received compensation greater than 50% of the amount in effect under Code section 415(d)

"Highly Compensated Former Employee" shall mean a former Employee who was either (i) a Highly Compensated Employee when such former Employee separated from service, or (ii) a Highly Compensated Employee at any time after attaining age 55.

A **"Nonhighly Compensated Employee"** is an employee who is not a Highly Compensated Employee during the relevant time period.

2. Effective July 1, 1999 Section 5.1(a)(2)(ii) Applicable on and After July 1, 1999 of the Plan is hereby deleted and the following is substituted therefor:

At and after his Termination Date, a Participant's Accrued Benefit shall be a monthly amount payable to him for life commencing on his Normal Retirement Date (the **"Normal Retirement Annuity"**), in an amount determined by dividing his Defined Lump Sum on his Termination Date by a Deferred Factor, if the Participant has not yet attained Normal Retirement Age at his Termination Date, or an Immediate Factor, if the Participant has already attained Normal Retirement Age at his Termination Date. For Termination Dates occurring after the Effective Date but before July 1, 1999, the **"Deferred Factor"** shall be a factor equal to the actuarially equivalent present value of an annuity which begins at age 65 based on the interest rate schedule used by the Pension Benefit Guaranty Corporation (**"PBGC"**) in order to determine the lump sum value of deferred benefits under a single-employer defined benefit plan, as effective for the first day of the Plan Year in which the Participant's Termination Date occurs, and the Adjusted UP84 Mortality Table determined by averaging the UP 1984 Mortality Table set forward one year and the UP 1984 Mortality Table set back four years; and the **"Immediate Factor"** shall be a factor equal to the actuarially equivalent present value of an annuity which begins immediately based upon the interest rate schedule used by the PBGC in order to determine the lump sum value of immediate benefits under a single- employer defined benefit plan, as effective for the first day of the Plan Year in which the Participant's Termination Date occurs and the Adjusted UP84 Mortality Table. For Termination Dates occurring on or after July 1, 1999, the Participant's Immediate or Deferred Factor, whichever is applicable, will be determined by substituting the Applicable Interest Rate based on the Plan's Stability Period and Lookback Month. For purposes of the Plan, **"Applicable Interest Rate"** means the annual rate of interest on 30-year Treasury securities as specified by the Commissioner of Internal Revenue for a month, and which is published by the Commissioner after

the close of that month, "**Applicable Mortality Table**" means the mortality table based on the prevailing commissioners' standard table used to determine reserves for group annuity contracts issued on the date as of which present value is being determined as specified or prescribed by the Commissioner of Internal Revenue in applicable revenue rulings, notices or other guidance published in the Internal Revenue Bulletin, "**Lookback Month**" means the November preceding the first day of the Plan's Stability Period, and "**Stability Period**" means the Plan Year in which the Participant's Termination Date occurs.

Notwithstanding the foregoing, no Participant will have a Normal Retirement Annuity calculated on his Termination Date that is less than his Defined Lump Sum on June 30, 1999 divided by the Immediate Factor, Determined under the provisions of the plan in effect on such June 30, 1999.

3. Effective December 12, 1994, Article 5 Amount of Participant's Accrued Benefit and Retirement Benefit of the Plan is hereby amended by adding a new Section 5.8 at the end thereof to read in its entirety as follows:

5.8 Military Service

Notwithstanding any provision of the Plan to the contrary, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with section 414(u) of the Code.

4. Effective January 1, 1997, the first sentence of Section 5.3 Special Limitation on Compensation Taken Into Account For Any Plan Year of the Plan is hereby deleted and the following is substituted therefor:

Notwithstanding any other provision of the Plan to the contrary, the Accrued Benefit of each Participant will be determined without regard to any Compensation for any Plan Year that exceeds the maximum amount permitted for such year in accordance with section 401(a)(17) of the Code and applicable regulations thereunder (the "**Compensation Limit**").

5. Effective February 28, 1998, Article 6 General Limitations on Benefits of the Plan is hereby deleted and the following is substituted therefor:

Notwithstanding any other provision of this Plan, a Participant's benefit under the Plan will not exceed the limitations specified in section 415 of the Code. If the Participant participates in any other defined benefit plan maintained by the Employers or any Section 415 Affiliate and if the Participant's total benefits under this Plan and such other defined benefit plan would exceed the limits of section 415, the Participant's benefit under this Plan will be reduced to the extent necessary to satisfy section 415. For purposes of this section, the term "**Section 415 Affiliate**" means any entity that would be a Related Company if the ownership test of sections 414(b) and (c) of the Code was "more than 50%" rather than "at least 80%".

"**Limitation Year**" shall mean the calendar year.

For Limitation Years beginning prior to January 1, 2000, if a Participant also participates in any defined contribution plan maintained by the Employers or any Section 415 Affiliate, and if the Participant's combined interest in this Plan and such defined contribution plan would exceed the limits of section 415(e) of the Code, the benefits under this plan will be reduced to the extent necessary to satisfy section 415(e).

Section 415 **Compensation** shall be used for purposes of determining limitations under this Article 6. "**Section 415 Compensation**" shall mean wages, salaries, fees for professional services, commissions, compensation based on a percentage of profits, bonuses and other amounts received by an Employee for personal services actually rendered in the course of employment with his Employer for the Limitation Year, excluding the following:

- (1) any Employer contributions to a plan of deferred compensation to the extent contributions are not included in gross income of the Participant for the taxable year in which contributed and any distributions from a plan of deferred compensation whether or not includible in the gross income of the Employee when distributed; provided, however, for Plan Years beginning after December 31, 1997, section 415 Compensation shall include elective deferrals as defined under section 402(g)(3) of the Code and any amount contributed by the Employer at the election of the Employee which is not includible in income under section 125 or 457 of the Code; and provided further that for Plan Years beginning after December 31, 2000, Section 415 Compensation shall include elective amounts that are not includible in the gross income of the Employee by reason of Code section 132(f)(4).
- (2) amounts realized from the exercise of a nonqualified stock option, or when restricted stock (or property) held by an Employee becomes freely transferable or is no longer subject to a substantial risk of forfeiture;
- (3) amounts realized from the sale, exchange or other disposition of stock acquired under a qualified stock option; and
- (4) other amounts which receive special tax benefits, such as premiums for group life insurance (but only to the extent that the premiums are not includible in the gross income of the Employee).

In the alternative, the Plan Administrator, may determine Employees' Section 415 Compensation on the basis of either (i) wages subject to federal income tax withholding, or (ii) wages subject to federal income tax withholding plus payments that an Employer is required to report under sections 6041(d) and 6051(a)(3) of the Code, excluding moving expense reimbursements that the Employer reasonably believes an Employee may deduct under section 217 of the Code, plus, for clauses (i) or (ii), elective deferrals defined in section 402(g)(3) of the Code and any amount contributed by the Employer at the election of the Employee which is not includible in income under section 125 of the Code. The amount of section 415 Compensation taken into account under the Plan for any Limitation Year shall not exceed the Compensation Limit, except where specifically provided that such limit shall not apply.

Effective July 1, 1999, to the extent that the calculation of a Section 415 limit requires an adjustment to reflect a benefit payment form (because such form is neither a single life annuity nor a qualified joint and survivor annuity), and such benefit payment form is neither

- (i) a nondecreasing annuity, nor
- (ii) an annuity that decreases only as the result of the death of a survivor annuitant (but not below 50% of the amount payable before the death) or as a result of the cessation or reduction of social security supplements or qualified disability benefits,

then the adjusted benefit shall be the actuarial equivalent single life annuity at the Participant's age at benefit commencement calculated using the Applicable Mortality Table and the Applicable Interest Rate. In addition, to the extent that the calculation of Section 415 limits requires an adjustment to a benefit to reflect either that it is payable in a form described in (i) or (ii) *above* or that it is first payable at an age other than social security normal retirement age, such adjustment shall be done as follows:

- (1) for calculating adjustments for benefit commencement after social security normal retirement age, the adjusted benefit shall be the actuarial equivalent of the benefit at social security normal retirement age calculated using the Applicable Mortality Table and lesser of five percent (5%) or the Applicable Interest Rate;
- (2) for calculating adjustments for benefit commencement at an age that is before the social security normal retirement age, but greater than age 62, the age adjustment shall be 5/9ths of 1% for each of the first 36 months by which benefit commencement precedes social security normal retirement age, and 5/12ths of 1% for each additional month, and the benefit form adjustment, if any, shall be an actuarial equivalent as of the age of benefit commencement calculated using the Applicable Mortality Table and the greater of five percent (5%) or the Applicable Interest Rate;
- (3) for calculating adjustments for benefit commencement prior to age 62, the age adjusted benefit shall be the actuarial equivalent of the benefit at age 62 (determined as in (2) immediately above) where the actuarial equivalent is calculated using the Applicable Mortality Table and greater of five percent (5%) or the Applicable Interest Rate, and any further adjustment required to reflect the form of benefit shall be determined as of the age of benefit commencement using the same actuarial basis.

Effective January 1, 1995, through June 30, 1999, the provisions of Code section 415(b)(2)(E) shall be applied for all time periods on and after January 1, 1995.

- 6. Effective July 1, 1999 Section 7.3(b) Lump Sum of the Plan is hereby deleted and the following is substituted therefor:

Lump Sum payment which is the present value of the Participant's Normal

Retirement Annuity under paragraph 5.1(b) determined using (i) for Annuity Starting Dates occurring prior to July 1, 1999, the applicable interest rate schedule, immediate or deferred, used by the PBGC to value Lump Sum benefits under a single-employer defined benefit plan as in effect for the first day of the Plan Year in which the Participant's (or Qualified Spouse's) Annuity Starting Date occurs and the Adjusted UP84 Mortality Table, and (ii) for Annuity Starting Dates occurring on and after July 1, 1999, the Applicable Interest Rate based on the Lookback Month and Stability Period in which the Participant's (or Qualified Spouse's) Annuity Starting Date occurs and the Applicable Mortality Table. Except as expressly provided in subsection 7.4, a Lump Sum payment will only be made to the Participant as of this Termination Date.

7. Effective July 1, 1999 Section 7.15(b) Actuarial Equivalence of the Plan is hereby deleted and the following is substituted therefor:

the applicable interest rate or rates which would be used by the PBGC as of the first day of the Plan Year in which the calculation is being made in order to value lump sum benefits under a single-employer defined benefit plan (effective July 1, 1999 the Applicable Interest Rate based on the Lookback Month for the Stability Period in which the calculation is being made).

8. Effective January 1, 2000, Section A-14 Aggregate Benefit Limit of the Plan is hereby amended by adding a new sentence at the end thereof to read in its entirety as follows:

Effective January 1, 2000, this Section A-14 shall no longer apply.

9. Effective January 1, 1998, Section E-1(a) Temporary Limitations on Account of Plan Termination of the Plan is hereby deleted and the following is substituted therefor:

(a) In the event of the Plan's termination, the benefit of any Highly Compensated Employee and any Highly Compensated Former Employee will be limited to a benefit that is nondiscriminatory under section 401(a)(4) of the Code.

10. Effective February 28, 1998, Article 8 is hereby amended by the addition of a new Section 8.3, such new section to read in its entirety as follows:

8.3 ACTUARIAL INCREASES FOR CERTAIN DELAYED RETIREMENTS

With respect to a Participant, the "**Actuarial Increase Starting Date**" shall be the April 1 of the calendar year following the calendar year in which such Participant attains age 70-1/2.

If a Participant's Annuity Starting Date is later than such Participant's Actuarial Increase Starting Date as a result of such Participant's continued employment beyond the Actuarial Increase Starting Date and such Participant does not commence distribution of his or her benefit while still employed, then the Accrued Benefit of such Participant shall be actuarially increased for the period of time from the Actuarial Increase Starting Date to the Annuity Starting Date but only to the extent required to satisfy Code section 401(a)(9) and associated regulations. In particular, any annuity payment that has been suspended as a result of

reemployment shall be actuarially increased for periods of suspension after the Actuarial Increase Starting Date.

2.1 Amendment submitted to Internal Revenue Service on March 21, 2003.

Proposed Definitions Related to Highly Compensated Employees

"Compensation Limit" shall mean the limit on the amount of compensation that may be taken into account under the Plan for a Plan Year under section 401(a)(17) of the Code. The Compensation Limit is \$150,000 (\$200,000 for plan years beginning after December 31, 2001), adjusted in accordance with section 401(a)(17) of the Code.

"Five Percent Owner" shall mean any Employee who was a 5Percent Owner (as defined in Code section 416(i)(1)(B)(i) and Treas. Reg. § 1.416-1 Q&A T-17&18) of any Controlled Group Member at any time during the applicable year.

"Highly Compensated Employee" is determined with respect to a particular Plan Year and shall be defined as follows:

- (a) With respect to a Plan Year beginning on or after January 1, 1997, an Employee is a Highly Compensated Employee if he either:
 - (i) was a Five Percent Owner during such Plan Year or the immediately preceding Plan Year; or
 - (ii) during the calendar year beginning with or within the immediately preceding Plan Year, received more than \$80,000 (adjusted in accordance with section 414(q)(1) of the Code) in HCE Compensation and was in the HCE Top-Paid Group during such calendar year.
- (b) With respect to a Plan Year beginning prior to January 1, 1997 (the "applicable Plan Year"), an Employee is a Highly Compensated Employee if he satisfies any of the following:
 - (i) was a Five Percent Owner at any time during either the applicable Plan Year or the immediately preceding Plan Year;
 - (ii) had HCE Compensation from the Employer during the immediately preceding Plan Year in excess of \$75,000 (adjusted in accordance with section 414(q)(1) of the Code);
 - (iii) both had HCE Compensation from the Employer in excess of \$50,000 during the immediately preceding Plan Year (adjusted in accordance with section 414(q)(1) of the Code) and was in the HCE Top-Paid Group during the immediately preceding Plan Year;
 - (iv) was at any time during the immediately preceding Plan Year an officer of any Controlled Group Member (not to exceed 50 Employees or, if lesser, the greater of 3 Employees or 10% of the Employees of the SBC Controlled Group) and received HCE Compensation greater than 50% of the defined benefit annual dollar limit of Code

section 415(b)(1)(A) for such Plan Year; or

- (v) is one of the 100 highest paid Employees during the applicable Plan Year and would satisfy any (ii), (iii), or (iv) immediately above with respect to the applicable Plan Year.

"HCE Compensation" shall mean a Participant's compensation as reported for federal income tax purposes plus elective deferrals (as defined in Code section 402(g)(3)) and amounts that are contributed or deferred by such Participant's employer at the election of such Participant that are excludable from the gross income of such Participant pursuant to Code sections 125, 132(f), and 457. HCE Compensation is determined without regard to the Compensation Limit.

"HCE Top-Paid Group" shall mean, with respect to a particular calendar year, the top 20% of all Employees of the SBC Controlled Group when ranked on the basis of HCE Compensation during such calendar year. For purposes of determining the number of Employees to be included in making this determination, the following Employees shall be excluded:

- (i) Employees who perform no services during the calendar year;
- (ii) Employees who have not completed six months of service by the end of (iii) the calendar year (including service in the previous calendar year);
- (iii) Employees who normally work less than 17-112 hours per week;
- (iv) Employees who normally work less than 6 months per year;
- (v) Employees who have not yet attained age 21 by the end of the calendar year; and
- (vi) Employees who are nonresident aliens and who received no earned income (within the meaning of Code section 911(d)(2)) during such calendar year from any Controlled Group Member which constitutes income from sources within the United States (within the meaning of Code section 861(a)(3)).

For purposes of determining who is in the HCE Top-Paid Group, exclusions (ii), (iii), (iv), and (v) above are not applicable. If 90% or more of the Employees of the SBC Controlled Group are determined to be covered by collective bargaining agreements, and the plan or portion thereof being tested covers only Employees who are not covered by collective bargaining agreements, then the Employees covered by collective bargaining agreements are excluded for purposes of determining the number of Employees in the HCE Top-Paid Group and are not included in the HCE Top-Paid Group for purposes of testing such plan or portion thereof. To the extent that a tie-breaking rule is required, the Plan Administrator is authorized to adopt any rule that is reasonable and nondiscriminatory and to apply such rule uniformly and consistently.

"HCE" shall mean Highly Compensated Employee.

"NHCE" shall mean Nonhighly Compensated Employee.

"Nonhighly Compensated Employee" with respect to a particular Plan Year shall mean an Employee who is not an HCE with respect to such Plan Year.

- 2.3 Amendment submitted to the Internal Revenue Service on February 16, 2010.

**PROPOSED
AMENDMENT TO THE AMERITECH MANAGEMENT
PENSION PLAN
(AS AMENDED AND RESTATED JANUARY 1, 2002)**

1. Effective as of January 1, 2002, the second sentence of Section 5.1 of the Plan is amended to read as follows:

Notwithstanding anything in the Plan to the contrary, the Accrued Benefit of any CAM Participant shall not be less than the CAM Benefit, the Accrued Benefit of a PBM Participant shall not be less than the PBM Benefit, the Accrued Benefit of a Transition Participant shall not be less than the Transition Benefit, the Earned Benefit of a SPA Eligible Participant shall not be less than the Special Pension Account benefit described in Supplement S, and the Accrued Benefit of an EPR Terminee shall not be less than the Enhanced Pension and Retirement Program benefit described in Supplement V.

2. Effective as of January 1, 2002, the first sentence of Section 5.1(a)(1) of the Plan is amended to read as follows:

Prior to his Termination Date, his Accrued Benefit shall be the annuity equivalent of his Defined Lump Sum as determined in accordance with subsection (2) hereof.

3. Effective as of January 1, 2002, the first sentence of Section 7.3(b) of the Plan is amended to read as follows:

Lump Sum payment which is the present value of the Participant's Accrued Benefit determined using (i) for Annuity Starting Dates occurring prior to July 1, 1999, the applicable interest rate schedule, immediate or deferred, used by the PBGC to value Lump Sum benefits under a single-employer defined benefit plan as in effect for the first day of the Plan Year in which the Participant's (or Qualified Spouse's) Annuity Starting Date occurs and the Adjusted UP84 Mortality Table, and (ii) for Annuity Starting Dates occurring on and after July 1, 1999, the Applicable Interest Rate for the November preceding the first date of the Plan Year in which the Participant's (or Qualified Spouse's) Annuity Starting Date occurs and the Applicable Mortality Table.

4. Any other provisions of the Plan not amended herein shall remain in full force and effect.

- 2.4 Amendment submitted to the Internal Revenue Service on June 11, 2014.

Article 1. Eleventh Amendment of Ameritech Management Pension Plan (As Amended and Restated Effective as of May 1, 1995)

The Ameritech Management Pension Plan (As Amended and Restated Effective as of May 1, 1995) (the "Plan") is hereby amended effective on July 1, 1999, as follows;

1. By substituting the following for paragraph (b) of subsection 5.1:

- (b) At and after his Termination Date, a Participant's Accrued Benefit shall be a monthly amount payable to him for his life commencing on his Normal Retirement Date (the '**Normal Retirement Annuity**'), in an amount determined by dividing his Defined Lump Sum on his Termination Date by a '**Deferred Factor**', if the Participant has not yet attained Normal Retirement Age at his Termination Date, or an '**Immediate Factor**', if the Participant has already attained Normal Retirement Age at his Termination Date. For Termination Dates occurring after the Effective Date but before July 1, 1999, the '**Deferred Factor**' shall be a factor equal to the actuarially equivalent present value of an annuity which begins at age 65 based on the interest rate schedule used by the Pension Benefit Guaranty Corporation ('**PBGC**') in order to determine the lump sum value of deferred benefits under a single-employer defined benefit plan, as effective for the first day of the Plan Year in which the Participant's Termination Date occurs, and the '**Adjusted UP84 Mortality Table**' determined by averaging the UP 1984 Mortality Table set forward one year and the UP 1984 Mortality Table set back four years; and the '**Immediate Factor**' shall be a factor equal to the actuarially equivalent present value of an annuity which begins immediately based upon the interest rate schedule used by the PBGC in order to determine the lump sum value of immediate benefits under a single-employer defined benefit plan, as effective for the first day of the Plan Year in which the Participant's Termination Date occurs and the Adjusted UP84 Mortality Table. For Termination Dates occurring on or after July 1, 1999, the Participant's Immediate or Deferred Factor, whichever is applicable, will be determined by substituting the Applicable Interest Rate for the November preceding the first day of the Plan Year in which the Participant's Termination Date occurs for the applicable PBGC interest rate schedule described above, and by substituting the Applicable Mortality Table for the Adjusted UP84 Mortality Table. For purposes of the Plan, '**Applicable Interest Rate**' means the annual rate of interest on 30-year Treasury securities as specified by the Commissioner of Internal Revenue for a month and which is published by the Commissioner after the close of that month, and '**Applicable Mortality Table**' means the mortality table based on the prevailing commissioners' standard table used to determine reserves for group annuity contracts issued on the date as

of which present value is being determined as specified or prescribed by the Commissioner of Internal Revenue in applicable revenue rulings, notices or other guidance published in the Internal Revenue Bulletin. Notwithstanding the foregoing, no Participant will have a Normal Retirement Annuity calculated on his Termination Date that is less than his Defined Lump Sum on June 30, 1999 divided by the Immediate Factor if termination occurs on or after Normal Retirement Age, or if not, the Deferred Factor, determined under the provisions of the Plan in effect on such June 30, 1999.

