

Summary Plan Description



IMPORTANT BENEFITS INFORMATION

Bargained Cash Balance Program of the AT&T Pension Benefit Plan

This is an updated summary plan description (SPD) for the Bargained Cash Balance 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: 78-30068

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 Bargained Cash Balance 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 entender este documento, entre en contacto por favor con 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 entender cualquier parte de este documento, entre en contacto por favor con el Recordkeeper en la seccion de "Contact Information."

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HIGHLIGHTS

This SPD describes the Program effective Jan. 1, 2014, 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 2012 are listed below.

- Incorporation of changes made in summaries of material modifications (SMMs) distributed since the previously published SPD:
 - Bargained Cash Balance Program of the AT&T Pension Benefit Plan, January 2013, NIN: 78-28023, which included:
 - Modification of the “Eligibility and Participation” section to include transfer arrangements bargained between AT&T Mobility Services LLC CWA and other CWA bargaining units.
 - Addition of the Success Sharing Plan payments to Compensation.
 - Clarification of the spousal consent explanation.
 - Updates to the “Contact Information” section with a new website.
 - Revisions to the list of Participation Companies.
- A new Benefits at a Glance chart has been added and provides a high-level bulleted list of certain provisions of the Program.
- Certain changes relating to compliance with legal requirements (e.g., change in the spouse definition due to a Supreme Court interpretation of the Defense of Marriage Act).
- Revising the Other Plan Information table to include:
 - A new Agent for Service of Legal Process.
- Revision of the list of Participating Companies and Bargaining Units to add or remove companies and bargaining units, as applicable.
- Removal of references to groups that no longer participate in the Plan due to the spin-off of the Yellowpages groups in 2012.
- Information previously included in the AT&T Rules for Beneficiary Designations has been added to the SPD.
- In addition to the SMMs above, the SPD incorporates any bargaining changes (not reflected in an SMM) including the following:
 - Modifying the “Eligibility and Participation” section to include transfer arrangements bargained between AT&T Mobility Services LLC CWA and other CWA bargaining units.

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 Bargained Cash Balance 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.
East Program	Certain AT&T East region bargained Employees hired, rehired or transferred prior to specified dates.
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.
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.

Programs of the AT&T Pension Benefit Plan	General Description of Participants
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 Bargained Cash Balance 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 bargaining agreements, 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	Employees in the following bargaining units <ul style="list-style-type: none"> • Midwest COS CWA who were hired or rehired before Aug. 9, 2009. • NIC - Tier 2 who were hired or rehired before Jan. 1, 2011. • Appendix D of West CWA hired or rehired before Jan. 1, 2014. Special rules apply for certain transfers, reclassifications and surpluses.
Participation	After 1 year of service
Vesting	100% after 3 years of service
Pension Formula	
Pension Benefit	Cash Balance Formula
Cash Balance Formula	Hypothetical account credited monthly with the following <ul style="list-style-type: none"> • Basic Benefit Credits 5% of Pension Compensation • Interest Credits 30-Year US Treasury rate from middle month of prior quarter
Normal Retirement Age	
Normal Retirement Age	Later of <ul style="list-style-type: none"> • Age 65 • 5 years of service
Early Retirement Pension	
Early Retirement Pension Eligibility	Following Termination of Employment
Early Retirement Pension Amount	Your Cash Balance account

Benefits	
Forms of Payment	<p><u>Satisfies Modified Rule of 75</u></p> <ul style="list-style-type: none"> • Single Life Annuity • 50% J&S Annuity w/ pop-up • 75% J&S Annuity w/ pop-up • Lump sum <p><u>Does Not Satisfy Modified Rule of 75</u></p> <ul style="list-style-type: none"> • Single Life Annuity • 50% J&S Annuity • 75% J&S Annuity • Lump sum
Survivor Benefits	Available for Spouse or other Designated Beneficiary

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 you are either:

- A Bargaining Unit Employee covered by an Applicable Collective Bargaining Agreement listed in *Appendix A*.
- Covered by an Applicable Collective Bargaining Agreement and temporarily promoted to a management position (also known as an acting title) for one (1) year or less.