2. By adding the following clause at the end of the second sentence of subsection 5.4:

"and, alternatively, shall be no less than the benefit, expressed as a single life annuity, that he would have received if his Accrued Benefit as of June 30, 1999 were: converted to an immediate annuity payable as of his Termination Date calculated in accordance with the provisions of this subsection 5.4 as in effect on June 30, 1999."

- 3 By adding the following after the second sentence of subsection 5.5:

"The Lump Sum value of such Protected Benefit (reduced for early Commencement, as applicable) of a Participant who qualifies for a Service Pension under the terms of the Plan as in effect immediately prior to the Effective Date will be determined using the Immediate Factor."

4. By substituting the following for paragraph (b) of subsection 7.3:

"(b) Lump Sum payment which is the present value of the Participant's Normal Retirement Annuity under paragraph 5.1(b) determined using (i) for Annuity Starting Dates occurring prior to July 1, 1999, the applicable interest rate schedule, immediate or deferred, used by the PBGC to value lump sum benefits under a single-employer defined benefit plan as in effect for the first day of the Plan Year in which the Participant's (or Qualified Spouse's) Annuity Starting Date occurs and the Adjusted UP84 Mortality Table, and (ii) for Annuity Starting Dates occurring on and after July 1, 1999, the Applicable Interest Rate for the November preceding the first day of the Plan Year in which the Participant's (or Qualified Spouse's) Annuity Starting Date occurs and the Applicable Mortality Table. Except as expressly provided in subsection 7.4, a Lump Sum payment will only be made to the Participant as of his Termination Date."

5. By replacing the phrase "Plan Mortality Table" with the phrase "Applicable Mortality Table" in paragraph (a) of subsection 7.15 and by replacing all of paragraph (b) of subsection 7.15 with the phrase "the Applicable Interest Rate for the November preceding the first day of the Plan Year with respect to which the calculation is being made."

6. By adding the following sentences to the end of subsection B-5:

“In calculating the Lump Sum of a Transition Participant who qualifies for a Service Pension, the lump sum value of such Service Pension will be determined utilizing the Immediate Factor. A Transition Participant who retires on or after July 1, 1999 and before January 1, 2000 and who does not defer payment of his Lump Sum shall have the Lump Sum value of his Transition Benefit determined using whichever of clause (i) or (ii) of paragraph 7.3(b) produces the larger Lump Sum.

Exhibit D

Summary Plan Description



IMPORTANT BENEFITS INFORMATION

Nonbargained Program of the AT&T Pension Benefit Plan

This is an updated summary plan description (SPD) for the Nonbargained Program (Program) of the AT&T Pension Benefit Plan (Plan). This SPD replaces your existing Program SPD and all of its summaries of material modifications.

Please keep this SPD for future reference.

NIN: 78-40288

IMPORTANT INFORMATION

In all cases, the official Plan documents govern and are the final authority on the terms of the AT&T Pension Benefit Plan (Plan). If there are any discrepancies between the information in this Summary Plan Description (SPD) and the Plan, the Plan documents will control. AT&T Inc. reserves the right to terminate or amend any and all of its employee benefit plans or programs, at any time for any reason. Participation in the Plan is neither a contract nor a guarantee of future employment.

What Is This Document?

This SPD is a guide to your benefits under the Nonbargained Program (Program), a program of the Plan. This SPD, together with the summaries of material modifications (SMMs) issued for this Program, constitute your SPD for this Program. See the "Eligibility and Participation" section for more information about eligibility for the Program and other Plan programs.

Este documento contiene un resumen en inglés. Si usted tiene dificultad en para entender este documento, favor de contactar a Fidelity Service Center, 800-416-2363.

What Information Do I Need to Know to Use This SPD?

Eligibility, participation, benefit provisions, forms of payment and other provisions of the Program depend on certain factors such as your:

- Employment status (for example full-time or part-time)
- Job title classification
- Employer
- Service history (for example, hire date, Termination of Employment and Term of Employment)

To understand how the Program provisions affect you, you will need to know the above information. The Recordkeeper can provide these details. See the "Contact Information" section for information on how to contact the Recordkeeper.

What Action Do I Need to Take?

You should review this SPD.

How Do I Use This Document?

As you read this SPD, pay special attention to the key points at the beginning of most major sections and shaded boxes that contain helpful examples and important notes. While AT&T has provided these tools to help you better understand the Program, it is important that you read the SPD in its entirety, so that you can understand the details of the Program. Also, throughout this SPD, there are cross-references to other sections in the SPD. Please consult the Table of Contents to help you locate these cross-referenced sections.

Also, you need to keep your SPDs and SMMs for future reference. They are your primary resource for questions about the Program.

Questions?

If you have questions regarding information in this SPD, call the Recordkeeper listed in the "Contact Information" section.

Si usted tiene alguna dificultad en para entender cualquier parte de este documento, favor de contactar al Recordkeeper en la sección de "Contact Information."

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HIGHLIGHTS

This SPD describes the Program effective Jan. 1, 2017, unless otherwise noted. This SPD includes changes made for readability and consistency with the governing Plan document. Some of the more significant changes to the SPD since the last restatement of this SPD in 2014 are listed below.

- Incorporation of changes made in summaries of material modifications (SMM) distributed in February of 2016, NIN: 78-37015, which updates the address for the Agent of Service of Legal Process section in the Other Plan Information table contained in your SPD.

USING THIS SUMMARY PLAN DESCRIPTION

KEY POINTS

- *The AT&T Pension Benefit Plan provides Pension Benefits to Eligible Employees of Participating Companies.*
- *This SPD summarizes the eligibility requirements for and the benefits provided by the Nonbargained Program.*

The AT&T Pension Benefit Plan (Plan) is a defined benefit pension plan sponsored by AT&T Inc. The Plan provides retirement benefits to Eligible Employees of Participating Companies.

Benefits under the Plan are provided through separate programs. A program is a portion of the Plan that provides benefits to a particular group of Participants or beneficiaries. Each Plan program applies to a different group of Employees as set forth below:

Programs of the AT&T Pension Benefit Plan	General Description of Participants
AT&T Legacy Bargained Program	Certain bargained Employees of legacy AT&T Corp. who are residents of the U.S. and hired, rehired or transferred prior to specified dates.
AT&T Legacy Management Program	Certain management Employees of legacy AT&T Corp. hired or rehired before Jan. 1, 2007, who are residents of the U.S.
Bargained Cash Balance Program	Certain bargained Employees in the NIC contract, Appendix D in the AT&T West region, and the COS contract in the AT&T Midwest region who are hired, rehired or transferred prior to specified dates.
Bargained Cash Balance Program #2	Certain bargained Employees of legacy AT&T Corp., AT&T East, AT&T Midwest, AT&T Mobility, AT&T Southeast, AT&T Southwest and AT&T West regions hired, rehired or transferred after specified dates.
DIRECTV Program	Certain DIRECTV Employees of DIRECTV hired, rehired, or transferred prior to certain dates.
East Program	Certain AT&T East region bargained Employees hired, rehired or transferred before or after specified dates.

Programs of the AT&T Pension Benefit Plan	General Description of Participants
Management Cash Balance Program	Management Employees of legacy AT&T Corp., AT&T East, AT&T Midwest, AT&T Southeast, AT&T Southwest and AT&T West regions hired or rehired on or after Jan. 1, 2007, who are residents of the U.S. Also covers management Employees of AT&T Mobility hired or rehired on or after Jan. 1, 2006, who are residents of the U.S. The Program generally closed to participants who were hired or rehired after Dec. 31, 2014. Certain participants are eligible who transferred into the Program after Dec. 31, 2014, to include certain DIRECTV employees who transferred to the Program between June 24, 2015, and Dec. 31, 2016.
Midwest Program	Certain AT&T Midwest region bargained Employees hired, rehired or transferred prior to specified dates.
Mobility Bargained Program	AT&T Mobility bargained Employees represented by CWA – District 6 hired or rehired prior to Jan. 1, 2009.
Mobility Program	Certain AT&T Mobility bargained Employees hired, rehired or transferred prior to specified dates and certain management Employees of AT&T Mobility hired or rehired before Jan. 1, 2006, who are residents of the U.S.
Nonbargained Program	Certain management Employees of AT&T East, AT&T Midwest, AT&T Southwest and AT&T West regions hired or rehired before Jan. 1, 2007.
Southeast Management Program	Certain management Employees of the AT&T Southeast region hired or rehired before Jan. 1, 2007.
Southeast Program	Certain AT&T Southeast region bargained Employees hired, rehired or transferred prior to specified dates.
Southwest Program	Certain AT&T Southwest region bargained Employees hired, rehired or transferred prior to specified dates.
West Program	Certain AT&T West region bargained Employees hired, rehired or transferred prior to specified dates.
<i>Note: See the "Eligibility and Participation" section of each program's SPD for a more detailed description of eligibility for each Plan Program.</i>	

This document is the summary plan description (SPD) for the Nonbargained Program (Program). The SPD summarizes the terms of the Program, including the particular eligibility requirements for coverage, the benefits provided, the conditions that must be met to qualify for Program benefits, the times and forms of payment of the Program's benefits, and other special Program provisions.

Special Program provisions that are not fully described in this SPD apply to some individuals. Usually, these special provisions are the result of corporate transactions or agreements among AT&T and other companies. See "Attachment 1" for a description of the groups for whom special provisions apply. You may also obtain more information about these special provisions by contacting the Recordkeeper. See the "Contact Information" section for information on how to contact the Recordkeeper.

The Plan is a complex and technical legal document. While every effort has been made to make the description in this SPD as accurate as possible, this SPD could not include every relevant detail of the Plan. To the extent this SPD conflicts with the official Plan document, the official Plan document controls. Your right to any benefits under the Plan depends on the actual facts and terms and conditions of the Plan documents, and no rights accrue by reason of, or arising out of, any statement shown in or omitted from this SPD.

This SPD is not intended to, nor does it create, a contract of employment with any member of the AT&T Controlled Group.

Many sections of the SPD are related to other sections of the document. You may not have all of the information you need by reading just one (1) section. Therefore, it is important that you review all sections that apply to a specific topic. In addition, notes imbedded in the text are used throughout this SPD where needed to provide clarification, additional information or identify an exception or distinction applicable to certain Eligible Employees. These notes provide information that is important to fully understand the Program and the benefits it provides.

If you had a Termination of Employment before the distribution date of this SPD, some of the provisions of this SPD do not apply to you. In general, and unless otherwise provided, the provisions of this SPD that are related to eligibility, vesting, how your Pension Benefit is calculated and early retirement provisions may not describe the benefits available to you depending on when your Termination of Employment occurred. Contact the Recordkeeper or refer to the SPD that was in effect at the time of your Termination of Employment for more information.

Terms Used in This SPD

Certain terms used in this SPD have specific meanings. Many of the terms that use capital letters, such as Eligible Employee, are defined in the "Definitions" section. Other less widely used terms are defined where the term is used in this SPD. Understanding the meanings of all of the defined terms will help you better understand the information provided in this SPD.

BENEFITS AT A GLANCE

The following *Benefits at a Glance* table is a summary of certain provisions in the Program. For more information on any specific Program provision, please see the detailed information provided later in this SPD.

Benefits	
Eligibility and Participation	
Eligibility	Certain Legacy SBC management Employees hired or rehired before Jan. 1, 2007. Special rules apply for certain promotions from bargained positions and certain transfers.
Participation	After 1 year of service
Vesting	100% after 3 years of service
Pension Formula	
Pension Benefit	Greater of CAM Formula, Cash Balance Formula or Pension Benefit Minimum Formula

Benefits	
Cash Balance Formula	<p>Hypothetical account credited monthly with the following</p> <ul style="list-style-type: none"> • Basic Benefit Credits frozen Jan. 14, 2005 • Interest Credits monthly equivalent of 30-Year US Treasury rate from middle month of prior quarter
Pension Band Formula	<p>Available for PBM Eligible Participants only, the greater of</p> <ul style="list-style-type: none"> • A monthly annuity equal to the sum of <ul style="list-style-type: none"> (a) Pension Calculation Service multiplied by the pension band amount prior to your promotion (b) Supplemental Monthly Pension Benefit that had accrued on the date of your promotion, if any • A monthly Pension Benefit equal to the sum of <ul style="list-style-type: none"> (a) The Pension Benefit earned under the Program from which you were promoted (b) 1.2 percent of your Pension Compensation divided by 12
Career Average Minimum (CAM) Formula	<ul style="list-style-type: none"> • 1.6% of your CAM Income divided by 12
Normal Retirement Age	
Normal Retirement Age	<p>Later of</p> <ul style="list-style-type: none"> • Age 65 • 5 years of participation in the Plan
Early Retirement Pension	
Early Retirement Pension Eligibility	Following Termination of Employment
Early Retirement Pension Amount	<p>CAM Formula/ PBM Formula</p> <ul style="list-style-type: none"> • 30 years of service - monthly annuity equal to your Pension Band Formula reduced by .25% for each month or partial month prior to age 55 • Satisfies Modified Rule of 75 but less than 30 years of service - monthly annuity equal to your Pension Band Formula reduced by reduced by .5% for each month or partial month prior to age 55 • Does not satisfy Modified Rule of 75 - monthly annuity equal to your Pension Band or CAM Formula reduced by Program factors <p>Cash Balance Formula</p> <ul style="list-style-type: none"> • Your Cash Balance Account

Benefits	
Forms of Payment	<p>Satisfies Modified Rule of 75</p> <ul style="list-style-type: none"> • Single Life Annuity • 50% J&S Annuity w/ pop-up • 75% J&S Annuity w/ pop-up • 100% J&S Annuity w/ pop-up (for start dates after Dec. 30, 2010) • Lump sum, partial or full if applicable <ul style="list-style-type: none"> (a) Full Lump Sum, if Cash Balance is the highest benefit (b) Full Lump Sum, if CAM Excess Calculation less than \$400 per month (c) Partial Lump Sum, if CAM Excess Calculation greater than \$400 per month (d) No lump sum/Partial Lump Sum available if CAM Formula and/or PBM Formula is your only Pension Benefit Formula(s) <p>Does Not Satisfy Modified Rule of 75</p> <ul style="list-style-type: none"> • Single Life Annuity • 50% J&S Annuity • 75% J&S Annuity • 100% J&S Annuity • Lump sum/Partial Lump Sum, if applicable (see "Satisfies Modified Rule of 75")
Survivor Benefits	Available for Spouse, Legally Recognized Partner or other Designated Beneficiary
Death Benefit	<ul style="list-style-type: none"> • Retiree Death Benefit • Claim for benefit must be filed within 1 year of death

ELIGIBILITY AND PARTICIPATION

KEY POINTS

- *Only Eligible Employees may participate in the Program.*
- *Eligible Employees will become Participants in the Program after completing one (1) Year of Participation Service.*
- *Participation in the Program ends when you are no longer an Eligible Employee.*

Eligible Employee

You are an Eligible Employee if you are an Employee of a Participating Company listed in *Appendix A* and **both** of the following apply:

- You are a Management Employee.

- You were employed by a Participating Company on Dec. 31, 2006, and were not rehired after Dec. 31, 2006.

IMPORTANT: If you are hired or rehired after Dec. 31, 2006, you are not eligible to participate in the Program. You may be eligible to participate in the Management Cash Balance Program. Contact the Recordkeeper to see if you are eligible for the Management Cash Balance Program. See the "Contact Information" section for information on how to contact the Recordkeeper.

Generally, you are a Management Employee if your job title and classification are not included in a collective bargaining agreement between a Participating Company and a union.

You are **not** eligible to participate in the Program if:

- You are specifically excluded under any of the special rules in this section.
- You are currently earning a Pension Benefit under any other Plan program.
- You are a "leased employee" (as defined by the Internal Revenue Code).
- You are classified, designated or treated by your Participating Company as an independent contractor.
- You are a nonresident alien receiving no U.S.-earned income from a Participating Company.
- You are a resident of the Commonwealth of Puerto Rico.
- You are an Employee who is on a temporary promotion (also known as an acting title) to a management position for one (1) year or less.
- You are a Bargaining Unit Employee or a Nonmanagement Nonunion Employee. Generally, you are a Bargaining Unit Employee if your job title and classification are included in a collective bargaining agreement between your Employer and a union. Generally you are a Nonmanagement Nonunion Employee if you are employed in the same business unit as Bargaining Unit Employees AND your benefits follow the Bargaining Unit Employee's benefits.

In addition, you are excluded from participating in this Program if you are currently an Eligible Employee under any of the following:

- AT&T Legacy Management Program
- AT&T Puerto Rico Pension Benefit Plan
- Mobility Program
- Southeast Management Program

- **Special Rule for Certain Transfers and Promotions Before Dec. 1, 2008**

If you were hired or rehired before Jan. 1, 2007, and transferred from a member of the AT&T Controlled Group that is not a Participating Company or a position in Puerto Rico before Dec. 1, 2008, you may be eligible to participate in the Program. Contact the Recordkeeper to see if you are eligible for the Program. See the "Contact Information" section for information on how to contact the Recordkeeper.

- **Special Rule for Certain Transfers and Promotions to Other AT&T Controlled Group Members That Participate in the Plan**

If you are transferred to a management position at another member of the AT&T Controlled Group that does not participate in this Program but does participate in the Plan, you remain eligible to participate in this Program. If you are an Employee of a Participating Company who is promoted to a management position at another member of the AT&T Controlled Group that does not participate in this Program but does participate in the Plan and were hired before Jan. 1, 2007, you become eligible to participate in this Program. In either case, you will not be eligible to participate in the Program of the other member of the AT&T Controlled Group. Contact the Recordkeeper to see if you are still eligible for this Program. See the "Contact Information" section for information on how to contact the Recordkeeper.

Participation

A Participant is an individual eligible to accrue Program benefits. You become a Participant in the Program if you are an Eligible Employee and complete one (1) Year of Participation Service.

You complete one (1) Year of Participation Service when you have completed a 12-month Period of Service. Special rules apply if there is a break in your service. See the "Break in Service Rules" section for more information about these special rules.

Your active participation in the Program ends when you are no longer an Eligible Employee. However, you may still be considered a Participant of the Program for purposes of obtaining any unpaid Pension Benefit credited to you under the Program.

You will not be eligible to earn any additional benefit under the Program after you cease to be an Eligible Employee. If you are re-employed or otherwise become an Eligible Employee again, special rules apply. See the "Break in Service Rules" section for more information.

YOUR PROGRAM BENEFITS

KEY POINTS

- *If you have a Vested Interest when your Termination of Employment occurs, you are eligible to receive a Pension Benefit.*
- *The Program has two (2) types of Pension Benefits: a Normal Retirement Pension and an Early Retirement Pension.*

Who Is Eligible for a Pension Benefit

As a Participant, you are eligible for a Pension Benefit, only if you satisfy both of the following:

- You have a Termination of Employment.
- You have a Vested Interest at the time of your Termination of Employment.

Upon your death, your survivors also may be eligible for benefits under the Program. See the "Survivor Benefits" section for more information about these benefits.

Types of Pension Benefits

If you are a Participant, you are entitled to receive one (1) of two (2) types of Pension Benefits depending on your age and Term of Employment:

- If your Termination of Employment date is on or after your Normal Retirement Age, you are entitled to receive a Normal Retirement Pension.
- If your Termination of Employment date is before your Normal Retirement Age and you have a Vested Interest, you are entitled to receive an Early Retirement Pension (see the "Early Retirement Pension" section for more information).

Term of Employment

Term of Employment (also known as net credited service or NCS) means a period of employment with your Employer (based on your Periods of Service) as determined by your Employer and the Plan Administrator. The calculation of Term of Employment is subject to special rules and provisions described in other sections of this SPD. See the "Break in Service Rules" section, the "Effect of Rehire Within the AT&T Controlled Group" section and the "Moving Between Members of the AT&T Controlled Group" section for more information. Also, refer to "Mandatory Portability Agreement and Interchange Agreements" section for more information about special rules and provisions that apply to the calculation of Term of Employment.

HOW TO EARN A VESTED INTEREST

As a Participant, you will have a Vested Interest when you are credited with three (3) or more Years of Vesting Service or when you reach Normal Retirement Age while an Employee. You earn one (1) Year of Vesting Service when you complete a 12-month Period of Service. Different rules apply if your Termination of Employment occurred before Jan. 1, 2010. Contact the Recordkeeper for more information.

HOW PENSION BENEFITS ARE CALCULATED

KEY POINTS

- *Your Pension Benefit is calculated as a monthly pension.*
- *Your Pension Benefit is a monthly pension benefit that begins on your Normal Retirement Age if it is a Normal Retirement Pension or earlier in the case of an Early Retirement Pension.*
- *There are three formulas for determining your Pension Benefit amount: the "CAM Formula," the "Cash Balance Formula" and the "Pension Band Minimum Formula." The following sections describe how Normal Retirement Pension and Early Retirement Pension are calculated using the three formulas.*

Pension Benefit Formulas

Your Pension Benefit may be calculated under the CAM Formula, the Cash Balance Formula or the Pension Band Minimum (PBM) Formula based on your eligibility and the formulas that produce the greatest benefit.

Updated Career Average Minimum Formula (CAM Formula)

The amount of your Pension Benefit using the CAM Formula is one and six-tenths percent (1.6%) of your CAM Income, divided by twelve (12).

CAM Income is equal to the sum of:

- Your average annual Pension Compensation for the five-year period ending Dec. 31, 1999, multiplied by the Pension Calculation Service (as defined) as of Dec. 31, 1999.
- Your Pension Compensation after Dec. 31, 1999.

Pension Compensation is the monthly wages paid to you by a Participating Company and includes all the following:

- Actual base pay.
- Group incentive compensation (e.g., Annual bonus, formerly the Team Award).
- Individual nondiscretionary incentive compensation (e.g., commissions).
- Group incentive compensation adjustment paid on or after Jan. 1, 2000.
- Special contribution awards paid on or after Jan. 1, 2001 (formerly paid by Ameritech).
- Lump sum special payments paid on or after Jan. 1, 2004.
- Incentive Plan payments for Employees who are designated as officers on the payroll records of the Employer and promoted after Jan. 1, 2009.
- Short-term disability payments under your Employer's short-term disability program, if you are an Employee at the time such payments are made.

Cash Balance Formula

Certain Participants employed or formerly employed by legacy SBC, PTG and SNET, may be eligible for a Cash Balance Formula. Ameritech managers, hired, rehired or promoted on or after Jan. 1, 2001, are also eligible. Before the Cash Balance Formula was frozen, you earned basic benefit credits (based on your pension compensation) and interest credits. On Jan. 14, 2005, basic benefit credits were frozen, but you continue to earn interest credits. To obtain more information about these special provisions, contact the Recordkeeper. See the "Contact Information" section for information on how to contact the Recordkeeper.

Pension Band Minimum Formula (PBM Formula)

If you are a PBM Eligible Participant (as defined below), you are eligible for the PBM Formula. The amount of your Pension Benefit using the PBM Formula is the greater of the following two amounts:

- A monthly annuity equal to the sum of:
 - Your Pension Calculation Service, multiplied by the pension band amount for the pension band that you were promoted from, plus
 - The Supplemental Monthly Pension Benefit that had accrued on the date of your promotion, if any, as determined under the Plan program you participated in before your promotion.

- The monthly pension benefit earned under the Plan program that you participated in before your promotion (determined as of the date of your promotion), plus 1.2 percent of your Pension Compensation paid while you participated in this Program, divided by 12.

There is no double-counting of any period of service.

You are a PBM Eligible Participant if you were a Participant in this Program who was promoted into this Program from a Banded Program on or after June 13, 2001, and had an Accrued Benefit under that Banded Program immediately before becoming a Participant in this Program. A Banded Program is any of the following programs: Midwest Program, Southwest Program and the West Program.

Note: You may also be eligible to have your Pension Benefit calculated using another formula. For more information about these provisions, see "Attachment 1".

Pension Calculation Service

Generally, Pension Calculation Service is your Term of Employment but only includes continuous employment with a Participating Company. However, your Pension Calculation Service does not include any Period of Service that is used to calculate a Pension Benefit payable under another Plan program or any other pension plan or program maintained by the AT&T Controlled Group or an Interchange Company.

- **Special Rule for Employees Who Have Been Promoted From Bargained Positions**

Your Pension Calculation Service may include service earned under the bargained program(s) in which you participated before your promotion. See the "Moving Between Members of the AT&T Controlled Group" section for more information.

- **Special Rule for Employees Who Have Service Recognized by the Mandatory Portability Agreement (MPA)**

If your pension is transferred from another Bell System pension plan into this Plan in accordance with the MPA, service from your former Interchange Company will be included in your Pension Calculation Service. There may be a reduction based on the benefit paid from your prior plan. See the "Mandatory Portability Agreement and Interchange Agreements" section for more information.

- **Special Rule for Employees Who Have Service Under Another Pension Plan or Program Maintained by the AT&T Controlled Group**

If the Program requires that the service from the other plan or program be recognized, the benefit under the Program will be reduced by the benefit payable from the other plan or program.

- **Special Rule for Part-Time Employees**

Your Pension Calculation Service is prorated based upon the number of hours you are scheduled to work (excluding overtime) compared to a full-time work schedule, as determined by your Employer.

EXAMPLE: Assume a full-time work schedule is 40 hours. Also assume you were an Eligible Employee who worked full time for 15 years and part time for six years at 20 hours a week:

$$20 \text{ hours} / 40 \text{ hours} = 0.5$$

$$6 \text{ years} \times 0.5 = 3 \text{ years}$$

$$15 \text{ years} + 3 \text{ years} = 18 \text{ years of Pension Calculation Service}$$

EARLY RETIREMENT PENSION

KEY POINTS

- *If you meet the Modified Rule of 75, your CAM Formula or PBM Formula is reduced for each whole or partial calendar month that your age on your Benefit Commencement Date is less than fifty-five (55) years.*
- *If you do not meet the Modified Rule of 75, your CAM Formula or PBM Formula is reduced by the appropriate early retirement factor that is based on your age at your Benefit Commencement Date.*

The amount of your CAM Formula or PBM Formula payable as an Early Retirement Pension depends on whether you satisfy one (1) of the following age and Term of Employment combinations, known as the Modified Rule of 75, on or before your Termination of Employment date:

Modified Rule of 75	
Age	Term of Employment
Any age	30 years
50	25 years
55	20 years
65 or older	10 years

Note: Employees who satisfy the Modified Rule of 75 may also be eligible for retiree medical, dental, life and long term care insurance benefits. Refer to the relevant SPDs for more information about retiree coverage.

IMPORTANT: If your Pension Benefit is determined under the Cash Balance Formula, the Modified Rule of 75 does **not** apply.

If You Satisfy the Modified Rule of 75

If you satisfy the Modified Rule of 75 at your Termination of Employment, the CAM Formula or PBM Formula that you would have received on your Normal Retirement Age will not be reduced for the earlier commencement if your Benefit Commencement Date is after you reach age fifty-five (55).

If your Benefit Commencement Date is before you reach age fifty-five (55), then your CAM Formula or PBM Formula will be reduced.

The CAM Formula or PBM Formula you would have received on your Normal Retirement Age will be reduced one-half percent (0.5%) for every full or partial calendar month (six percent (6%) per calendar year) that your age is less than age fifty-five (55) on your Benefit Commencement Date. However, if you have a Term of Employment of at least thirty (30) years at your Benefit Commencement Date, then one-half percent (0.5%) is replaced with one-quarter percent (0.25%) (three percent (3%) per calendar year).

If You Do Not Satisfy the Modified Rule of 75

If you do not satisfy the Modified Rule of 75 on your Termination of Employment, your CAM Formula or PBM Formula will be reduced to account for early commencement of payments.

The reduced benefit is calculated by multiplying the CAM Formula or PBM Formula, which you would have received on your Normal Retirement Age, by the applicable early retirement factor. The early retirement factor is based on your age on your Benefit Commencement Date. The early retirement factors can be found in *Appendix B*.

TIME OF PAYMENT

KEY POINT

- *Your Benefit Commencement Date is when your Pension Benefit is paid.*

You may elect to receive your Pension Benefit following your Termination of Employment.

If you make no election, your Benefit Commencement Date is your Normal Retirement Age, which is usually your sixty-fifth (65th) birthday.

The date that your Pension Benefit is paid (or begins to be paid) from this Program is called your Benefit Commencement Date. The following sections describe how that Benefit Commencement Date is determined.

- **Special Rule for Small Pension Benefits**

If the present value of your Pension Benefit does not exceed five thousand dollars (\$5,000) when you have a Termination of Employment with the AT&T Controlled Group, the following Benefit Commencement Date rules do not apply. Instead, your benefit will be distributed or "rolled over" to an individual retirement account. See the "General Plan Information" section for additional information about the Mandatory Cash-Out/Rollover Rules.

Eligibility to Elect Your Pension Benefit

You may elect any first of the month after your Termination of Employment to begin receiving your Pension Benefit. If you do not wish to immediately elect to receive your Pension Benefit, you may elect to start receiving your Pension Benefit as of the first (1st) day of any month following your Termination of Employment and before reaching your Normal Retirement Age. Contact the Recordkeeper, before the date you want payments to start, for more information about making an election. See the "Contact Information" section for information on how to contact the Recordkeeper.

You must start your Pension Benefit by the later of the first of the month following the day you reach your Normal Retirement Age or the first of the month following the day after your Termination of Employment. If you do not make a payment election by that time, then the Program will begin paying you a Joint and 50 Percent Survivor Annuity (if you have a Spouse) or a

Single Life Annuity (if you do not have a Spouse). See the “Forms of Payment” section for more information about your payment options.

Normal Retirement Age

Your Normal Retirement Age is your sixty-fifth (65th) birthday or, if later, the fifth (5th) anniversary of the date you began participating in the Plan.

EXAMPLE: If you began participating Dec. 1 at age 63, you reach Normal Retirement Age five years later, on Dec. 1, at age 68.

How to Begin Payment of Your Pension Benefit

You should contact the Recordkeeper when you are ready to begin payment of your Pension Benefit. See the “Contact Information” section for information on how to contact the Recordkeeper. The Recordkeeper will provide a notice to you when you are eligible for a Pension Benefit (when you reach age sixty-five (65) or, if earlier, when you contact them – whichever occurs first). The notice will explain the terms and conditions of the available forms of payment. The notice will also inform you on how to make the election and the time period for doing so.

You must file a benefit election form within the time and manner required by the Plan Administrator in order to elect one (1) of the alternate forms of payment. The election must be made no less than thirty (30) days and no more than one hundred and eighty (180) days before your Benefit Commencement Date. (If you make an affirmative election, the 30-day period can be shortened to seven (7) days.)

If you have a Spouse when your Pension Benefit payments begin, your election to receive an alternate form of payment will not be effective unless your Spouse consents. Your Spouse’s consent must be witnessed by a notary public and will be valid only with respect to the Spouse who signs it. However, your Spouse will not need to consent to an optional form of payment that provides a survivor annuity benefit to the Spouse that is at least as valuable as the 50% J&S.

FORMS OF PAYMENT

KEY POINTS

- *Your Pension Benefit will be paid to you in the default form of a monthly pension when you reach Normal Retirement Age, unless you elect otherwise.*
- *If you do not have a Spouse on your Benefit Commencement Date, a Single Life Annuity will be the default form of payment. If you have a Spouse on your Benefit Commencement Date, a Joint and 50 Percent Survivor Annuity will be the default form of payment.*
- *If you do not want the default form of payment, you may elect one (1) of several alternate forms of payment.*
- *Whether you are eligible for a Full or Partial Lump Sum is determined under the CAM Excess Calculation.*

If you have a Vested Interest in your Pension Benefit when you terminate employment with all members of the AT&T Controlled Group, your Pension Benefit will be paid in the following applicable monthly pension form, unless you make an election for an alternate form of payment:

- If you do not have a Spouse on your Benefit Commencement Date, your Pension Benefit will be paid in a Single Life Annuity.
- If you have a Spouse on your Benefit Commencement Date, your Pension Benefit will be paid in a Joint and 50 Percent Survivor Annuity.

Once payment of your benefit has commenced, you **CANNOT** change the form of payment.

See the "How to Begin Payment of Your Pension Benefit" section for more information on how to commence your Pension Benefit.

- **Special Rule for Small Pension Benefits**

If the present value of your Pension Benefit does not exceed five thousand dollars (\$5,000) when you have a Termination of Employment with the AT&T Controlled Group, the following forms of payment rules do not apply. Instead, your benefit will be distributed or "rolled over" to an individual retirement account. See the "General Plan Information" section for information about the Mandatory Cash-Out/Rollover Rules.

Monthly Annuities

There are four (4) types of annuities:

- Single Life Annuity
- Joint and 50 Percent Survivor Annuity (50% J&S)
- Joint and 75 Percent Survivor Annuity (75% J&S)
- Joint and 100 Percent Survivor Annuity (100% J&S)

Single Life Annuity

A Single Life Annuity is a series of monthly payments that begin on your Benefit Commencement Date and end when you die. No payments are made after your death.

If you do not have a Spouse on your Benefit Commencement Date, your Pension Benefit will be paid to you in the form of a Single Life Annuity.

If you have a Spouse on your Benefit Commencement Date and he or she consents and signs the necessary waiver, you may elect the Single Life Annuity as an alternate form of payment. See the "How to Begin Payment of Your Pension Benefit" section for more information about spousal consent.

If your Pension Benefit begins before your Normal Retirement Age, the monthly amount is equal to your Early Retirement Pension. If your Pension Benefit begins on or after your Normal Retirement Age, the monthly amount is equal to your Normal Retirement Pension.

Joint and 50 Percent Survivor Annuity

The 50% J&S form of payment provides monthly payments to you and your Spouse or Legally Recognized Partner. Payments begin on your Benefit Commencement Date and end when you die. Each monthly payment equals ninety percent (90%) of the monthly amount that would be payable to you as a Single Life Annuity (see the "Single Life Annuity" section above). After your death, fifty percent (50%) of the monthly amount that was paid to you while you were alive will be paid to

your Spouse or Legally Recognized Partner. Payments stop when your Spouse or Legally Recognized Partner dies.

EXAMPLE: Assume your Pension Benefit calculated as a Single Life Annuity is \$800 per month. Under the 50% J&S, your monthly benefit is equal to ninety percent (90%) of your Single Life Annuity. Your monthly pension as a 50% J&S is \$720 (\$800 times ninety percent (90%)). After your death, your Spouse or Legally Recognized Partner will receive monthly payments of \$360 (\$720 times fifty percent (50%)).

IMPORTANT: If you have a Spouse on your Benefit Commencement Date, your Pension Benefit will be paid in the form of the 50% J&S, unless you elect another form of payment (see the "How to Begin Payment of Your Pension Benefit" section). This automatic default will not apply if you have a Legally Recognized Partner.

If you met the Modified Rule of 75 as of your Termination of Employment, are receiving a 50% J&S and your Spouse or Legally Recognized Partner dies before you, the monthly amount paid to you increases. The amount of the increase will equal the Single Life Annuity amount by which your Pension Benefit was originally reduced. This feature does not apply if you did not satisfy the Modified Rule of 75 on your Termination of Employment.

IMPORTANT: In the event of a divorce or legal separation, you can waive your right to a Pension Benefit payment in the form of a 50% J&S pursuant to a qualified domestic relations order (QDRO). This applies only if your former Spouse agrees and signs the necessary waiver. Payments after the QDRO goes into effect increase. The amount of the increase will be equal to the amount that your Pension Benefit was originally reduced from the Single Life Annuity.

Joint and 75 Percent Survivor Annuity

If you have a Spouse or Legally Recognized Partner on your Benefit Commencement Date, you may elect the 75% J&S as an alternate form of payment. The 75% J&S form of payment provides monthly payments to you and your Spouse or Legally Recognized Partner. Payments begin on your Benefit Commencement Date and end when you die. Each monthly payment equals eighty-five percent (85%) of the monthly amount that would be payable to you as a Single Life Annuity (see the "Single Life Annuity" section). After your death, seventy-five percent (75%) of the monthly amount that was paid to you while you were alive will be paid to your Spouse or Legally Recognized Partner. Payments stop when your Spouse or Legally Recognized Partner dies.

EXAMPLE: Assume your Pension Benefit calculated as a Single Life Annuity is \$800 per month. Under the 75% J&S, your monthly benefit is equal to eighty-five percent (85%) of your Single Life Annuity. Your monthly pension as a 75% J&S is \$680 (\$800 times eighty-five percent (85%)). After your death, your Spouse or Legally Recognized Partner will receive monthly payments of \$510 (\$680 times seventy-five percent (75%)).

If you met the Modified Rule of 75 as of your Termination of Employment, are receiving a 75% J&S and your Spouse or Legally Recognized Partner dies before you, the monthly amount paid to you

increases. The amount of the increase will equal the Single Life Annuity amount by which your Pension Benefit was originally reduced. This feature does not apply if you did not satisfy the Modified Rule of 75 on your Termination of Employment.

IMPORTANT: In the event of a divorce or legal separation, you can waive your right to a Pension Benefit payment in the form of a 75% J&S pursuant to a qualified domestic relations order (QDRO). This applies only if your former Spouse agrees and signs the necessary waiver. Payments after the QDRO goes into effect increase. The amount of the increase will equal the Single Life Annuity amount by which your Pension Benefit was originally reduced.

Joint and 100 Percent Survivor Annuity

If you have a Spouse or Legally Recognized Partner on your Benefit Commencement Date, you may elect the 100% J&S as an alternate form of payment. The 100% J&S form of payment provides monthly payments to you and your Spouse or Legally Recognized Partner. Payments begin on your Benefit Commencement Date and end when you die. Each monthly payment equals eighty percent (80%) of the monthly amount that would be payable to you as a Single Life Annuity (see the "Single Life Annuity" section). After your death, one hundred percent (100%) of the monthly amount that was paid to you while you were alive will be paid to your Spouse or Legally Recognized Partner. Payments stop when your Spouse or Legally Recognized Partner dies.

EXAMPLE: Assume your Pension Benefit calculated as a Single Life Annuity is \$800 per month. Under the 100% J&S, your monthly benefit is equal to eighty percent (80%) of your Single Life Annuity: Your monthly pension as a 100% J&S is \$640 (\$800 times eighty percent (80%)). After your death, your Spouse or Legally Recognized Partner will receive monthly payments of \$640.

If you met the Modified Rule of 75 as of your Termination of Employment, are receiving a 100% J&S and your Spouse or Legally Recognized Partner dies before you, the monthly amount paid to you increases. The amount of the increase will equal the Single Life Annuity amount by which your Pension Benefit was originally reduced. This feature does not apply if you did not satisfy the Modified Rule of 75 on your Termination of Employment.

IMPORTANT: In the event of a divorce or legal separation, you can waive your right to a Pension Benefit payment in the form of a 100% J&S pursuant to a qualified domestic relations order (QDRO). This applies only if your former Spouse agrees and signs the necessary waiver. Payments after the QDRO goes into effect increase. The amount of the increase will equal the amount by which your Pension Benefit was originally reduced from the Single Life Annuity.

Lump Sum Distribution

Lump sums are not available to everyone in the Program. Generally, you are eligible to elect a lump sum only if your Pension Benefit is calculated in full or in part by the Cash Balance Formula or another formula that provides a lump sum payment option.

Cash Balance Formula

If your Pension Benefit is payable under the Cash Balance Formula, then your entire Pension Benefit is payable in a single lump sum payment. The amount of your lump sum payment will be equal to the amount of your account under the Cash Balance Formula as of your Benefit Commencement Date.

CAM Formula or PBM Formula

If your benefit is payable under the CAM Formula or the PBM Formula, then the CAM Excess Calculation described below is used to determine whether you can elect a full or partial lump sum and the amount of your lump sum.

Other Formulas

If your Pension Benefit is payable under a formula other than the CAM Formula, PBM Formula or Cash Balance Formula, then contact the Recordkeeper for more information about available forms of payment. See the "Contact Information" section for information on how to contact the Recordkeeper.

CAM Excess Calculation

If your Pension Benefit is calculated using the CAM Formula or the PBM Formula and you are also eligible for the Cash Balance Formula or another formula provided by the Program, you may be eligible to have your Pension Benefit paid in a lump sum or in a combination of a partial lump sum and monthly payments. The CAM Excess Calculation determines what portion of your Pension Benefit you may take in the form of a lump sum and what portion, if any, you must take in monthly payments.

Here is the CAM Excess Calculation:

1. Convert* your Pension Benefit determined under the CAM Formula or the PBM Formula to a lump sum.
2. Determine the amount of your account under the Cash Balance Formula or convert the amount of your Pension Benefit determined under another formula provided by the Program to a lump sum.
3. Subtract the amount in Step 2 from the amount in Step 1.
4. Convert* the difference determined under Step 3 to a Single Life Annuity. This monthly amount will be used to determine how much of your benefit you can receive in a lump sum payment as described in this section.

**Note: These conversions are done using the Actuarial Equivalent of your Pension Benefit based on your age and life expectancy as of your Benefit Commencement Date.*

If the Difference Is Less Than \$400

If the difference in Step 4 is less than four hundred dollars (\$400), then you may elect to receive your entire Pension Benefit in a lump sum. If you receive your entire Pension Benefit in a lump sum, you will not receive a monthly pension payment.

EXAMPLE: Assume your Pension Benefit calculated under the CAM Formula is \$600 per month payable in the form of a Single Life Annuity and is equal to \$108,000 as a lump sum.

Your account under the Cash Balance Formula is \$90,000

The difference between your CAM Formula and Cash Balance Formula is \$108,000 minus \$90,000, which equals \$18,000.

The \$18,000 difference is then converted back to a Single Life Annuity and, in this case, would equal \$100 per month.

Since the excess amount is less than \$400 per month, you are eligible for a Full Lump Sum payment of your Pension Benefit.

In the event of a transfer or rehire, calculation methods may differ. Please contact the Recordkeeper for more information. See the "Contact Information" section for information on how to contact the Recordkeeper.

If the Difference Is Greater Than or Equal to \$400

If the difference in Step 4 is greater than or equal to four hundred dollars (\$400), then you may elect to receive a lump sum for only a portion of your Pension Benefit.

The amount you may receive as a lump sum is equal to the amount calculated using the Cash Balance Formula or another formula that provides a lump sum payment option. The remainder of your Pension Benefit will be paid in monthly payments. You may elect either a Single Life Annuity, a 50% J&S or a 75% J&S.