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.
- You are a “confidential employee” as defined by the National Labor Relations Act.

You are **not** eligible to participate in the Program if:

- You are hired, rehired or transferred into Appendix D of the AT&T West Core Contract – CWA District 9 on or after Jan. 1, 2014, except as otherwise provided under any of the special rules listed in this section.
- You are a Bargained Employee that transfers on or after Aug. 17, 2012 from AT&T Mobility Services LLC – All CWA Districts to SBC Global Services, Inc. (COS) - CWA District 4 (Customer Operations Specialists).
- You are a Bargained Employee who has been declared surplus and transfers in connection with such surplus declaration, or voluntarily transfers, from a job title covered by the AT&T West Core Contract - CWA District 9 to Appendix D of the AT&T West Core Contract - CWA District 9 and at the time of such transfer you were covered by the West Program of the Plan.
- You are a Management Employee or a Nonmanagement Nonunion Employee. Generally, you are a Management Employee or a Nonmanagement Nonunion Employee if your job title and classification are not included in a collective bargaining agreement between a Participating Company and a union.
- You are specifically excluded under any of the special rules listed in this section.
- You are currently earning a Pension Benefit under any other Plan program.
- You are a “leased employee” (as defined in 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.
- **Special Rules for Employees of AT&T Services, Inc. – National Internet Contract - Tier 2**

If you were declared surplus and transfer to a job title covered by Appendix F of the AT&T Midwest Core Contract – CWA District 4, you will continue to be covered under this Program as long as you continue in an Appendix F job title and such Appendix F remains in force.

Certain Hires, Rehires and Management Transfers

*Effective June 1, 2011, you are **not** eligible to participate in this Program if you were:*

- *Hired or rehired on or after Jan. 1, 2011.*
- *In a management position on Dec. 31, 2010, and transferred on or after Jan. 1, 2011, to AT&T Services, Inc. – National Internet Contract - Tier 2.*

Transfers Between Bargained Positions on or After the Applicable Date

Effective June 1, 2011, you are **not** eligible to participate in this Program if:

- You are a member of the AT&T Services, Inc. – National Internet Contract - Tier 2 bargaining unit (including Employees who are on a layoff with recall rights) on Dec. 31, 2010 and transfer to another bargaining unit listed below in this special rule on or after Jan. 1, 2011. If you transfer back to the AT&T Services, Inc. – National Internet Contract - Tier 2 bargaining unit from such bargaining unit on or after Jan. 1, 2011, you again will become eligible for this Program.
- If you are **not** a member of AT&T Services, Inc. – National Internet Contract - Tier 2 bargaining unit on Dec. 31, 2010 and transfer to that group on or after Jan. 1, 2011, from any employee group not specifically covered by a situation below in this special rule.

Current Employees

Effective June 1, 2011, you are eligible to participate in this Program if:

- If you (i) are a member of any of the bargaining units below (or a Nonmanagement Nonunion Employee), including Employees who are on a layoff with recall rights, (ii) are eligible for a Plan program and (iii) become a member of AT&T Services, Inc. – National Internet Contract - Tier 2 on or after the Applicable Date listed below.

Applicable Date – Aug. 8, 2009

- AT&T Billing Southeast, LLC – CWA District 3
- AT&T Corp. – CWA
- AT&T East Core Contract – CWA District 1
- AT&T Southeast Core Contract – CWA District 3
- AT&T Midwest Core Contract – CWA District 4 (including Appendix G)
- AT&T Southwest Core Contract – CWA District 6
- SBC Global Services, Inc. (COS) CWA District 4
- BellSouth Telecommunications, LLC (National Directory & Customer Assistance) – CWA District 3
- BellSouth Telecommunications, LLC (Utility Operations) – CWA District 3
- AT&T West Core Contract – CWA District 9

Applicable Date – Dec. 31, 2010

- AT&T Services, Inc. (National Internet Contract - Tier 1) – CWA

- **Special Rule for Employees of SBC Global Services, Inc. — CWA District 9 (Appendix D of the AT&T West Core Contract — CWA District 9)**

If you initially hired into Appendix D of the AT&T West Core Contract – CWA District 9 prior to Jan. 1, 2014, you will be covered by this Program for as long as you are covered by the AT&T West Core Contract – CWA District 9.