EXAMPLE: Assume your Pension Benefit calculated under the CAM Formula is \$1,000 per month payable in the form of a Single Life Annuity and is equal to \$180,000 as a lump sum.

Your account under the Cash Balance Formula is \$90,000

The difference between your CAM Formula and Cash Balance Formula is \$180,000 minus \$90,000, which equals \$90,000.

The \$90,000 difference is then converted back to a Single Life Annuity and, in this case, would equal \$500 per month.

Since the excess amount is greater than the \$400 per month, you are not eligible for a Full Lump Sum payment. Instead, you are eligible for a Partial Lump Sum payment and monthly payments for the remainder of your Pension Benefit.

The amount of your Partial Lump Sum payment is \$90,000 (your cash balance amount). Your annuity payment in the form of a Single Life Annuity is \$500 per month.

In the event of a transfer or rehire, calculation methods may differ. Please contact the Recordkeeper for more information. See the "Contact Information" section for information on how to contact the Recordkeeper.

IMPORTANT: If you take a Full or Partial Lump Sum distribution and are later re-employed by a member of the AT&T Controlled Group, the prior distribution may reduce the Pension Benefit to which you would otherwise be entitled on your later retirement. See the "Effect of Rehire Within the AT&T Controlled Group" section for more information.

Lump Sum Repayments After Reinstatement

If you received a lump sum payment from the Program following a Termination of Employment, through a settlement, award or order involving litigation, arbitration or a grievance, you are permitted to repay your prior lump sum. In this situation, the rules below apply:

- Repayment may be made only to the extent it is consistent with the terms of the settlement, award or order requiring the reinstatement.
- You must make your repayment as required by the Plan Administrator.
- Interest will be required on the repaid amount.

SURVIVOR BENEFITS

KEY POINT

- *If you die before your Benefit Commencement Date, your Spouse, Legally Recognized Partner or other Designated Beneficiary may be eligible for a benefit under this section.*

- **Special Rule for Small Survivor Benefits**

Special time and form of payment rules apply to survivor benefits that are subject to the automatic cash-out provisions described in this SPD. See the "General Plan Information" section for more information about the Mandatory Cash-Out/Rollover Rules.

If you die before your Benefit Commencement Date and have a Vested Interest, your Spouse, Legally Recognized Partner or, in some cases, the Designated Beneficiary, will receive a benefit under this section.

Annuity Amount for CAM Benefit and PBM Benefit Only

If you die before you have a Termination of Employment, or you die after Termination of Employment and satisfy the Modified Rule of 75 at your Termination of Employment, your Spouse or Legally Recognized Partner may elect to receive a Single Life Annuity equal to fifty percent (50%) of the amount of the Pension Benefit payable to you had you elected to receive your Pension Benefit in the form of a Single Life Annuity on the date of the commencement of the survivor benefit. See the "Forms of Payment" section for more information about a Single Life Annuity.

- **Special Rule for Active Employees who Die With 15 Years of Term of Employment, Active Employees who Satisfy the Modified Rule of 75 or Participants who Satisfied the Modified Rule of 75 Before Termination of Employment**

The survivor benefit will provide your Spouse or Legally Recognized Partner with monthly payments equal to fifty percent (50%) of the amount of the Pension Benefit that would

have been payable to you had you elected to receive your Pension Benefit in the form of a 50% J&S on the day before your death. However, the 50% J&S will not be reduced for early commencement. This unreduced annuity is not eligible to be deferred. See the "Forms of Payment" section for more information about a 50% J&S.

Annuity for Participants Who Have a Cash Balance Account

If you have a Cash Balance Account and you have a Spouse at the time of your death, your Spouse may elect to receive a Single Life Annuity derived from the account under the Cash Balance Formula based on his or her age and the amount of your account under the Cash Balance Formula as of the date of distribution. This Single Life Annuity would be in lieu of the Annuity Amount for the CAM Benefit or PBM Benefit and would not be in addition to that amount.

Single Lump Sum for Participants Who Have a Cash Balance Account

If you have a Cash Balance Account, your Spouse or a Designated Beneficiary may elect to receive the Survivor Benefit in the form of a single lump sum equal to the amount of your Cash Balance Account as of your date of death. A lump sum payment is not available for the CAM Benefit or PBM Benefit.

Deferred Commencement for CAM Benefit and PBM Benefit

Your Spouse may elect to defer commencement of the survivor benefit until you would have reached Normal Retirement Age. If your Spouse defers commencement, the survivor benefit amount will be monthly payments equal to fifty percent (50%) of the monthly Pension Benefit you would have received if you had a Termination of Employment on your date of death, survived to Normal Retirement Age and started to receive your Pension Benefit in the form of a 50% J&S. See the "Forms of Payment" section for more information about a 50% J&S. If you have a Designated Beneficiary (other than your Spouse), the Designated Beneficiary may **not** defer commencement of the Survivor Benefit.

Deferred Commencement for Cash Balance Participants

Your Spouse may elect to defer commencement of the survivor benefit until the first (1st) of the month following the later of when you would have reached Normal Retirement Age and the fifth (5th) anniversary of the Participant's death. If you have a Designated Beneficiary (other than your Spouse), the Designated Beneficiary may **not** defer commencement of the Survivor Benefit.

No Spouse or Designated Beneficiary

If you die before your Benefit Commencement Date without a Spouse or Designated Beneficiary, a single lump sum equal to your Cash Balance Account balance on your date of death will be paid in accordance with the "Designation of Beneficiaries" section. See the "Designation of Beneficiaries" section for more information about how to designate a beneficiary.

RETIREE DEATH BENEFIT

A Retiree Death Benefit may be payable to your Spouse or other Eligible Beneficiaries described below.

Eligibility

Your Eligible Beneficiary will receive a Retiree Death Benefit if you satisfy one of the requirements in the table below.

Eligibility Requirements for Receiving a Retiree Death Benefit	
Companies	Requirements
Ameritech Companies	If you began receiving a service or disability pension on or before April 30, 1995, and you were not rehired on or after Jan. 1, 1993
Pacific Telesis Group Companies	If you satisfied the Modified Rule of 75 (or began receiving a disability pension) on or before Dec. 31, 1985, had a Termination of Employment on or before Dec. 31, 1997 and were not rehired on or after Jan. 1, 1998
SNET Companies	If you satisfied the Modified Rule of 75 (or began receiving a disability pension) before Sept. 17, 1989, did not receive a lump sum distribution, had a Termination of Employment on or before Dec. 31, 1999 and were not rehired on or after Jan. 1, 2000
Southwestern Bell Companies	If you began receiving a service or disability pension on or before May 31, 1997, and you were not rehired on or after June 1, 1997

Note: In certain limited cases, a disabled former Employee may be eligible for a Retiree Death Benefit. Contact the Recordkeeper for more information. See the "Contact Information" section for information on how to contact the Recordkeeper.

Amount

Your Retiree Death Benefit will be based on your Wages. Wages are defined as your base pay for full-time service as of the date listed below or Termination of Employment, if earlier, plus certain other approved compensation.

Dates for Determining Amount of Wages	
Companies	Determined as of the Earlier of the Following Dates or Your Termination of Employment
Ameritech Companies	April 30, 1995
Pacific Telesis Group Companies	Dec. 31, 1997
SNET Companies	Jan. 1, 1992
Southwestern Bell Companies	Dec. 31, 1989

The amount of your Wages is subject to certain restrictions. Contact the Recordkeeper for more information about the amount of your Wages used to determine this death benefit.

The maximum amount of the Retiree Death Benefit is the greater of the following:

- One times your Wages reduced by ten percent (10%) for each full year since your Termination of Employment. (Certain Eligible Employees may not be subject to this reduction. Contact the Recordkeeper for more information.)
- Your monthly Pension Benefit, multiplied by twelve (12).

Source

The Retiree Death Benefit for any Management or Nonmanagement Nonunion Employee will be paid from the AT&T Retiree Death Benefit Program under AT&T Umbrella Benefit Plan No. 1 if a former Employee and AT&T Umbrella Benefit Plan No. 3 if an active Employee. Benefits may be paid from a voluntary employees' beneficiary association trust or corporate assets.

Eligible Beneficiaries

Your Retiree Death Benefit will be paid to one of the following Eligible Beneficiaries, in this order:

- Your Spouse, if living with you at the time of your death.
- Your Legally Recognized Partner if living with you at the time of your death.
- Your unmarried, dependent children under age twenty-three (23) (or over age twenty-three (23) and incapable of self-support). Certain restrictions apply regarding who may qualify as your child. Contact the Recordkeeper for more information.
- Your dependent parents living with you or in a home you provide. Certain restrictions apply regarding who may qualify as your dependent parent. Contact the Recordkeeper for more information.

Note: The "Designation of Beneficiaries" section does not apply to the payment of the Retiree Death Benefit. In addition, certain other regional restrictions may apply. Contact the Recordkeeper for more information.

Miscellaneous Information

Your Retiree Death Benefit will be paid in a lump sum.

Claims Deadline

All claims for the Retiree Death Benefit must be made within one (1) year of your death.

BREAK IN SERVICE RULES

KEY POINTS

- *A break in service occurs when you are not at work as scheduled.*
- *A break in your service may affect the date you begin or resume participating in the Program. It may also affect your eligibility for Pension Benefits, your Vested Interest, your Term of Employment and the amount of your Pension Benefits.*

The break in service rules are complex and are not fully described in this section. If you have any questions, please contact the Recordkeeper for more information. See the "Contact Information" section for information on how to contact the Recordkeeper.

Note: Special provisions of the Mandatory Portability Agreement and other Interchange Agreements may also affect these break in service rules. See the “Mandatory Portability Agreement and Interchange Agreements” section for more information about these agreements.

How Your Service Is Used

Your service is used to determine when you become a Participant, your Term of Employment and when you have a Vested Interest under the Plan.

Year of Service

Years of Service are used to determine when you become a Participant, when you have a Vested Interest under the Plan and your Term of Employment. You earn a Year of Service for every 12-month Period of Service. Period of Service is adjusted for any breaks in service (see the “How Breaks in Service Affect Your Service” section). Each 12-month Period of Service results in another year being added to your Term of Employment or is included in determining whether you are a Participant and whether you have a Vested Interest. See the “How to Earn a Vested Interest” section for more information about requirements for vesting, and see the “Eligibility and Participation” section for more information about requirements for participation.

Note: Special rules apply if you were on a Military Leave of Absence. If you were on a Military Leave of Absence, please contact the Recordkeeper for more information about your eligibility to receive credit for that service.

You stop earning service for all purposes on the date you have a Termination of Employment.

How Breaks in Service Affect Your Service

Determining Your Vested Interest

The chart below explains how breaks in service affect your service for the purpose of determining whether you have a Vested Interest.

If You Have a Break in Service ...	How Your Years of Vesting Service Are Affected
Before you have a Vested Interest	If your break in service is five (5) or more years, your prior Years of Vesting Service will not be counted. If your break in service is less than five (5) years, your prior Years of Vesting Service will be determined under the applicable bridging rules. Please contact the Recordkeeper for more information.
After you have a Vested Interest	You will continue to have a Vested Interest and your prior break in service will not have an effect.

Determining Your Term of Employment

In General

If you have a Termination of Employment or go on an unpaid Leave of Absence and you are rehired by a Participating Company or otherwise return to work, that absence will be considered a break in service. In that case, your Term of Employment will be determined only from the date you return to work. Your Term of Employment before the break in service will not be counted except as follows below:

If you are re-employed ...	Then ...
Following an absence of six months or less	The absence will be treated as an absence and not a break in service, and your prior Period of Service will be included in your Term of Employment immediately upon rehire. However, the period of absence will not be included.
Following an absence of more than six months	Your Term of Employment will only include service after your rehire. Your Period of Service before the break in service is not counted. However, if you complete five (5) years of continuous service after rehire, your prior service will be adjusted to include that prior period of employment.

Layoff or Involuntary Reduction

If you incur a Termination of Employment due to a layoff or involuntary reduction in work force, and you are rehired within two (2) years after your Termination of Employment, the absence will not be a break in service. In addition, the following rules apply:

If you are re-employed...	Then...
Following a period of absence of six (6) months or less in any 12-month period	Your Term of Employment will include that period of absence.
Following a break in service of more than six (6) months in any 12-month period	Your Term of Employment will not include that period of absence.
If you have more than one absence during a 12-month period and the total absences are greater than six (6) months	You will not receive credit for the final period of absence that takes the total over six (6) months or any subsequent leaves within the twelve (12) month period, until you have been re-employed for twelve (12) months.

Break in Service Due to a Leave of Absence

Upon your return to work from a Leave of Absence, the amount of service credit recognized under the applicable Leave of Absence policy of your Employer will be included in your Term of Employment.

- **Special Rules for Litigation, Arbitration or Grievance**

If you are rehired by a member of the AT&T Controlled Group after a Termination of Employment in accordance with a settlement, an award or an order involving either litigation, arbitration or a grievance under an applicable collective bargaining agreement, special rules may apply. Contact the Recordkeeper for more information about these agreements.

EFFECT OF REHIRE WITHIN THE AT&T CONTROLLED GROUP

If you are rehired by a member of the AT&T Controlled Group that participates in this Program after receiving a lump sum or a monthly annuity from this Program, your Pension Benefit since rehire will be reduced to account for the Pension Benefit you previously received. If you are receiving a monthly annuity from this Program and are rehired into a management position, your monthly annuity will not be suspended upon rehire. If you are rehired into any other position, your monthly annuity will be suspended upon rehire. In either case, the form of distribution of your prior annuity will not be changed as a result of your re-employment.

MOVING BETWEEN MEMBERS OF THE AT&T CONTROLLED GROUP

If you moved to this Program from another Plan program, your benefit will be determined as the sum of two (2) pieces. When you earn three (3) years of service in this Program, your service in the previous Plan program will be included in your Pension Calculation Service (unless the service was earned under a cash balance formula). However, your Pension Benefit will be reduced by the amount of your benefit in the other Plan program.

When you have a Termination of Employment, you will be eligible to receive a distribution of your available vested Pension Benefit from both this Program and any other applicable Plan program.

CLAIMS PROCEDURES

KEY POINTS

- *You are not required to file a claim for your Pension Benefit under the Plan.*
- *If you think you are entitled to a benefit or a greater benefit under the Plan, you may file a claim for benefits in writing.*

There is no need to file a claim to begin payment of your Pension Benefit. However, you do need to elect to begin your Pension Benefit before reaching your Normal Retirement Age or to elect an alternate form of benefit. See the "How to Begin Payment of Your Pension Benefit" section for more information about beginning your Pension Benefit.

If you, your Spouse, Legally Recognized Partner or Designated Beneficiary (Claimant(s)), believes that he or she is entitled to a benefit or a greater benefit under the Plan, the Claimant may file a written claim with the Plan. An authorized representative of the Claimant may also file a claim on the Claimant's behalf. All claims for Plan benefits must be made in writing and sent to the Recordkeeper. See the "Contact Information" section for information on how to file a written claim for benefits.

If the Plan Administrator determines that a benefit or an additional benefit is owed under the Plan, payment will be made (or started, as applicable) as soon as administratively practicable after that determination. Those payments, however, will not begin before any limitation provided under the Plan.

Note: Please contact the Beneficiary Designation Administrator to report a death. See the "Contact Information" section for information on how to contact the Beneficiary Designation Administrator.

NOTIFICATION OF BENEFIT DENIAL

KEY POINTS

- *You will receive a written notice (generally within ninety (90) days) from the Recordkeeper if your claim for benefits is denied.*
- *You have sixty (60) days after receipt of the Benefit Denial to submit a written request to appeal the decision.*
- *Generally, you will receive a final determination regarding your appeal within sixty (60) days of receipt of your appeal by the Recordkeeper.*
- *You may not file a lawsuit against the Plan until you complete the appeal process.*

If the Recordkeeper determines that a Claimant is not entitled to a Plan benefit or is entitled to a lesser benefit than the Claimant sought (a Benefit Denial), written notice will be provided. Unless the time period is extended as described below, this notice will be provided within ninety (90) calendar days of receipt of the claim by the Recordkeeper. (The notice will be provided within forty-five (45) calendar days if the benefit claim requires proof of a disability.) However, in some circumstances, an extension of this notice period is necessary. If so, the 90-day period may be extended for ninety (90) more calendar days. The 45-day period for disability-related claims may be extended for thirty (30) days and then for an additional thirty (30) days if necessary because of matters beyond the control of the Recordkeeper. The Claimant will receive notice of any extension before the initial notice period ends. The extension notice will state why more time is needed and the date by which a decision will be rendered.

If the benefit claimed is conditioned upon proof of a disability and if an extension is needed because the Claimant did not submit information necessary for the review of the claim, the Claimant will be given at least forty-five (45) calendar days to provide that information. The deadline to provide notice of the decision will be temporarily suspended during that 45-day period. If the Claimant fails to provide the requested information within that 45-day period, the Recordkeeper's decision will be made without regard to the requested information.

The Benefit Denial notice will be in writing and will contain all of the following information:

- The specific reason or reasons for the Benefit Denial.
- The specific Plan provisions on which the Benefit Denial is based.
- Any additional information necessary for the Claimant to perfect the claim and an explanation of why it is necessary.
- A statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the claim for benefits.
- A description of the Plan's review procedures with respect to the Benefit Denial and the time limits applicable to that review. This will include a statement of the right to bring an action under section 502(a) of the Employee Retirement Income Security Act of 1974 (ERISA) after the end of the Recordkeeper's review.

- If proof of a disability is required for the benefit claimed, the Benefit Denial will also contain the following information:
 - Any internal rule, guideline, protocol or other similar criterion relied upon in making the Benefit Denial decision. (Alternatively, the notice may state that the rule, guideline, protocol or other criterion will be provided free of charge upon request.)
 - An explanation of the scientific or clinical judgment for the determination and how the terms of the Plan were applied to the Claimant's medical circumstances if the Benefit Denial is based on medical necessity, experimental treatment or a similar exclusion or limit. (Alternatively, the notice may state that an explanation will be provided free of charge upon request.)

How to Appeal a Benefit Denial

A Claimant who receives a Benefit Denial notice is entitled to appeal the decision. The Claimant may have the decision fully reviewed by the Benefit Plan Committee if the appeal is timely and properly submitted. To appeal, the Claimant must submit a written request for review, which must include all reasons why the Claimant believes the claim should be reconsidered. The written request must be sent to the Recordkeeper. See the "Contact Information" section for information on where to appeal a Benefit Denial.

The Claimant must request the appeal in writing no later than sixty (60) calendar days after receiving the notice of Benefit Denial. If the Claimant has not received a notice of Benefit Denial, the Claimant must request the appeal in writing no later than sixty (60) calendar days after the last date that notice of Benefit Denial should have been sent by the Recordkeeper. If the benefit claim is conditioned upon proof of a disability, this 60-day period is extended to one hundred and eighty (180) calendar days. See the "Notification of Benefit Denial" section for information about the notification.

If an appeal is submitted after this 60-day (or 180-day) deadline, the appealed claim will not be eligible for review by the Benefit Plan Committee. In addition, the Claimant will have failed to exhaust his administrative remedies under the Plan. See the "Importance of Exhausting Administrative Remedies" section for more information.

As part of the review process, the Claimant may have access to all administrative files generated during the claim and copies of those files free of charge. The Claimant may also submit written comments, documents, records and other information relating to the claim. All of this information will be taken into account in the review.

If the benefit claimed is conditioned upon proof of a disability, the following provisions also apply to the review of the initial Benefit Denial:

- Deference will not be given to the initial Benefit Denial.
- The reviewer on appeal will not be the same person who made the initial Benefit Denial or someone who reports to that person.
- If the initial Benefit Denial was based on a medical judgment, the reviewer will consult with a qualified health care professional who has appropriate training and experience in the field. The health care professional will not be someone who was involved in the initial Benefit Denial or someone who reports to that person.

In making the final decision on review of the initial Benefit Denial, the Benefit Plan Committee has full and complete discretion to interpret all Plan terms and make all factual determinations associated with the review.

Notice of Final Determination on Appeal

Unless the time period is extended as described below, written notice of the final benefit determination under review will be provided to the Claimant within sixty (60) calendar days after the Recordkeeper receives the appeal request. However, in some circumstances, an extension of this notice period is necessary. If so, the 60-day period may be extended for sixty (60) more calendar days. The Claimant will receive notice of any extension before the initial notice period ends. The extension notice will state why more time is needed and the date by which a decision will be rendered.

If the benefit claimed is conditioned upon proof of a disability and if an extension is needed because the Claimant did not submit information necessary for the review of the claim, the Claimant will be given at least forty-five (45) calendar days to provide that information. The deadline to provide notice of the decision will be temporarily suspended during that 45-day period. If the Claimant fails to provide the requested information within that 45-day period, the Benefit Plan Committee's decision will be made without regard to the requested information.

If the Benefit Plan Committee determines that a benefit or an additional benefit is owed under the Plan, payment will be made (or started, as applicable) as soon as administratively practicable after that determination (or, if later, as provided under the Plan).

If the appeal is denied, the written notice provided to the Claimant will contain all of the following information:

- The specific reason or reasons for the appeal denial.
- The specific Plan provisions on which the appeal denial is based.
- A statement that the Claimant may request and receive reasonable access to all administrative files generated during the appeal and copies of those files free of charge.
- A statement indicating that there are no additional voluntary appeal procedures offered by the Plan.
- A statement of the Claimant's right to bring an action under section 502(a) of ERISA.
- If proof of a disability was required for the benefit claimed, the appeal denial will also contain the following additional information:
 - Any internal rule, guideline, protocol or other similar criterion relied upon in making the Benefit Denial decision. (Alternatively, the notice may state that the rule, guideline, protocol or other criterion will be provided free of charge upon the Claimant's request.)
 - An explanation of the scientific or clinical judgment for the determination and how the terms of the Plan were applied to the Claimant's medical circumstances if the Benefit Denial is based on medical necessity, experimental treatment or a similar exclusion or limit. (Alternatively, the notice may state that an explanation will be provided free of charge upon the Claimant's request.)

Importance of Exhausting Administrative Remedies

Timely completion of the claims procedures described in this “Notification of Benefit Denial” section is very important. If a Claimant fails to comply with the claims procedures set forth in this section (for example, the Claimant does not appeal a Benefit Denial or fails to appeal within the specified time limits), the Claimant may not try to appeal the claim at a later time. The Claimant also may not bring a lawsuit based on the claim.

No lawsuit may be brought with respect to Plan benefits until all claims procedures have been exhausted with respect to all issues in question.

Time to File Suit

Any suit based on a denial of eligibility and/or for benefits must be filed no later than

If you wish to bring legal action concerning your right to participate in the Plan or your right to receive any benefits under the Plan, you must first file a claim for benefits and go through the ERISA (see the “ERISA Rights of Participants” section) claim and appeal process. A legal action should not be filed until you complete the claim and appeal process. Legal action involving the Plan should be filed directly against the Plan.

ADMINISTRATION OF THE PLAN

KEY POINTS

- *The Benefit Plan Committee is responsible for appeals of claims under the Plan and Plan interpretations.*
- *The Benefit Plan Investment Committee is responsible for investing the Pension Fund.*
- *The Plan Administrator is responsible for all other Plan administration.*

Plan Administrator

The Plan Administrator is responsible for:

- Determining (1) your eligibility to participate in the Plan, (2) the right of a person to a benefit under the Plan, (3) the amount of any Plan benefit, (4) the full and absolute discretion to interpret the terms of the Plan and (5) the final decision on all appeals of Benefit Denials. See the “Claims Procedures” section for more information about Benefit Denials. The authority to interpret the terms of the Plan and to hear and decide appeals is currently delegated to the Benefit Plan Committee.
- Investing the Pension Fund. This responsibility is currently delegated to the Benefit Plan Investment Committee.
- All other Plan administration purposes.

The Plan Administrator has all powers necessary to accomplish its Plan duties. This includes the complete and absolute discretion to interpret the Plan and all matters of fact with respect to its particular duties. The Plan Administrator is identified in the “Other Plan Information” section.

Delegation of Duties

The Plan Administrator may delegate any of its powers or duties with respect to the administration of the Plan and the Pension Fund. However, any delegation by the Plan Administrator of its authority to review and decide any appeal of a Benefit Denial, or its discretion to interpret the Plan with respect to an appeal, must be in writing.

AMENDMENT OR TERMINATION OF THE PLAN

AT&T Inc. has the right to amend the Plan at any time. If the Plan is terminated or partially terminated (as defined under applicable law), you will receive a Vested Interest in your Pension Benefit. See the "How to Earn a Vested Interest" section for more information on how to attain a Vested Interest.

If the Plan is amended or terminated (in whole or in part) or if a Participating Company ends its participation in the Plan or ceases to provide Plan benefits, you may not be eligible to receive benefits as described in this SPD. You may also lose future benefit coverage under the Plan. However, no amendment or termination may reduce the amount of any benefit that you have earned as of the amendment or termination date except as otherwise required or permitted by law or under the pre-amended Plan terms.

It is expected that the Plan will have enough money to pay the benefits of all Plan participants. If there are insufficient funds, you may not receive the entire benefit to which you have become entitled. However, see the next section for a description of when unfunded benefits will be covered by the Pension Benefit Guaranty Corporation.

PENSION BENEFIT GUARANTY CORPORATION

KEY POINTS

- *Your Pension Benefit is federally insured by the PBGC.*
- *There are limits on the type of pension benefits and the amount that is insured.*
- *In some circumstances, you may not receive all of your Pension Benefit.*

Your Pension Benefit is insured by the Pension Benefit Guaranty Corporation (PBGC). The PBGC is a federal insurance agency. If the Plan terminates (ends) without enough money to pay all benefits, the PBGC will step in to pay certain Plan benefits. Most people receive all of the Pension Benefits they would have received under the Plan. However, some people may lose certain benefits.

The PBGC guarantee generally covers normal and early retirement benefits, certain disability benefits if you become disabled before the Plan terminates and certain benefits for your survivors. The PBGC guarantee generally does not cover the following benefits:

- Benefits greater than the maximum guaranteed amount set by law for the year in which the Plan terminates.
- Some or all of the benefit increases and new benefits based on Plan provisions that have been in place for fewer than five years at the time the Plan terminates.
- Benefits that are not vested because you do not have a Vested Interest.

- Benefits for which you have not met all requirements at the time the Plan terminates.
- Certain early-retirement payments, such as supplemental benefits that stop when you become eligible for Social Security, that result in an early-retirement monthly benefit greater than your monthly benefit at your Normal Retirement Age.
- Non-pension benefits, such as health insurance, life insurance, certain death benefits, vacation pay and severance pay.

Even if certain benefits are not guaranteed, you may still receive some of those benefits from the PBGC depending on how much money the Plan has at termination and on how much the PBGC collects from AT&T and each Participating Company.

For more about the PBGC and the benefits that it guarantees, ask the Recordkeeper or contact the PBGC at:

Office of Benefits Administration
P.O. Box 151750
Alexandria, VA 22315-9923

Email: mypension@pbgc.gov

Facsimile: 202-326-4047

You may also call the PBGC at:

202-326-4000 (domestic phone number)

800-400-7242 (toll-free number)

TTY/TDD users may call the federal relay service toll free at **800-877-8339** and ask to be connected to **800-400-7242**.

Additional information about the PBGC is available through the PBGC's website at pbgc.gov.

GENERAL PLAN INFORMATION

KEY POINTS

- *Generally, Plan assets may only be used to pay benefits to you and your beneficiaries and reasonable administrative expenses of the Plan and Pension Fund.*
- *If you get divorced or are legally separated, the Plan must pay to your Spouse or former Spouse all or a portion of your Plan benefit if required by a Qualified Domestic Relations Order (QDRO).*
- *You must keep a current mailing address for you, your Spouse, Legally Recognized Partner or Designated Beneficiaries on file with the Plan.*

Top-Heavy Rules

Certain provisions of the Plan are required by law to take effect automatically if the Plan is classified as "top-heavy." A top-heavy plan is one in which the sum of the accrued benefits of "key employees" (as defined in the Internal Revenue Code) exceeds sixty percent (60%) of the sum of the accrued benefits of all Employees. In the unlikely event that the Plan is determined to be top-heavy, the Participating Companies may be required to provide a minimum benefit on

behalf of all non-key employees, and a special vesting schedule may be used to accelerate vesting for non-key employees who have not yet acquired a Vested Interest at the time of such top-heavy status.

You will be informed if the Plan is determined to be top-heavy for a Plan Year.

No Assignment of Benefits

The assets of the Plan are for the exclusive benefit of you and your beneficiaries and for the payment of reasonable administrative expenses of the Plan and Pension Fund. Except as otherwise required by law or by a "Qualified Domestic Relations Order" (QDRO) (as described below), your benefits under the Plan may not be claimed by any person to whom you owe a debt, nor can your beneficiary transfer any rights to these benefits to any person. This means that you may not sell, assign, pledge or otherwise transfer your Plan benefit before it is distributed to you, nor is your Plan benefit subject to most attachments, garnishments, executions or encumbrances before it is distributed to you.

As required by federal law, the Plan will pay all or a portion of your Plan benefit in compliance with a QDRO, a court order issued under a state domestic relations law that has been qualified by the Plan. A QDRO transfers all or a portion of your Plan benefit to an "alternate payee" in connection with a divorce, legal separation, custody or support proceeding that meets certain requirements outlined in the Internal Revenue Code and ERISA. The alternate payee under the QDRO may be your Spouse, former Spouse, child or other dependent. The QDRO may relate to child support, alimony payments or marital property rights and may direct payment of all or part of your benefit to the alternate payee.

If you or the alternate payee becomes a party to a divorce or legal separation that affects Plan benefits, you or the alternate payee (or his or her attorney) should contact the Recordkeeper to inform the Plan of the proceeding. You also can obtain a copy of the Plan's QDRO Procedure, provided free of charge.

No Double Crediting of Benefits

If you have earned a benefit under more than one Plan program, the benefit payable under this Program will take into account the corresponding benefit earned under any other program(s).

IMPORTANT: You are not entitled to double crediting of compensation, service or any other factor in calculating any benefit under any program. There will be an offset to the extent necessary to prevent any double crediting.

Direct Rollover of Pension Benefit

You (or any eligible recipient) may elect to have all or any part of your benefit that constitutes an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan.

An Eligible Rollover Distribution is a Pension Benefit paid in a lump sum. An Eligible Retirement Plan is any one or more of the following plans that agree to accept the direct rollover:

- A qualified plan described in section 401(a) of the Internal Revenue Code.
- An IRA.
- A qualified annuity described in section 403(a) of the Internal Revenue Code.

- A tax-sheltered annuity described in section 403(b) of the Internal Revenue Code.
- An eligible 457(b) governmental plan that meets the requirements described in section 457(b) of the Internal Revenue Code.

If an eligible recipient elects to receive a Pension Benefit that is also an Eligible Rollover Distribution, a mandatory twenty percent (20%) withholding tax will be deducted from the distribution. If an eligible recipient instead elects a direct rollover to an Eligible Retirement Plan, no tax will be withheld.

Missing Participants and Beneficiaries

You must keep your current mailing address and the current mailing addresses of your Spouse, Legally Recognized Partner or Designated Beneficiaries on file with the Plan. See the "Information Changes and Other Common Resources" section for more information about how to keep your mailing addresses current. If you do not provide the Plan with current mailing addresses, the Recordkeeper, the Plan Administrator, the Trustee, the Participating Companies and any fiduciary under the Plan will not be responsible for any late or lost benefit payments or for failing to provide notice in a timely manner under the terms of the Program. If the Plan Administrator cannot locate you, your Spouse, Legally Recognized Partner or Designated Beneficiaries after a Plan benefit becomes payable to such person, the benefit will remain in the Pension Fund and will not revert to any state or to any other party. After satisfying all requirements imposed by law, any unclaimed amount will be forfeited. If, after the forfeiture of a benefit, you, your Spouse, Legally Recognized Partner or Designated Beneficiaries later make a valid claim for the forfeited benefit, the amount will be paid under the terms of the Program.

Designation of Beneficiaries

If you are eligible for a lump sum distribution option, you can designate a beneficiary to receive the lump sum distribution of your Pension Benefit. You must designate a Beneficiary using the form and process established by the Beneficiary Designation Administrator. The Beneficiary Designation form can be found on the Beneficiary Designation Administrator's website. For information on contacting the Beneficiary Designation Administrator, see the "Contact Information" section.

You may name a Beneficiary(ies) to receive Pension Benefits from the Program in the event of your death:

- If you are married, your Spouse must be your Designated Beneficiary. In order to choose another Person or trust you must have the written consent of your Spouse to choose someone else to receive all or part of your Pension Benefit as a Beneficiary.
- If you are single, or your Spouse has given written consent, you may designate a Person or trust to receive all of part of your Pension Benefit.

Note: Special rules apply if you want to designate a minor or an estate to receive your Program benefits. Contact the Beneficiary Designation Administrator for further information.

Note: Special rules also apply if you remarry, divorce or if a Beneficiary caused your death. Contact the Beneficiary Designation Administrator for further information. If you remarry or divorce, you should change your beneficiary designation. As a part of a divorce you may be required to give up a portion of your Pension Benefit to your former Spouse based on a Qualified Domestic Relations Order. See the "General Plan Information" section for more information on Qualified Domestic Relations Order.

Information Requests.

Upon your death, your Spouse, a Beneficiary, the executor of your will, the administrator of your estate, or another personal representative should call the Beneficiary Designation Administrator to report your death to AT&T. See the "Contact Information" section for contact information.

After reporting a Participant's death, you will be asked to provide proof of death. You may also be asked to provide other information related to a Designated Beneficiary (for example a Social Security Number (SSN), Taxpayer Identification Number (TIN) or current address).

The following may be used as proof of death:

- A certified copy of a death certificate issued by an official or agency at which the death occurred that shows the place of death, cause of death, date and time of death, and the identity of the deceased individual.
- A certified copy of any report or record of a governmental agency, domestic or foreign, showing that a Person is missing, detained or dead, and the dates, circumstances and places disclosed by the report.

If a Designated Beneficiary cannot be found the administrator will follow its procedures for locating the Beneficiary. If your missing Beneficiary's portion is not claimed by the missing Beneficiary within one (1) year of your death, the Program Administrator, in its sole discretion, will distribute that beneficiary's share as if your missing Beneficiary had died before you.

Although you are not required to update your Beneficiary designation, it is recommended that you do so when certain life events occur (for example, getting married or divorced, having or adopting a child, or losing a loved one).

Release of Liability for Payment of Survivor Benefits.

The receipt by a trustee or custodian of your Program benefits in accordance with your Beneficiary designation fully discharges the Program Administrator and the Beneficiary Designation Administrator from all liability.

If there is doubt as to a Beneficiary's rights to a distribution by any claimant, the Program Administrator has a right, in its sole discretion, to require an indemnity bond protecting the Program Administrator and Beneficiary Designation Administrator for the distribution and to deposit the amount in question with a court of law, which will then handle the distribution, or to ask that the parties adjudicate their respective rights.

If the Program Administrator distributes Program benefits in accordance with your beneficiary designation or the Program, if any, and if the distribution is done in good faith and in reliance on the information provided, then the Program Administrator and Beneficiary Designation Administrator, any person to whom authority has been delegated to make any determinations of fact or eligibility for benefits under the Program and all Participating Companies will be released from all claims arising from the distribution and will be discharged from any and all claims and liabilities arising from the distribution.

In particular, the release and discharge will occur even if information supplied by your Beneficiaries or others that is relied on in good faith by the Program Administrator or Beneficiary Designation Administrator later turns out to have been inaccurate or incomplete.

The Program Administrator or Beneficiary Designation Administrator may discharge any such liability as to any claimant by sending a notice by registered or certified mail to the claimant and

the Persons named in a request for execution of Beneficiary designation at the addresses given in the notice of claim and request for execution of Beneficiary designation, containing the following:

- The amount to be distributed.
- The persons to whom the distribution will be made.
- The respective amounts payable to the persons to whom the distribution will be made.
- A statement that the distribution will be made in 30 days from the date of mailing unless the distribution is restrained by a court order.

The protections for the Program Administrator and Beneficiary Designation Administrator by the Program have no bearing on the rights of Persons in dispute among themselves or their successors concerning the beneficial ownership of your Program benefits, as affected by your death.

Beneficiary Hierarchy.

If you were a participant in the Midwest Publishing Ventures Program, the following does not apply to you, otherwise, if you do not name a Beneficiary, or do not have your Beneficiary Designation form approved by the Beneficiary Designation Administrator prior to your date of death, your benefits will be paid in accordance with the following table:

If ...	Then Benefits From the Program Will Be Distributed to...
You are married...	Your Spouse
You have a Legally Recognized Partner...	Your Legally Recognized Partner
You are not survived* by a Spouse or Legally Recognized Partner...	Your surviving* child** or children** in equal amounts***
You are not survived* by a Spouse, Legally Recognized Partner or a child**...	Your surviving* parent** or parents** in equal amounts***
You are not survived* by a Spouse, Legally Recognized Partner, child** or parent**...	Your surviving* sibling** or siblings** (including half blood) in equal amounts***
You are not survived* by a Spouse, Legally Recognized Partner child,** parent** or sibling**...	Your estate in accordance with the applicable laws of the state in which you resided immediately before your death that govern succession to property owned by you at death, unless the Program Administrator determines, in its sole discretion, that it is more appropriate to apply similar law of another state under the circumstances.

**Your Beneficiary must survive for at least 120 hours after your death to be entitled to your Program Benefits. A Beneficiary not meeting the survival requirement is treated as if he or she died before your death. If the time of your death or the death of your Beneficiary cannot be determined, or if it cannot be established that a Beneficiary survived you by 120 hours, it will be deemed that the Beneficiary failed to survive you and the Program benefits will be distributed as if the Beneficiary had predeceased you.*

***The terms "child," "children," "parent" or "sibling" refer to individuals who are related by birth or by adoption and not through marriage.*

****Benefits will be distributed on a per capita basis and not on a per stirpes basis, which means that all surviving individuals in one of the groups listed in this table will share your Program benefits on an equal basis, and no Program benefits will pass to the descendants of a deceased member of the group.*

Special Circumstances.

The effect that certain special circumstances have on your Beneficiary Designation is detailed as described in the table below:

If ...	Then ...
Your Beneficiary is your Spouse and if you get divorced or have your marriage annulled...	Your Beneficiary Designation for your Spouse is revoked as of the date of the dissolution or annulment of your marriage. Your ex-Spouse's share or right to a share will be distributed as if he or she died before you.
You want to make your ex-spouse a valid Beneficiary...	You must complete a new Beneficiary Designation form(s) after the date your marriage was dissolved or annulled and, if you remarried, have the written consent of your new Spouse.
Your surviving* Beneficiary disclaims or waives part or all of his or her rights to your Proceeds...	That Person's waived portion will be distributed as if that Beneficiary died before you.
You are single (including widows and widowers), have a Form on file, and later marry or remarry...	All previous Beneficiary Designation Form(s) will be revoked. Your new Spouse will be the sole Beneficiary of your Program benefits unless your new Spouse consents in writing to your designation(s) of another Beneficiary(ies).
Your Beneficiary Designation was made under duress, undue influence or by reason of fraud, or your Beneficiary caused or participated in causing your death...	<p>The Program Administrator, in its sole discretion, will determine, on the basis of all the facts and circumstances, whether it is likely that a civil jury would disqualify that Beneficiary from receiving any part of your Program benefits. If a Program Administrator makes this determination, that Beneficiary's portion will be deposited with the court for distribution in accordance with the Program.</p> <p>The Program Administrator will have no further liability to anyone with respect to those Program benefits.</p> <p>The decision of the Program Administrator is binding upon all Persons.</p>
<p><i>*Your Beneficiary must survive for at least 120 hours after your death to be entitled to your Program benefits. A Beneficiary not meeting the survival requirement is treated as if he or she died before your death. If the time of your death or the death of your Beneficiary cannot be determined, or if it cannot be established that a Beneficiary survived you by 120 hours, it will be deemed that the Beneficiary failed to survive you and the Program benefits will be distributed as if the Beneficiary had predeceased you.</i></p>	

Mandatory Portability Agreement and Interchange Agreements

At the time of divestiture, the former Bell System Companies entered into the Mandatory Portability Agreement (MPA). The MPA provides special benefits and service provisions for Participants covered by the MPA. They override any contrary provisions in this SPD.

AT&T Inc. (or its predecessor) and/or the Employers also entered into other interchange agreements with certain affiliates or former affiliates. These other interchange agreements include special provisions that relate to the portability of retirement benefits and recognition of service. Those provisions may affect some Participants. They will override any contrary provisions in this SPD for those affected Participants.

However, if you are eligible for the MPA, you may elect to port your service or waive any and all portability of service in accordance with the procedures established by the Recordkeeper. You may wish to waive portability of past service in order to continue eligibility for the pension and

other retiree benefits being received from the former employer. This decision will depend on your personal circumstances. It is your decision whether to waive portability. If you make this decision, it is irrevocable.

Special provisions apply if your prior pension benefit from a former employer was distributed in a lump sum payment.

If you have past service that may be eligible for porting under the MPA provisions or other interchange agreements, you may call the Recordkeeper for more information on the MPA and its effect on benefits and to report previous work history. You may also request an MPA Employment Questionnaire. See the "Contact Information" section for information on how to contact the Recordkeeper.

Rehire by an MPA Interchange Company

If you are rehired by an MPA interchange company after receiving a lump sum benefit from the Plan and are covered under the MPA, you may repay the entire lump sum (plus interest) to the Plan (if required by the hiring company). This lump sum repayment must be made within the time period specified by the Plan Administrator's procedures. The Pension Benefit will then be transferred from the Plan to the applicable MPA interchange company plan.

IMPORTANT: This MPA section does **not** apply while you are employed by AT&T Mobility Services LLC.

Internal Revenue Code Limits on Plan Benefits

The Internal Revenue Code sets a maximum amount for your Pension Benefit. In addition, your compensation taken into account to determine your Pension Benefit under the Program for a given Plan Year may not exceed a limit imposed by law. This limit occasionally changes, either to reflect increases in the cost of living or to reflect changes in the law itself.