- **Special Rules for Employees of SBC Global Services, Inc. (Customer Operations Specialists) – CWA District 4**

Certain Hires, Rehires and Management Transfers

*Effective Jan. 1, 2010, you are **not** eligible to participate in this Program if you were:*

- *Hired or rehired on or after Aug. 9, 2009.*
- *Hired or rehired before Aug. 9, 2009, as a Term Employee and reclassified as a Regular Employee on or after Aug. 9, 2009. Note that “Term Employee” and “Regular Employee” are as defined under the applicable bargaining agreement. You may contact the Recordkeeper if you have questions about whether this provision applies to you.*
- *In a management position on Aug. 8, 2009, and transferred on or after Aug. 9, 2009, to SBC Global Services, Inc. (COS) – CWA District 4.*

Transfers Between Bargained Positions on or After the Applicable Date

*Effective Jan. 1, 2010, you are **not** eligible to participate in this Program if:*

- *You are a member of the SBC Global Services, Inc. (COS) – CWA District 4 bargaining unit (including Employees who are on a layoff with recall rights) on Aug. 8, 2009, and transfer to another bargaining unit listed below in this special rule on or after Aug 9, 2009. If you transfer back to the SBC Global Services, Inc. (COS) – CWA District 4 bargaining unit from such bargaining unit on or after Aug. 9, 2009, you again will become eligible for this Program.*
- *If you are **not** a member of SBC Global Services, Inc. (COS) – CWA District 4 bargaining unit on Aug. 8, 2009 and transfer to such group on or after Aug. 9, 2009 from any employee group not specifically covered by a situation below in this special rule.*

Current Employees

Effective Jan. 1, 2010, you are eligible to participate in this Program if:

- *You (i) are a member of any of the bargaining units below (or a Nonmanagement Nonunion Employee), including individuals who are on a layoff with recall rights the Applicable Date (see below) for that bargaining unit, (ii) are eligible for a Plan program and (iii) become a member of SBC Global Services, Inc. (COS) – CWA District 4 on or after the Applicable Date listed below.*

Applicable Date – Aug. 8, 2009

- AT&T Billing Southeast, LLC – CWA District 3
- AT&T Corp. – CWA
- AT&T East Core Contract – CWA District 1
- AT&T Southeast Core Contract – CWA District 3
- AT&T Midwest Core Contract – CWA District 4 (including Appendix G)
- AT&T Southwest Core Contract – CWA District 6
- BellSouth Telecommunications, LLC (National Directory & Customer Assistance) – CWA District 3
- BellSouth Telecommunications, LLC (Utility Operations) – CWA District 3
- AT&T West Core Contract – CWA District 9

Applicable Date – Dec. 31, 2010

- AT&T Services, Inc. (Tier 1) – CWA
- AT&T Services, Inc. (Tier 2) – CWA

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.*
- *Your Pension Benefit is your Cash Balance Account.*

Who Is Eligible for a Pension Benefit

As a Participant, you are eligible for a Pension Benefit, which is equal to your Cash Balance Account, 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.

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 YOUR CASH BALANCE ACCOUNT IS CALCULATED

KEY POINT

- *Your Cash Balance Account is equal to the sum of your opening account balance plus any earned Basic Benefit Credits and any Interest Credits.*

Your Cash Balance Account

Your Pension Benefit under the Program is your Cash Balance Account. Your Cash Balance Account is a hypothetical account to which Basic Benefit Credits and Interest Credits are credited in the Recordkeeper’s system. There is not an actual account holding your Cash Balance Account. Your Cash Balance Account is part of the overall Pension Fund.

Your Cash Balance Account is zero dollars (\$0) when you first become a Participant.

If you were covered under another Plan program and you transfer to this Program, your opening Cash Balance Account will equal zero dollars (\$0) unless you already have a Cash Balance Account in the Program.