Mandatory Cash-Out/Rollover Rules

If you die or terminate employment with the AT&T Controlled Group and the present value of your Pension Benefit is one thousand dollars (\$1,000) or less, the benefit, if payable, will automatically be paid. It will be paid in a single lump sum payment as soon as administratively practicable after your death or Termination of Employment. No other time or form of payment is allowed. However, an election may be made to have the amount paid as a direct rollover. See the "Direct Rollover of Pension Benefit" section for more information on rollovers.

If the present value of your Pension Benefit is more than one thousand dollars (\$1,000) but not more than five thousand dollars (\$5,000), the benefit, if payable, will automatically be paid as a direct rollover to an individual retirement account (IRA) unless (1) there is an election to have the distribution paid in a single lump sum payment or (2) a different rollover election is made. See the "Direct Rollover of Pension Benefit" section for more information on rollovers.

If a benefit is automatically rolled over to an IRA, the IRA will be either a qualified safe harbor IRA (as defined by federal law) or an IRA selected by the Plan Administrator. Such IRA will be invested in a product designed to preserve principal and provide a reasonable rate of return and liquidity. Associated fees and expenses are the sole responsibility of the account holder. For more information, contact the Recordkeeper. See the "Contact Information" section for information on how to contact the Recordkeeper.

IMPORTANT: You may repay a Mandatory Cash-Out payment to the Plan if you are re-employed by a Participating Company. For more information, contact the Recordkeeper. See the "Contact Information" section for information on how to contact the Recordkeeper.

ERISA RIGHTS OF PARTICIPANTS

KEY POINTS

- *ERISA is a federal law that provides certain rights and protections to all Participants.*
- *The persons who are responsible for the operation of the Plan have a duty to act prudently and in the interest of the Plan and its beneficiaries.*
- *No one may fire or discriminate against you for exercising your rights under ERISA.*

Your ERISA Rights as a Participant

As a Participant, you are entitled to certain rights and protections under ERISA including:

- To examine without charge, at the Plan Administrator's office and at other specified locations, all documents governing the Plan, including insurance contracts, collective bargaining agreements and a copy of the latest annual report (Form 5500 Series) filed by the Plan Administrator with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration. See the "How to Obtain Information" section.
- To obtain copies of documents governing the operation of the Plan, including insurance contracts, collective bargaining agreements, copies of the latest annual report (Form 5500 Series) and an updated summary plan description (the Plan Administrator may make a reasonable charge for the copies), provided you make a written request to the following address:

AT&T Services, Inc.
Attn: Plan Documents
P.O. Box 132160
Dallas, TX 75313-2160
- To obtain a statement of your right to receive a pension at Normal Retirement Age and which benefits would be payable at Normal Retirement Age if you stopped working under the Plan immediately. And, if you do not have a right to a pension, to obtain a statement of the number of years you must work to obtain a right to a pension. This statement must be requested in writing and is not required to be given more than once every twelve (12) months. The Plan must provide the statement free of charge.

Plan Fiduciaries

In addition to creating rights for you as a Participant, ERISA imposes duties upon the persons who are responsible for operating the Plan. The persons who operate the Plan, called fiduciaries of the Plan, have a duty to act prudently and in the interest of you and your beneficiaries. No one, including your Employer, any union or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a Pension Benefit under the Plan or exercising your rights under ERISA.

Enforcing Participants' Rights

Under ERISA, there are steps you can take to enforce your rights. For instance, if you request a copy of the Plan documents or the latest annual report and do not receive the information within thirty (30) days, you may file suit in federal court. In such case, the court may require the Plan Administrator to provide the requested materials and pay you up to one hundred and ten dollars (\$110) a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator.

If you have a claim for benefits under the Plan that is denied or ignored, in whole or in part, you have the right to know why this was done, to obtain without charge copies of documents relating to the decision and to appeal any denial (see the "Claims Procedures" section for more information on how to make a claim for benefits), all within certain time schedules. In addition, if you disagree with the Plan Administrator's final decision (or lack thereof), including any final decision concerning the qualified status of a Domestic Relations Order, you may file suit in federal court.

If it should happen that the Plan fiduciaries misuse the Plan's assets, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor or may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person whom you sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees (for example, if the court finds that your claim is frivolous).

How to Obtain Information

If you have any questions about the Plan, you should contact the Recordkeeper for assistance. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest area office of the Employee Benefits Security Administration (EBSA), U.S. Department of Labor as listed in the telephone directory or at:

Division of Technical Assistance and Inquiries
Employee Benefits Security Administration
U.S. Department of Labor
200 Constitution Ave., N.W.
Washington, D.C. 20210

You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

FUNDING OF THE PLAN

KEY POINTS

- *The Plan is funded by the AT&T Controlled Group.*
- *Generally, Employees may not make contributions to the Plan.*

The Pension Fund

All contributions and earnings are held in the Pension Fund. The Pension Fund is the trust(s) established by AT&T Inc. to hold and invest those amounts. The Trustee of the Pension Fund is the

person or entity responsible for the Pension Fund's assets. The Trustee is identified in the "Other Plan Information" section.

Source of Plan Benefits

The Plan is funded only by contributions made by AT&T and the Participating Companies and the earnings on those contributions. Generally, Participants may not make contributions to the Plan. Such contributions will be held, invested and reinvested by the Trustee. As a Participant, you will not have any right to, title to, or interest in any assets of the Pension Fund upon termination of your employment or otherwise, except as provided under the Plan, and then only to the extent of the benefits payable to you as a Participant out of the assets of the Pension Fund.

Pension Benefits and certain other death benefits are payable from the Pension Fund. All expenses relating to the administration of the Plan may be paid from Plan assets, to the extent permitted under ERISA. Any expenses not paid from Plan assets will be paid by AT&T and/or the Participating Companies. Certain other death and disability benefits provided under the Plan are paid by AT&T, the Participating Companies, a voluntary employees beneficiary association trust, or insurers, not from the Pension Fund.

Restrictions Based on Funding Level

Federal law requires that the Plan apply certain restrictions if the Plan's funding level falls below certain thresholds or if AT&T, or your Employer, goes into bankruptcy. Currently, the Plan is funded above those levels, and AT&T and the Participating Companies intend to continue funding the Plan at sufficient levels so that these restrictions will not apply. You will receive a notice if and when these restrictions become effective for the Plan. The restrictions, if applicable, could include:

- Limitation on the availability of lump sum distributions exceeding five thousand dollars (\$5,000);
- Limitation on plant shutdown and similar benefits;
- Limitation on Plan amendments increasing benefits; and
- Automatic freeze of future benefit accruals.

OTHER PLAN INFORMATION

Other Plan Information	
Plan Name	AT&T Pension Benefit Plan
Program Name	Nonbargained Program
Plan Number	006 (for pension benefits) 525 (for ancillary welfare benefits) 600 or 603 (for other uninsured death benefits)

Other Plan Information	
Plan Sponsor/Employer Identification Number (EIN)	AT&T Inc. P.O. Box 132160 Dallas, TX 75313-2160 210-351-3333 EIN 43-1301883
Plan Administrator	AT&T Services, Inc. P.O. Box 132160 Dallas, TX 75313-2160 210-351-3333
Name and Address of Employer	Affiliates of AT&T Inc. P.O. Box 132160 Dallas, TX 75313-2160 210-351-3333
Agent for Service of Legal Process	Process in legal actions in which the Plan is a party should be served on the Plan at the following Address CT Corporation System 1999 Bryan Street, Suite 900 Dallas, TX 75201-3136 Service of legal process also may be made upon a Trustee.
Type of Plan	Defined benefit pension plan (with ancillary welfare benefits)
Plan Year	Jan. 1 through Dec. 31
Trustee	JPMorgan Chase Bank, N.A. 4 New York Plaza 17th Floor Mail Drop: NY1-E205 New York, NY 10004 Attn: AT&T Client Services
Plan Records	All Program records are kept on a calendar year basis beginning on Jan. 1 and ending on Dec. 31.

DEFINITIONS

Actuarial Equivalent. See "Attachment 2. "

Annuity Starting Date. See "Benefit Commencement Date."

AT&T Controlled Group. AT&T Inc. and each of its subsidiaries and affiliates that are required to be aggregated under Section 414(b) or Section 414(c) of the Internal Revenue Code of 1986, as amended from time to time.

Benefit Commencement Date. (also known as Annuity Starting Date) The first (1st) day for which a Pension Benefit is payable, as described under the section titled "Forms of Payment."

Designated Beneficiary. The individual who is designated as your beneficiary in accordance with the “Designation of Beneficiaries” section. “Beneficiary” for purposes of this section means the Person, trust, estate or other legal entity capable of owning property named by you in a Beneficiary Designation to receive Benefits in the event of your death. “Person” for purposes of this section includes living individuals, legal entities capable of owning property and fiduciaries.

Early Retirement Pension. Your Pension Benefit payable before your Normal Retirement Age. See the “Your Program Benefits” section and the “Early Retirement Pension” section.

Eligible Employee. An Employee of a Participating Company who has satisfied the Program’s eligibility requirements as described in the “Eligibility and Participation” section.

Employee. Each: (a) individual who: (i) is classified on the payroll records of an Employer as a common law employee; and (ii) receives a regular and stated compensation, other than a pension or retainer, from that Employer in exchange for services rendered to that Employer; and (b) leased employee (if required by applicable law).

Employer. The Participating Company that employs the Employee.

Leave of Absence. A leave of absence formally granted to an Employee in accordance with rules established by the Employer.

Legally Recognized Partner. An individual who is (i) a Registered Domestic Partner or (ii) an individual with whom you have entered into a same-gender relationship in accordance with state or local law that provides similar benefits, protections and responsibilities under state law as those afforded to a Spouse. For purposes of this definition, a “Registered Domestic Partner” is an individual with whom you have entered into a domestic partnership that has been registered with a government body.

Nonmanagement Nonunion Employee. Each Employee designated on the payroll records of a Participating Company as being **not** a management Employee and **not** covered by an Applicable Collective Bargaining Agreement.

Normal Retirement Age. Your sixty-fifth (65th) birthday or, if later, the fifth (5th) anniversary of the date you began participating in the Plan.

Normal Retirement Pension. Your Pension Benefit paid to you commencing on or after your Normal Retirement Age. See the “Your Program Benefits” section and the “How Pension Benefits Are Calculated” section.

Participant. An Eligible Employee who has satisfied the requirements for participation in the Program. See the “Participation” section.

Pension Benefit. A Normal Retirement Pension or Early Retirement Pension taken in any form of payment as described in this SPD. See the “Your Program Benefits” section.

Period of Service. Each period of your employment with your Employer beginning on your date of hire or rehire as applicable and ending on the date you terminate employment. Special rules may apply in how your Period of Service is calculated. Contact the Recordkeeper for more information.

Spouse. The individual, if any, who is recognized as a spouse under applicable state law.

Term of Employment. (also known as net credited service or NCS) A period of employment with your Employer as determined by your Employer and the Plan Administrator (based on your Periods of Service). Special rules may apply to how your Term of Employment is calculated. Contact the Recordkeeper for more information.

Termination of Employment. The date you terminate employment (for any reason with all members of the AT&T Controlled Group.

Year(s) of Vesting Service. As defined in the "How to Earn a Vested Interest" section.

CONTACT INFORMATION

Contact Information	
Vendor	
Name	Fidelity Service Center
Type	Pension
Services Provided	Beneficiary Designation Administrator
Vendor Contact Numbers	
Contact Numbers Information	<p>Call the Fidelity Service Center to report the death of an Employee, former Employee or eligible beneficiary.</p> <p>You can call to ask questions about beneficiary designations and any beneficiary hierarchy that may apply. To see if your Program allows you to designate a beneficiary or if a beneficiary hierarchy applies to you, consult the "Designation of Beneficiary" section of your SPD for further information. (If you have submitted an AT&T Beneficiary Designation to the Fidelity Service Center, service associates will be able to answer questions regarding the designation that you have on file.)</p> <p>You may create, update, print, or manage your beneficiary designations via the AT&T Online Beneficiary tool available on the website. (Note: Some former Employees and former vested Employees may need to call the Fidelity Service Center for further assistance.)</p> <p>You may also request an AT&T Beneficiary Designation Form by calling the Fidelity Service Center. An AT&T Beneficiary Designation Form will be mailed to you within three (3) business days. Return completed AT&T Beneficiary Designation Forms to the Mailing Address below.</p>
Domestic Telephone Number	800-416-2363
International Telephone Number	Dial your country's toll-free AT&T Direct Access number, then enter 800-416-2363 .
Hearing Impaired Telephone Number	888-343-0860
Vendor Hours of Operation	
Hours of Operation	<p>Service Center: Representatives are available Monday through Friday from 7:30 a.m. to 11 p.m. Central time</p> <p>The automated voice response system is available 24 hours a day, seven days a week.</p>

Contact Information	
Vendor Website	
Website	netbenefits.com/att
Vendor Mailing Address	
General Mailing Address	
Domestic	Fidelity Service Center P.O. Box 770003 Cincinnati, OH 45277-0088
Claims	
Claims Information	Written claims about a denied beneficiary designation must be sent to:
Claims Regular	Beneficiary Designation Administrator P.O. Box 770003 Cincinnati, OH 45277-0072
Appeals	
Appeals Information	Written appeals about a denied beneficiary designation must be sent to:
Appeals Regular	Beneficiary Designation Administrator P.O. Box 770003 Cincinnati, OH 45277-0072
Vendor Special Instructions	
Instructions	<p>IMPORTANT: You will need your Fidelity Service Center PIN and Social Security number/customer ID when you access the Fidelity NetBenefits website or automated voice response system, or call to speak to a service associate. You do not need a Fidelity Service Center PIN or Social Security number/customer ID to report a death.</p> <p>All beneficiary designations made using the Online Beneficiary tool will be available for future viewing and updating at your convenience. Please note that you in some cases you may have to print your AT&T Beneficiary Designation, gather additional signatures, and then return the Form before your AT&T Beneficiary Designation is valid (for example, in cases for which spousal consent is required by the applicable benefit plan). Please follow the prompts for when a printed Form must be returned to the Fidelity Service Center.</p>

Contact Information	
Vendor	
Name	Fidelity Service Center
Type	Pension
Services Provided	Recordkeeper

Contact Information	
Vendor Contact Numbers	
Domestic Telephone Number	800-416-2363
International Telephone Number	Dial your country's toll-free AT&T Direct Access number, then enter 800-416-2363 .
Hearing Impaired Telephone Number	888-343-0860
Vendor Hours of Operation	
Hours of Operation	Service Center: Representatives are available Monday through Friday from 7:30 a.m. to 11 p.m. Central time The automated voice response system is available 24 hours a day, seven days a week.
Vendor Website	
Website	netbenefits.com/att
Vendor Mailing Address	
General Mailing Address	
Mailing Address Information	General questions about the Plan may be sent to:
Domestic	Fidelity Service Center P.O. Box 770003 Cincinnati, OH 45277-0065
Claims	
Claims Information	Written claims for benefits under the Plan must be sent to:
Claims Regular	Fidelity Service Center Claims and Appeals P.O. Box 770003 Cincinnati, OH 45277-1060
Claims Overnight	Fidelity Service Center Claims and Appeals 100 Crosby Parkway, KC1F-D Covington, KY 41015
Appeals	
Appeals Information	Written appeals of a denied claim for benefits under the Plan must be sent to:
Appeals Regular	Fidelity Service Center Claims and Appeals P.O. Box 770003 Cincinnati, OH 45277-1060

Contact Information	
Appeals Overnight	Fidelity Service Center Claims and Appeals 100 Crosby Parkway, KC1F-D Covington, KY 41015
Vendor Special Instructions	
Instructions	IMPORTANT: You will need your Fidelity Service Center PIN and Social Security number/customer ID when you access the Fidelity NetBenefits website or automated voice response system, or call to speak to a service associate.

INFORMATION CHANGES AND OTHER COMMON RESOURCES

It's important to keep your work and home addresses current because the majority of your Benefits, payroll or similar information is sent to them. Please include any room, cubicle, apartment or suite number that will help make mail-routing more efficient.

Active Employee Address and Telephone Number Changes
<p>For Employees with access to the Employee intranet:</p> <p>Home and work address updates:</p> <ul style="list-style-type: none"> • Go to the OneStop website (onestop.att.com) and select eLink (eCORP) under Tools & Resources. • Enter your AT&T User ID and password for the AT&T Global Logon. (If you do not know your password, please follow the instructions on the screen.) • Once logged on, click OK. • On the eCORP home page, click on "Employee Services." <i>Note: Please be sure the far right-hand scroll bar is all the way to the top.</i> • Select Personal Information. • Select Maintain Addresses and Phone Numbers. • To update your home address, select "Edit" at the top of the Permanent Residence box, make any necessary changes and click Save. • To update your work address, select "Edit" at the top of the Cubicle/Office box, make any necessary changes and click Save. <p>For Employees without access to the Employee intranet: Contact your supervisor or eLink assistant.</p>

Eligible Former Employee Home Address Changes

Call the Fidelity Service Center to change your address.

Telephone numbers and dialing instructions:

800-416-2363

888-343-0860 (hearing impaired)

Dial your country's toll-free AT&T direct access number, and then enter **800-416-2363** (international).

Hours of operation:

Monday through Friday from 7:30 a.m. to 11 p.m. Central time

You will need your Fidelity Service Center PIN and Social Security number/customer ID when you call to speak to a service associate.

IMPORTANT: These instructions are also for recipients of long-term disability benefits, Employees on a leave of absence (LOA), as well as COBRA Participants, alternate payees and survivors who have a pension benefit (including a retiree death benefit) or savings plan benefit that has yet to be paid to you.

If you are not eligible to receive a pension or savings plan benefit or have already received your entire pension and savings plan benefits in a lump sum and are not eligible for a retiree death benefit from your pension plan, call the AT&T Benefits Center at **877-722-0020** to update your home address.

AT&T Benefits Intranet and Internet Access

Your Money Matters section of OneStop (Active Employees only)

Go to the Your Money Matters section of **OneStop** at **onestop.att.com**.

Your Money Matters section of access.att.com (Active Employees from home)

Go to the Your Money Matters section of **access.att.com** (AT&T's secure Internet site) for benefits information at home.

Your Benefits section of access.att.com (Employees and former Employees from home)

Go to the Your Benefits section of **access.att.com** (AT&T's secure Internet site) for benefits information at home.

ATTACHMENT 1: GROUPS FOR WHOM SPECIAL PROVISIONS APPLY

If you are in one of the groups below, special provisions apply to your benefits under this Program.

To obtain more information about these special provisions or to see if they apply to you, contact the Recordkeeper. See the "Contact Information" section for information on how to contact the Recordkeeper.

Ameritech Defined Lump Sum (DLS) Formula. If you were employed by Ameritech at any time during the period from May 1, 1995 through Dec. 31, 2000, you became eligible for the DLS Formula under the Ameritech Management Pension Plan. On Jan. 14, 2005, the DLS Formula was frozen.

Ameritech DLS Account. If you were employed on Feb. 1, 2005 and eligible for the Ameritech Management Pension Plan, you are eligible for the Ameritech DLS Account, which is a hypothetical cash balance account. The initial value of your Ameritech DLS Account is the lump sum value of the DLS Formula as of Jan. 1, 2005. The Ameritech DLS Account continues to earn interest credits.

Ameritech Special Pension Account (Ameritech SPA). Certain legacy Ameritech Participants of the Program who were eligible for the Ameritech Transition Formula were eligible for an Ameritech SPA. As a result, the lump sum Pension Benefit payable to such Participants who have a Termination of Employment on or after Jan. 1, 2000 will never be less than the Ameritech SPA. The Pension Benefit payable to such Participants in a form other than a lump sum will never be less than the Actuarial Equivalent of the Ameritech SPA.

Ameritech Transition Formula. If on May 1, 1995 you were (i) eligible for a service pension or within five years of service pension eligibility under the Ameritech Management Pension Plan and (ii) maintained continuous employment with Ameritech, then you are eligible for the Ameritech Transition Formula.

APVI Employee. Any management employee of Ameritech Publishing Ventures Inc., (i) who was eligible to participate in the Ameritech Management Pension Plan on Jan. 1, 1994, and (ii) who had earned a benefit under the APVI Plan as of Dec. 31, 1993, was eligible to participate in the Ameritech Management Pension Plan. Service recognized under the APVI Plan as of Dec. 31, 1993, was recognized under the Ameritech Management Pension Plan, which is now part of this Program. Other special benefit calculation rules also apply, and the benefit under this Program will be reduced by the benefit earned under the APVI Plan as of Dec. 31, 1993. The benefit earned under the APVI Plan as of Dec. 31, 1993, will be paid in accordance with the process described in this SPD. In addition, you may have additional forms of payment with respect to this frozen benefit. Contact the Recordkeeper for further information. See the "Contact Information" section for information on how to contact the Recordkeeper.

AT&T Mobility Employee. Any Management Employee who (i) was active on Jan. 1, 2010 and (ii) transferred between Cingular and its two parent companies after the creation of Cingular and before the AT&T Inc./BellSouth-Cingular merger, is eligible for additional service credit. However, service recognition applies only to Management Employees whose break in service between the parent companies and Cingular is sixty (60) days or less, who were not terminated for cause and who did not receive a severance benefit.

Employees Affected by Certain Corporate Transactions. In certain instances and for specific purposes, Eligible Employees may receive additional recognition of service, compensation and/or benefits as a condition of certain corporate transactions (e.g., acquisitions, dispositions and joint ventures) or other corporate agreements (insourcing or outsourcing).

PTG Accelerated Transition Benefit (ATB). If you were a salaried Employee of PTG on March 22, 1996, who was also a Participant in the Pacific Telesis Group Pension Plan for Salaried Employees at any time between March 22, 1996 and June 30, 1996, then you are eligible for an ATB pension calculation. If you are eligible for the ATB, the benefit was calculated as of June 30, 1996.

PTG Special ATB. If you are an Employee who earned an ATB and you were still employed by SBC Communications Inc. or one of its subsidiaries on Jan. 1, 1999, you are also entitled to receive an alternative pension benefit calculation called the Special ATB.

Retired IBM Transferees. Participants who were (i) involuntarily terminated with a termination code of ISSC/IBM/Alliance, (ii) elected to receive a lump sum distribution from the Program as a result of such termination, (iii) became employed by International Business Machines Corporation ("IBM"), (iv) subsequently rehired by a Participating Company on or after Jan. 1, 2001, and (v) whose prior IBM service was recognized by the Program for vesting and eligibility. A Rehired IBM Transferee will be eligible for certain special offset provisions of the Program.

SBC Pre-Cash Balance Participants. If you were an Employee of a Participating Company as of March 31, 1997, and you were employed in a management position in the SBC Controlled Group as of June 1, 1997, you may be eligible for the Pre-Cash Balance Formula. If you are eligible for this formula, your Pension Benefit will not be less than your benefit earned under the Pre-Cash Balance Formula, which was frozen on May 31, 2002.

SBC Special Pension Account (SPA). Certain legacy SBC Participants of the Program who met the Modified Rule of 75 on Dec. 31, 1999 were eligible for an SPA. As a result, the lump sum Pension Benefit payable to such Participants who have a Termination of Employment on or after Jan. 1, 2000 will never be less than the SPA. The Pension Benefit payable to such Participants in a form other than a lump sum will never be less than the Actuarial Equivalent of the SPA.

SNET Management Pension Plan Participants. Any Employee who had earned a Pension Benefit from the SNET Management Pension Plan on Dec. 31, 1999 is eligible for additional forms of payment with respect to the benefit earned under that Plan. Additionally, these Employees are eligible to elect to defer commencement of their Pension Benefit past Normal Retirement Age.

ATTACHMENT 2: ACTUARIAL EQUIVALENT

Actuarial Equivalent. Equality in value determined using the Applicable Interest Rate and Applicable Mortality Table:

- Applicable Interest Rate means the interest rate specified under IRC section 417(e)(3)(C) determined as of the November of the prior calendar year.
- Applicable Mortality Table means the mortality table prescribed under IRC section 417(e)(3)(B).

APPENDIX A: PARTICIPATING COMPANIES

Participating Companies

- AT&T Management Services, L.P.
- AT&T Mexico, LLC
- AT&T Services, Inc.
- Illinois Bell Telephone Company
- Indiana Bell Telephone Company, Incorporated
- Michigan Bell Telephone Company
- Nevada Bell Telephone Company
- The Ohio Bell Telephone Company
- Pacific Bell Telephone Company
- SBC Global Services, Inc.
- Southwestern Bell Telephone Company
- Wisconsin Bell, Inc.

APPENDIX B: EARLY RETIREMENT FACTORS

Early Retirement Factors												
Attained Age	Months											
Years	0	1	2	3	4	5	6	7	8	9	10	11
20	.038	.038	.039	.039	.039	.039	.040	.040	.040	.040	.041	.041
21	.041	.041	.041	.042	.042	.042	.042	.042	.042	.043	.043	.043
22	.043	.043	.043	.044	.044	.044	.044	.044	.044	.045	.045	.045
23	.045	.045	.046	.046	.046	.046	.047	.047	.047	.047	.048	.048
24	.048	.048	.049	.049	.049	.049	.050	.050	.050	.050	.051	.051
25	.051	.051	.052	.052	.052	.052	.053	.053	.053	.053	.054	.054
26	.054	.054	.055	.055	.055	.055	.056	.056	.056	.056	.057	.057
27	.057	.057	.058	.058	.058	.058	.059	.059	.059	.059	.060	.060
28	.060	.060	.061	.061	.061	.062	.062	.062	.063	.063	.063	.064
29	.064	.064	.065	.065	.065	.066	.066	.066	.067	.067	.067	.068
30	.068	.068	.069	.069	.069	.070	.070	.070	.071	.071	.071	.072
31	.072	.072	.073	.073	.073	.074	.074	.074	.075	.075	.075	.076
32	.076	.076	.077	.077	.078	.078	.079	.079	.079	.080	.080	.081
33	.081	.081	.082	.082	.083	.083	.084	.084	.084	.085	.085	.086
34	.086	.086	.087	.087	.088	.088	.089	.089	.089	.090	.090	.091
35	.091	.092	.092	.093	.093	.094	.094	.095	.095	.096	.096	.097
36	.097	.098	.098	.099	.099	.100	.100	.101	.101	.102	.102	.103
37	.103	.104	.104	.105	.105	.106	.107	.107	.108	.108	.109	.109
38	.110	.111	.111	.112	.112	.113	.114	.114	.115	.115	.116	.116
39	.117	.118	.118	.119	.120	.120	.121	.122	.122	.123	.124	.124
40	.125	.126	.126	.127	.128	.128	.129	.130	.130	.131	.132	.132
41	.133	.134	.135	.135	.136	.137	.138	.138	.139	.140	.141	.141
42	.142	.143	.144	.145	.145	.146	.147	.148	.149	.150	.150	.151
43	.152	.153	.154	.155	.156	.157	.158	.158	.159	.160	.161	.162
44	.163	.164	.165	.166	.167	.168	.169	.170	.171	.172	.173	.174
45	.175	.176	.177	.178	.179	.180	.181	.182	.183	.184	.185	.186
46	.187	.188	.189	.191	.192	.193	.194	.195	.196	.198	.199	.200
47	.201	.202	.204	.205	.206	.207	.209	.210	.211	.212	.214	.215
48	.216	.217	.219	.220	.222	.223	.225	.226	.227	.229	.230	.232
49	.233	.235	.236	.238	.239	.241	.242	.244	.245	.247	.248	.250

Early Retirement Factors												
Attained Age	Months											
Years	0	1	2	3	4	5	6	7	8	9	10	11
50	.251	.253	.255	.256	.258	.260	.262	.263	.265	.267	.269	.270
51	.272	.274	.276	.278	.279	.281	.283	.285	.287	.289	.290	.292
52	.294	.296	.298	.300	.302	.304	.306	.308	.310	.312	.314	.316
53	.318	.320	.323	.325	.327	.330	.332	.334	.337	.339	.341	.344
54	.346	.349	.351	.354	.356	.359	.361	.364	.366	.369	.371	.374
55	.376	.379	.382	.385	.387	.390	.393	.396	.399	.402	.404	.407
56	.410	.413	.416	.420	.423	.426	.429	.432	.435	.439	.442	.445
57	.448	.452	.455	.459	.462	.466	.469	.473	.476	.480	.483	.487
58	.490	.494	.498	.502	.506	.510	.514	.518	.522	.526	.530	.534
59	.538	.543	.547	.552	.556	.561	.565	.570	.574	.579	.583	.588
60	.592	.597	.602	.608	.613	.618	.623	.628	.633	.639	.644	.649
61	.654	.660	.666	.671	.677	.683	.689	.694	.700	.706	.712	.717
62	.723	.730	.736	.743	.750	.756	.763	.770	.776	.783	.790	.796
63	.803	.811	.818	.826	.834	.841	.849	.857	.864	.872	.880	.887
64	.895	.904	.913	.921	.930	.939	.948	.956	.965	.974	.983	.991
65	1.000											



AT&T Inc.
and Participating Companies

Human Resources-Benefits
P.O. Box 460582
St. Louis, MO 63146

Forwarding Service Requested

NIN: 78-40288

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15 *Attorneys for Defendants*

16 **UNITED STATES DISTRICT COURT**
17 **NORTHERN DISTRICT OF CALIFORNIA**
18

19 Timothy Scott, Patricia Gilchrist, Karen Fisher,
Gerald Klein, Helen Maldonado-Valtierra, and
20 Dan Koval, on behalf of themselves and all
others similarly situated,
21

22 Plaintiffs,

23 vs.

24 AT&T Inc., AT&T Services, Inc., and the
AT&T Pension Benefit Plan,
25

26 Defendants.
27
28

Case No. 3:20-cv-07094-JD

**DECLARATION OF RHONDA STONE
IN SUPPORT OF DEFENDANTS'
MOTION TO TRANSFER VENUE OR
DISMISS THE AMENDED
COMPLAINT**

Date: April 8, 2021
Time: 10:00 a.m.
Judge: Hon. James Donato
Action Filed: October 12, 2020

1 I, Rhonda Stone, hereby declare as follows:

2 1. I am employed by AT&T Services, Inc. as Assistant Vice President of Benefits. In
3 that capacity, I am personally familiar with the corporate structure of AT&T Inc. and its
4 subsidiaries, including AT&T Services, Inc. I am also personally familiar with the operation of the
5 AT&T Pension Benefit Plan.¹ Finally, I am aware that certain AT&T employees sign a general
6 release and waiver of claims when their employment with the company ends, and I have
7 familiarized myself with the general release and waiver of claims documentation associated with
8 Plaintiff Gerald Klein's departure from the company.

9 ***Corporate Structure & Plan Operation***

10 2. AT&T Inc. is incorporated in Delaware and is headquartered in Dallas, Texas.

11 3. AT&T Inc. is a holding company. As a holding company, AT&T Inc. conducts no
12 business directly with the public. AT&T Inc. has officers and a board of directors, but it has no
13 employees.

14 4. AT&T Services, Inc. is a wholly-owned subsidiary of AT&T Inc. AT&T Inc. is a
15 legally and factually separate corporate entity, distinct from its subsidiaries, including AT&T
16 Services, Inc. AT&T Inc. owns the stock of its corporate subsidiaries, but has no involvement in
17 its subsidiaries' day-to-day operations.

18 5. AT&T Services, Inc. is also incorporated in Delaware and headquartered in Dallas,
19 Texas.

20 6. All decisions relating to the design and modification of the AT&T Pension Benefit
21 Plan, including the development of the benefit calculation formulas that are being challenged in
22 this lawsuit, are made in Dallas, Texas.

23 7. All decisions relating to the administration of the AT&T Pension Benefit Plan are
24 made in Dallas, Texas.

25 8. AT&T Services, Inc. is wholly responsible for the AT&T Pension Benefit Plan's
26 day-to-day administration, interpretation of plan terms, and resolution of claims and appeals.

27 _____
28 ¹ As noted in Defendants' motion to transfer venue or dismiss the Amended Complaint (dkt. no. 36
at 1), the Plan is now known as the AT&T/Warner Media Pension Benefit Plan, but Defendants
continue to refer to it as the AT&T Pension Benefit Plan for purposes of their motion.

1 9. AT&T Services, Inc. directs the calculations of benefits under the AT&T Pension
2 Benefit Plan, which are prepared by Fidelity Workplace Services LLC.

3 10. Fidelity Workplace Services LLC, which provides recordkeeping and administrative
4 services to the AT&T Pension Benefit Plan, is head quartered in Boston, Massachusetts and
5 provides services to the AT&T Pension Benefit Plan from Raleigh, North Carolina.

6 ***Employee General Release & Waiver of Claims***

7 11. When given to a particular employee, the general release and waiver of claims is
8 made available through an online portal. The employee accesses, reviews, and accepts the terms
9 of the general release and waiver of claims through this electronic system. The employee accepts
10 the general release and waiver of claims by clicking an acknowledgement button in the online
11 portal.

12 12. Plaintiff Gerald Klein’s employment with an AT&T subsidiary ended in 2019. As
13 part of Klein’s separation from the company, he received a severance payment. A condition of
14 receiving the severance payment was to sign a general release and waiver of claims. A true and
15 correct copy of Klein’s general release and waiver of claims is attached as Ex. AA.

16 13. Klein’s general release and waiver of claims provides, in relevant part, that he
17 released any and all claims, liabilities, damages, demands or causes of action that he had or may
18 have . . . including but not limited to claims based on his employment . . . or the termination of
19 that employment, except for any vested pension or savings benefits . . . Ex. AA at 7. The general
20 release and waiver of claims further provides that Klein expressly understood and agreed that
21 this is a General Release that, to the fullest extent permitted by law, waives, surrenders, and
22 extinguishes all claims that he had or may have . . . including but not limited to claims under . . .
23 the Employee Retirement Income Security Act (ERISA) . . . *d.*

24 14. I reviewed a report obtained from AT&T’s online portal summarizing Klein’s online
25 activity in that system. The last two dated entries in the report show that Klein selected the option
26 to acknowledge and accept the terms of the general release and waiver of claims on March 29,
27 2019. A true and correct copy of the online portal report with Klein’s activity is attached as Ex.
28 BB.

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I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief. Executed on January 14, 2021 at Dallas, Texas.

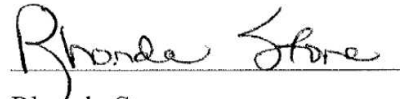

Rhonda Stone

Exhibit AA

01/28/2019

Gerald Klein
3171 Warren Lane
El Dorado Hills, CA 95762

Dear Gerald Klein:

The following documents have been provided for your review and consideration:

- A General Release and Waiver Transmittal Form (for manual acknowledgement only)
- A General Release and Waiver for your review and execution
- Information required under the Age Discrimination in Employment Act (ADEA) and Older Workers Benefit Protection Act (OWBPA)

To receive your severance benefits, you must accept the attached General Release and Waiver by acknowledging it online or signing it manually, on or after your last date on the payroll and no later than 90 days after your last date on payroll.

FOR EMPLOYEES WHO ARE USING THE MANUAL ACKNOWLEDGEMENT PROCESS ONLY:

- **Complete the General Release and Waiver Transmittal Form**
- **Sign document manually and return the complete document (All Pages of the General Release and Waiver and the Transmittal Form) to the address below:**

Management Severance Operations
8th Floor
105 Auditorium Circle
San Antonio, TX 78205

- **It is recommended that you return your General Release and Waiver by certified mail with proof of delivery.**

Please take note of the following conditions included in the General Release and Waiver regarding release of claims under the ADEA and the OWBPA:

- Because accepting this General Release and Waiver affects important legal rights, we advise you to consult an attorney prior to executing the General Release and Waiver.
- You are being provided a period of 90 days after your last day on payroll within which to consider and, if you so choose, execute the General Release and Waiver; however, you may elect to execute it prior to the expiration of 90 days.
- For a period of seven (7) days following your execution of the General Release and Waiver, you may revoke the General Release and Waiver.

Your severance payment will be sent to your address of record, following the Participating Company's receipt of the properly accepted General Release and Waiver, provided you do not revoke your acceptance within the revocation timeframe.

Sincerely,

Management Severance Operations

Attachments

NOTE: THIS TRANSMITTAL FORM PAGE MUST BE COMPLETED ONLY FOR THOSE ELECTING MANUAL ACKNOWLEDGEMENT OF THE GENERAL RELEASE AND WAIVER. IT DOES NOT APPLY TO EMPLOYEES WHO ARE UTILIZING THE ONLINE ACKNOWLEDGEMENT OPTION.

**GENERAL RELEASE AND WAIVER
TRANSMITTAL FORM
18-Q4-507M**

**TO: Management Severance Operations
105 Auditorium Circle, 8th Floor
San Antonio, TX 78205**

Attached is my signed General Release and Waiver. If you need to contact me in the future, my home address and telephone numbers are as follows:

Name: Gerald Klein

PERNR: 00003935

Home Telephone
Number:

Cell Telephone
Number:

E-Mail Address:

Home Street Address: _____

City, State, Zip Code: _____

Termination Date: _____

Participating
Company Name: AT&T Services, Inc.

NOTE: It is recommended that you send this transmittal with all pages of your signed General Release and Waiver via certified mail with proof of delivery.

Attachment - Signed General Release and Waiver (all pages).

**GENERAL RELEASE AND WAIVER
AT&T INC. SEVERANCE PAY PLAN (CALIFORNIA)**

THIS GENERAL RELEASE AND WAIVER is entered into by and among **Gerald Klein** (the "Employee" or "I"), **AT&T Services, Inc.** (the "Participating Company") and the AT&T Inc. Severance Pay Plan, an employee welfare benefit plan (the "Plan").

I. INSTRUCTIONS TO EMPLOYEE.

In order to receive the benefits of the Plan, you must accept this General Release and Waiver of claims (the "General Release and Waiver") by acknowledging it online or signing it manually, in the exact form provided, without alteration or exception of any type. No benefits will be paid under the Plan until you acknowledge and submit this document.

This General Release and Waiver is an important document, which you should examine carefully before accepting. You are encouraged to seek the advice of anyone you need to in order to make an informed decision, including your financial advisor. You are advised to consult with an attorney before accepting this General Release and Waiver.

II. TERMINATION OF EMPLOYMENT.

I understand that I was designated for company-initiated involuntary termination of employment on **01/28/2019**, and that in order to receive the benefits of the Plan, I must accept this General Release and Waiver by signing it manually or acknowledging it via the online process. The General Release and Waiver will be considered valid only if I have terminated my employment on or before the date I acknowledge or sign it, and the date of my acknowledgement/signature is within 90 days of my last date on payroll.

III. PLAN BENEFITS.

There are two categories of Plan benefits, the Severance Allowance (described in Section A below) and the Management Transition Program (described in Section B below). Most employees are only eligible for the Severance Allowance benefit. Employees who are within twenty-four (24) months of meeting eligibility for retiree health benefits at the time of termination of employment, however, are eligible to choose **either** the Severance Allowance **or** the Management Transition Program, **but not both**. Most employees electing the Management Transition Program will communicate their election online via the [Mechanized Employee Surplus Administration website](#). For those following the manual process, the space for electing the Management Transition Program is in Section B.3 below. If you do not communicate your selection of the Management Transition Program, via the online or the manual process, the Severance Allowance will apply.

A. Severance Allowance.

1. Eligibility for Severance Allowance. In accordance with the Plan, I understand that if I meet all eligibility requirements and either 1) I am not eligible for the Management Transition Program or 2) I am eligible for the Management Transition Program but I do not elect to participate in the Management Transition Program, I will receive a Severance Allowance.

Note: All Plan eligibility requirements are set forth in the Summary Plan Description for the AT&T Inc. Severance Pay Plan and any applicable summaries of material modifications which can be reviewed by going to the [Severance Plan Website](#).

2. Amount of Severance Allowance. In accordance with the Plan, I understand that if I am eligible to receive a Severance Allowance, I will receive a cash payment, in the amount shown on the Severance Pay Computation form which I have received and acknowledged. This amount will be subject to all withholdings that the Participating Company in its sole discretion determines are necessary. This amount is a percentage of my Annual Basic Pay (as defined in the Plan), according to the following table:

Whole Number of NCS Years as of Date of Termination	Percent of Annual Basic Pay as of Date of Termination
0 - 1	4%
2	8%
3	12%
4	16%
5	20%
6	24%
7	28%
8	32%
9	36%
10	40%
11	44%
12	48%
13 or more	50%

For purposes of calculating severance allowance under this Plan, Net Credited Service (NCS) will be determined based upon years of service as of the employee's date of termination, using traditional mathematical rounding. For example, an Eligible Employee with 4 years, 6 months, and 15 days of Net Credited Service will receive benefits under this Plan based upon 5 years. An Eligible Employee with 4 years, 5 months, and 25 days of Net Credited Service will receive benefits under this Plan based upon 4 years. However, for purposes of determining whether an Eligible Employee is eligible for the minimum payment of 4% there shall be no rounding.

The Severance Allowance provided under this Plan shall not be included in considering my eligibility, if any, for benefits, or the amount of benefits, under any other applicable plan of AT&T Inc. or its subsidiaries.

3. Election of Form and Time of Payment. In accordance with the Plan, I understand that payment of the Severance Allowance will be in accordance with my irrevocable election on the Request to Defer Severance Allowance form or, if I made no timely selection, the default option described on that form. I understand that, without regard to the payment method I elect, no interest will be paid on the amount of my Severance Allowance.
4. Effect of Reemployment. I understand and acknowledge that, in accordance with the Plan, if I am reemployed by i) AT&T or an AT&T subsidiary, or ii) an outside employer that AT&T or an AT&T subsidiary has arranged to have offer employment to me, before my Severance Allowance has been paid, the unpaid portion shall cease to be owing and I will no longer be entitled to it. In addition, I understand and acknowledge that, if I am reemployed by i) AT&T or an AT&T subsidiary, or ii) an outside employer that AT&T or an AT&T subsidiary has arranged to have offer employment to me, after my Severance Allowance has been paid I will be obligated to repay to the Participating Company from which I received the Severance Allowance the percentage of the Severance Allowance shown on the following table:

Calendar days elapsed from termination to rehire:	Into a regular or temporary full-time position:	Into a regular or temporary part-time position:
30 or less	100%	80%
31-60	90%	70%
61-90	70%	50%
91-120	50%	30%
121-150	30%	10%
151-180	10%	0%
181 or more	0%	0%

5. Welfare Benefits Associated with the Severance Allowance. I understand and acknowledge that if, at the time of my termination of employment, I am not eligible to receive retiree life insurance benefits and/or medical benefits, and I am eligible to receive a Severance Allowance, and if I accept and do not revoke this General Release and Waiver, I will be eligible to receive the continued life insurance and medical coverage that is provided in those benefit plans for persons terminating employment under company-sponsored severance plans.

As of the date of my termination, that coverage was as follows:

Life Insurance. Basic and supplemental life insurance and accidental death and dismemberment coverage continues for six months and dependent life insurance coverage continues for three months, after which conversion to individual policies may be available.

I understand that to receive supplemental and dependent life insurance coverage, I must be enrolled prior to my termination and must continue to make the required contributions for coverage. I also understand that continued coverage will be at the level in effect prior to my termination of employment.

Medical. I will receive company extended medical coverage for a period of twelve (12) months as described in the medical plan Summary Plan Description, and associated summaries of material modifications, which can be found on the "Your Health Matters" page of [OneStop](#).

As described in the Summary Plan Description, this coverage will be integrated with COBRA, and the extended coverage shall be considered as part of my COBRA coverage. The Participating Company will pay the contributions toward this coverage specified in the medical plan in which I am enrolled, and I will be responsible for all other costs of this coverage. At the conclusion of the twelve (12) month period, I may be able to continue my COBRA coverage at my expense as described in the Summary Plan Description.

Effect of Reemployment. I understand and acknowledge that the continued group medical and life insurance coverage described in this section shall cease on the date I am rehired by AT&T or an AT&T subsidiary and become covered under the same or another medical or group life insurance plan.

B. Management Transition Program

1. Eligibility for Management Transition Program. In accordance with the Plan, I understand that if I meet all eligibility requirements and I am within twenty-four months of eligibility for retiree benefits under the health and life insurance benefit plans in which I participate at the time of my termination of employment, I am eligible to elect to participate in the Management Transition Program. I understand that I will only be eligible to participate in the Management Transition Program if I elect to participate by (1) indicating my acknowledgement online as specified in my Surplus Notification Letter OR (2) placing an X in the box below, entitled "Election" (Section B.3) if I am electing to indicate my acknowledgement manually.

Management Transition Program benefits under this Plan will be based on full, completed years of service. For example, an Eligible Employee with 9 years, 6 months, and 15 days of Net Credited Service would be credited with 9 completed years of service.

Note: The rules that determine your eligibility for retiree health benefits are described in the Summary Plan Description and associated summaries of material modifications of the applicable employee benefit plans, which can be found on the "Your Health Matters" page of [OneStop](#).

2. Management Transition Program Benefits. I understand that if I am eligible to elect to participate in the Management Transition Program, and I elect to do so, I will be eligible to receive (A) retiree life insurance, health benefits and applicable retiree discounts on company products/services for which I am eligible as of the date of termination in accordance with the terms of the applicable plans, as amended from time to time, plus (B) a cash payment equal to 50% of the Severance Allowance I would have received had I elected to receive cash only, less applicable withholding taxes on the full value of the Management Transition Program benefit (cash payment plus retiree eligibility). I understand that, as mandated by federal law, if I make this election the Participating Company is required to report to the IRS taxable income as if I had received 100% (rather than 50%) of the Severance Allowance, and to withhold taxes as if I had received 100% (rather than 50%) of the Severance Allowance. The cash amount that will be paid to me will equal the amount of the cash payment remaining after deduction of the tax withholdings. I further understand that the Participating Company reserves the right at any time, in its discretion, to amend or terminate the retiree life insurance, health benefit plans and/or applicable retiree discounts on company products/services, including but not limited to the right to amend contribution rates, co-pays, co-insurance and deductibles. An Eligible Employee will not acquire a lifetime right to any retiree life insurance, health benefit, or retiree discounts on company products/services or to the continuation of any retiree life insurance, health benefit, or retiree discount on company products/services merely by reason of electing the Management Transition Program.

Note: PTG 65 Point Terminees. If you qualified as a PTG 65-Point Terminee by 12/31/99 and are now within twenty-four (24) months of satisfying the Modified Rule of 75 as described in the medical Summary Plan Description, and associated summaries of material modifications, which can be found by going on the Summary Plan Description website shown above, then you are eligible to participate in the Management Transition Program:

- If you elect to participate in the Management Transition Program and acknowledge your decision to participate as outlined in Section B.3 (below) without subsequently revoking your election, your retiree contributions will be determined under the terms of the benefit plans for retirees satisfying the Modified Rule of 75.
- If you do not elect to participate in the Management Transition Program, your retirement contributions and benefits will be determined under the terms of the benefit plans for retirees who qualified as a PTG 65 Point Terminee by 12/31/99, as described in the medical Summary Plan Description, and associated

summaries of material modifications, which can be found by going on the Summary Plan Description website shown above, and you will be eligible to receive a Severance Allowance upon receipt of a fully executed and unrevoked waiver.

Examples of severance calculations for employees electing the Management Transition Program under three different scenarios are provided below.

Example #	Parameters	\$ Value
1	Eligible manager with 20 plus years of service & 53 years old electing MTP; Base Pay = \$60,000	
	Severance Allowance (\$60,000 Base Pay X 50% for 20 whole years of service) =	\$30,000
	50% of Severance Allowance	\$15,000
	Estimated Applicable Taxes	\$11,595
	Cash payment paid to surplus employee who elected MTP	\$3,405
2	Eligible manager with 18 years of service & 55 years old electing MTP; Base Pay = \$85,000	
	Severance Allowance (\$85,000 Base Pay X 50% for 18 whole years of service) =	\$42,500
	50% of Severance Allowance	\$21,250
	Estimated Applicable Taxes	\$16,426
	Cash payment paid to surplus employee who elected MTP	\$4,824
3	Eligible manager with 9 years of service & 63 years old electing MTP; Base Pay = \$60,000	
	Severance Allowance (\$60,000 Base Pay X 36% for 9 whole years of service) =	\$21,600
	50% of Severance Allowance	\$10,800
	Estimated Applicable Taxes	\$8,348
	Cash payment paid to surplus employee who elected MTP	\$2,452

The estimated tax rates are: Federal 25%, Social Security 6.2% and Medicare 1.45%; state and local taxes 6%, though these rates are purely for the purpose of the example.

3. Election

IMPORTANT: THE ONLY WAY TO PARTICIPATE IN THE MANAGEMENT TRANSITION PROGRAM IS TO ACKNOWLEDGE YOUR DECISION TO PARTICIPATE VIA THIS GENERAL RELEASE AND WAIVER.

- *If you are acknowledging the provisions of this General Release and Waiver online* - you will have the opportunity to indicate your decision to participate in the Management Transition Program online as part of the General Release and Waiver acknowledgement process.
- *If you are acknowledging the provisions of this General Release and Waiver manually* - you must indicate your decision to participate in the Management Transition Program by placing an X in the box below.

FOR MANUAL ELECTION OF THE MANAGEMENT TRANSITION PROGRAM, CHECK THE BOX BELOW.

- I have confirmed with the Benefits Service Center that I will be eligible for retiree benefits within 24 months of my termination date, and I am requesting retiree health and life insurance benefits, as well as retiree discounts on AT&T products/services, according to the provisions of the Management Transition Program. In accordance with the Plan, I understand that I will receive a cash payment, in the amount shown for MTP Option 1 or 2 (as appropriate) on the Severance Pay Computation form which I have received and acknowledged, less applicable tax withholdings. I further understand that the Company reserves the right at any time, in its discretion, to amend or terminate the life insurance and health benefit plans, as well as retiree discount programs, including but not limited to the right to amend contribution rates, co-pays, co-insurance and deductibles.

C. Effect of Loss of Eligibility.

I understand and acknowledge that I am not eligible for Plan benefits if I lose Plan eligibility, and that I will lose Plan eligibility if I die before I complete this General Release and Waiver, or I elect not to receive benefits under the Plan or fail to complete and submit this General Release and Waiver in a timely manner.

IV. GENERAL RELEASE AND WAIVER OF CLAIMS.

I elect to receive the Plan benefits specified under Section III of this General Release and Waiver and understand that the Plan benefits are being paid in consideration for terminating my employment with the Participating Company and my release and waiver of claims as set forth below. I understand that I am not entitled to receive the Plan benefits unless I accept, and do not revoke, this General Release and Waiver. I further acknowledge that the Plan benefits are adequate and sufficient consideration in excess of anything of value to which I am already entitled as an employee. I also acknowledge that other than the Plan benefits, I am not entitled to any additional separation payments or benefits.

1. Release and Waiver.

I understand that there are various local, state and federal laws that govern any employment relationship with the Participating Company and/or prohibit discrimination on the basis of age, color, race, gender, sexual orientation, marital status, national origin, mental or physical disability, religious affiliation or veteran status. Such laws include, but are not limited to, Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, and the Americans with Disabilities Act and the California Fair Employment and Housing Act. By signing this General Release and Waiver, I intend to release any claims I may have under these or any other laws with respect to my employment and to the termination of my employment with the Participating Company.

In exchange for the Plan benefits described under Section III of this General Release and Waiver, I hereby release the Plan, AT&T Inc. and the Participating Company, and their current and former parents, subsidiaries, affiliates, predecessors, successors or assigns (collectively, the "Companies"), and the Companies' current and former officers, directors, employee benefit plans, employees and

related parties (collectively, the Released Parties) from any and all claims, liabilities, damages, demands or causes of action which I, my heirs, executors, administrators, agents, attorneys, representatives or assigns, have, had or may have against the Released Parties, based on any events or circumstances arising or occurring prior to and including the date of my execution of this General Release and Waiver, whether known or unknown, including but not limited to claims based on my employment with the Companies or the termination of that employment, except for any vested pension or savings benefits under the terms of any employee benefit plan other than the AT&T Inc. Severance Pay Plan and except claims for commission(s) on sales made during the current Sales Compensation Plan year or claims for commission(s) on sales made during the Sales Compensation Plan year immediately prior to the current Sales Compensation Plan year.

I expressly understand and agree that this is a General Release that, to the fullest extent permitted by law, waives, surrenders, and extinguishes all claims that I have or may have against the Released Parties, including but not limited to claims under Title VII of the Civil Rights Act of 1964 (Title VII), the Civil Rights Act of 1991, the Age Discrimination in Employment Act (ADEA), the Americans with Disabilities Act (ADA), the Family and Medical Leave Act (FMLA), the Worker Adjustment and Retraining Notification (WARN) Act, or the Employee Retirement Income Security Act (ERISA), the California Fair Employment and Housing Act, or any other federal, state or local laws, or any other claim for damages or other relief arising under any theory of law or equity, including any claim for costs or attorney's fees, PROVIDED, HOWEVER, I am not waiving, releasing or giving up any rights I may have to challenge the knowing and voluntary nature of this General Release and Waiver under the Older Workers Benefit Protection Act (OWBPA).

I hereby acknowledge that I have read and understand the following provision of Section 1542 of the California Civil Code:

A general release does not extend to claims, which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Having been so apprised, I expressly waive the protection of Section 1542 and elect to release the Released Parties from any claims described above.

2. Non-Interference and Acknowledgement of Payments Received.

Nothing in this General Release and Waiver shall interfere with my right to file a charge, cooperate or participate in an investigation or proceeding conducted by the Equal Employment Opportunity Commission (EEOC) or any other federal, state or local regulatory or law enforcement agency. However, the consideration provided to me in this General Release and Waiver shall be the sole relief provided to me for the claims that are released by me in this General Release and Waiver, and I expressly acknowledge and agree to waive, surrender, or give up any personal monetary benefits or recovery against the Participating Company, the Plan, or any of the other Released Parties, in connection with any such claim, charge or proceeding without regard to who has brought such a claim, charge or proceeding.

I agree that any wages (including overtime) owed me have been paid except for any amounts I claim are due and owing which I have documented and provided to the Company as outlined below. I further agree that the Plan benefits extended to me in exchange for this General Release and Waiver are in addition to all such amounts. "Wages" as referred to in this paragraph do not include commission(s) on sales made during the current Sales Compensation Plan year or the Sales Compensation Plan year immediately prior to the current Sales Compensation Plan year:

- *If acknowledging the provisions of this General Release and Waiver online via the MESA system - email your name, ATTUID and a list of wages owed to you by the Company to [GRW Admin \("g18233@att.com"\)](mailto:GRWAdmin@g18233@att.com)*
- *If acknowledging the provisions of this General Release and Waiver manually - list any wages owed to you by the Company at the end of this General Release and Waiver.*

This General Release and Waiver also does not release any claims that cannot be released as a matter of law, including but not limited to any rights I may have to indemnification under California Labor Code Section 2802.

3. Class, Collective and Representative Action Waiver.

Without limiting the generality of the foregoing, I agree that I will not bring, maintain or participate in any class action, collective action or representative action against any of the Companies which asserts, in whole or in part, any claim(s) which arose prior to the date I sign this Agreement, whether or not such claims are covered by this General Release and Waiver. I further agree that if I am included within a class, collective, or representative action, I will take all steps necessary to opt-out of the action or refrain from opting in, as the case may be.

4. Older Workers Benefit Protection Act Disclosures.

I acknowledge that I have been provided with a notice as required by the Older Workers Benefit Protection Act that contains information about the decisional unit involved, eligibility factors for participation in the Plan, time limits applicable to the Plan, the job titles and ages of the employees designated to participate in the Plan and the job titles and ages of all individuals in the same decisional unit who have not been designated to participate in the Plan. I understand that I have been advised to consult with an attorney before signing this General Release and Waiver. I understand that I have 90 days from my last day on payroll in which to consider and, if I so choose, accept this General Release and Waiver, and if I decide to sign it prior to the expiration of the 90-day period I knowingly and voluntarily waive and give up all rights to the remainder of the review period. I also understand that I may revoke this General Release and Waiver within seven (7) calendar days after signing it, and that this General Release and Waiver is not effective or enforceable until the expiration of the revocation period. I can revoke my acceptance by delivering a written notice of revocation to:

Management Severance Operations
105 Auditorium Circle, 8th Floor
San Antonio, Texas 78205

The provisions of this General Release and Waiver set forth the entire agreement between me and the Companies concerning termination of my employment. Any other promises or representations, written or oral, are replaced by the provisions of this document and are no longer effective unless they are contained in this document. If a court determines that any part of this General Release and Waiver is not valid, the other parts will still remain valid and enforceable.

- *If you are acknowledging the provisions of this General Release and Waiver online - please proceed to the [Mechanized Employee Surplus Administration website](#). Select "General Release and Waiver Acknowledgement".*
- *If you are acknowledging the provisions of this General Release and Waiver manually - you must do so by completing the remaining section of this document.*

FOR MANUAL ELECTION OF THE GENERAL RELEASE AND WAIVER, SIGN BELOW.

By signing below, I acknowledge that my election to accept the benefits of the Plan, and to release any claims described above, is knowing, free and voluntary and will become irrevocable seven calendar days after I sign this General Release and Waiver.

In addition, I hereby acknowledge by my signature that I have carefully read and fully understand all of the provisions of this document. I have been encouraged to consider this document carefully and to seek legal and financial advice before signing it.

By:

Employee Signature

Date

**AGE DISCRIMINATION IN EMPLOYMENT ACT (ADEA) INFORMATION
NOTICE UNDER THE OLDER WORKERS BENEFIT PROTECTION ACT**

The following information is provided pursuant to the Older Workers Benefit Protection Act of 1990.

A. Decisional Unit.

The Decisional Unit is comprised of the combined Affected Work Group(s) identified in the document entitled "ADEA Listing" (refer to Section E below). Each Affected Work Group within the Decisional Unit is comprised of positions at the same level with similar definable characteristics from which the surplus employees are selected.

B. Eligibility Factors.

The AT&T Inc. Severance Pay Plan ("Severance Plan") covers active, regular, full-time management employees and regular part-time management employees (those who work 20 or more hours per week) of AT&T Inc. subsidiaries ("managers") who have been designated for company initiated involuntary termination of employment and who have been designated as participants in the AT&T Severance Pay Plan by the Plan Administrator or his delegate.

An employee is not eligible for designation as a participant if:

- a. the manager's termination is voluntary and not initiated by the employer;
- b. the manager's termination is the result of misconduct;
- c. the manager's termination is the result of performance related problems, unless the termination results from a force reduction in which job performance is a factor in the decision to terminate the manager's employment; or
- d. the manager is eligible for benefits under an AT&T Inc. or affiliate company retention plan

There are two categories of Plan benefits, the Severance Allowance and the Management Transition Program. Designated participants who are within twenty-four months of meeting the Modified Rule of 75 for eligibility for retiree health benefits at the time of termination of employment are eligible to choose either the Severance Allowance or the Management Transition Program, but not both. All other designated participants are eligible for the Severance Allowance only.

C. Criteria.

The considerations when designating eligible employees for company initiated involuntary termination and participation in the AT&T Inc. Severance Pay Plan include some or all of the following: business needs, criticality of skills, job performance, role elimination, geographic location, and/or employee preference for displacement ("interest in leaving").

D. Time Limits.

To receive benefits under the AT&T Severance Pay Plan, a designated manager must terminate employment with AT&T no later than the date determined by AT&T, and must acknowledge the Release and Waiver form (the "Release") within 90 days of the employee's last date on payroll. All designated managers will be provided the opportunity of having a period of at least 45 days within which to consider the Release before signing it. Once the Release has been acknowledged, the designated manager has 7 days within which he or she may revoke the Release.

AT&T Inc. reserves the right to terminate the Severance Plan(s) at any time; however, any participant designations already made at the time of the Plan's termination will not be withdrawn because of such a Plan termination.

E. Attachment.

The ADEA Listing, which was included in your Surplus Notification documentation, provides the ages and job titles of employees in the Decisional Unit who were and were not selected for participation in the Plan.

Exhibit BB

Employee Activity Report for Business Case 18-Q4-507M

As Of: 01/09/2020 11:10:36

Employee Name: KLEIN, GERALD

Employee ATTUID: gk7626

Log Date	Log Time	Done By	Log Content	
01/28/2019	09:12:24	sd2465	Document Email	SNL
01/30/2019	13:52:43	gk7626	Data Change	Personal Data - Email Address From: To: gerryklein@hotmail.com
01/30/2019	13:52:43	gk7626	Data Change	Personal Data - Home Phone From: To: 9169417846
01/30/2019	13:52:43	gk7626	Data Change	Personal Data - Cell Phone From: To: 9165414755
01/30/2019	13:52:56	gk7626	Page Access	Surplus Option
01/30/2019	13:54:47	gk7626	Data Change	Surplus Option From: 1 To: 1
01/30/2019	14:00:52	gk7626	Document Email	Employee Support Package
01/30/2019	14:00:52	gk7626	Document Email	Outplacement Flyer
01/30/2019	14:00:52	gk7626	Document Email	Information Session Flyer
01/30/2019	14:00:53	gk7626	Document Email	GRW
01/30/2019	14:00:53	gk7626	Document Email	SPC
02/06/2019	14:04:50	gk7626	Page Access	Severance Plan Website
03/04/2019	14:26:22	gk7626	Page Access	Severance Plan Website
03/04/2019	14:26:49	gk7626	Page Access	Severance Plan Website
03/04/2019	15:20:58	gk7626	Page Access	Severance Plan Website
03/05/2019	08:38:24	gk7626	Document Open/Print/Save	SPC
03/05/2019	08:39:56	gk7626	Document Email	SPC
03/29/2019	08:49:56	gk7626	Data Change	GRW MTP From: N To: N
03/29/2019	08:49:56	gk7626	Data Change	GRW Acknowledgement

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24 *Attorneys for Defendants*

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Timothy Scott, Patricia Gilchrist, Karen Fisher,
Gerald Klein, Helen Maldonado-Valtierra, and
Dan Koval, on behalf of themselves and all
others similarly situated,

Plaintiffs,

vs.

AT&T Inc., AT&T Services, Inc., and the
AT&T Pension Benefit Plan,

Defendants.

Case No. 3:20-cv-07094-JD

**PROPOSED ORDER GRANTING
DEFENDANTS' MOTION TO
TRANSFER VENUE OR DISMISS THE
AMENDED COMPLAINT**

Date: April 8, 2021
Time: 10:00 a.m.
Judge: Hon. James Donato
Action Filed: October 12, 2020

1 On January 14, 2021, Defendants filed a motion to transfer venue or dismiss the Amended
2 Complaint. A hearing was held before the Court on April 8, 2021, the Honorable James Donato
3 presiding, at which counsel for Plaintiffs and counsel for Defendants appeared and were heard.
4 Having carefully considered the papers submitted in support of and in opposition to the motion,
5 as well as the arguments of counsel, the Court hereby **GRANTS** Defendants' motion to transfer
6 the case to the U.S. District Court for the Northern District of Texas.

7
8 **A r r o r d O r d e r**

9 On January 14, 2021, Defendants filed a motion to transfer venue or dismiss the Amended
10 Complaint. A hearing was held before the Court on April 8, 2021, the Honorable James Donato
11 presiding, at which counsel for Plaintiffs and counsel for Defendants appeared and were heard.
12 Having carefully considered the papers submitted in support of and in opposition to the motion,
13 as well as the arguments of counsel, the Court hereby **GRANTS** Defendants' motion to dismiss.

14
15 Dated: , 2021

16
17 _____
18 Hon. James Donato
19 United States Judge
20 Northern District of California