- **Special Rule for Employees of SBC Global Services, Inc. (COS) – CWA District 4 and AT&T Services, Inc. – National Internet Contract – Tier 2**
You have an opening Cash Balance Account equal to the Dec. 31, 2005, accrued benefit from your prior Plan program, converted to a lump sum amount and using the Actuarial Equivalence as of that date (as determined under your prior Plan program).

Adding Basic Benefit Credits to Your Cash Balance Account

Your Cash Balance Account increases as Basic Benefit Credits are added. Basic Benefit Credits are credited monthly on the last day of each calendar month (or on your date of Termination of Employment or transfer, if earlier). The amount of your Basic Benefit Credit is equal to five (5%) percent of your Pension Compensation. Pension Compensation includes the following:

- Actual base pay.
- Group incentive compensation.
- Individual nondiscretionary incentive compensation (e.g., commissions).
- Group incentive compensation adjustment.
- Short-term disability payments under your Employer's short-term disability program and Success Sharing Plan payments that are not contributed to a Health Reimbursement Account (HRA), as determined by the Applicable Collective Bargaining Agreement, if you are an Employee at the time such payments are made.

IMPORTANT: Contact the Recordkeeper if you have any questions about what compensation is included in your Pension Compensation. See the "Contact Information" section for information on how to contact the Recordkeeper.

EXAMPLE: Assume your Pension Compensation is \$4,000 per month. Your Basic Benefit Credit for the month would be \$200 (\$4,000 times 5 percent).

- **Special Rule for Employees of AT&T Services, Inc. – National Internet Contract – Tier 2**

The "lump sum wage payments" and "discretionary sums" (as defined under the Applicable Collective Bargaining Agreement) will be included in your Pension Compensation.

- **Special Rule for Employees of SBC Global Services, Inc. (COS) – CWA District 4 (Customer Operations Specialists)**

Pension Compensation excludes your team performance awards, if any.

Adding Interest Credits to Your Cash Balance Account

In addition to your Basic Benefit Credits, Interest Credits are added to your Cash Balance Account beginning with the month after your Cash Balance Account first receives Basic Benefit Credits. Interest Credits are added to your Cash Balance Account up to the last day of the month before the date your pension payments begin, even after your Termination of Employment.

The Amount of Your Interest Credit

The amount of Interest Credits added to your Cash Balance Account is equal to the applicable interest crediting rate, multiplied by your total Cash Balance Account as of the last day of the prior month (that is, before the Basic Benefit Credits are added for that month). The applicable interest crediting rate is a monthly rate that, when compounded, equals the annual rate of 30-year U.S. Treasury securities published as of the middle month of the prior calendar quarter. Contact the Recordkeeper for more information about the current interest crediting rate. See the "Contact Information" section for information on how to contact the Recordkeeper.

EXAMPLE: Assume your Cash Balance Account on the last day of the previous month was \$10,000, and the applicable 30-year U.S. Treasury rate is four and one-half percent (4.5%). Also, assume the Basic Benefit Credit earned this month is \$200. The amount of Interest Credits added to the Cash Balance Account for the month would be \$36.70 (\$10,000 times 0.367 percent, which is four and one-half percent (4.5%) annual interest converted to a monthly rate).

The balance of the Cash Balance Account at the end of the month would be:

Previous Balance	\$10,000
Basic Benefit Credit	\$200
Interest Credit	\$36.70
New Account Balance	\$10,236.70

- **Special Rule for New Participants**

When you first become a Participant, your Cash Balance Account will be credited with Basic Benefit Credits and Interest Credits beginning as of the later of either:

- The date you became an Eligible Employee, or
- The date that is twelve (12) months prior to the date you first became eligible to participate.

TIME OF PAYMENT

KEY POINTS

- *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 day 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 day you reach your Normal Retirement Age or 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 Cash Balance Account will be paid to you automatically as 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 automatic form of payment. If you have a Spouse on your Benefit Commencement Date, a Joint and 50 Percent Survivor Annuity will be the automatic form of payment.*
- *If you do not want the automatic form of payment, you may elect one (1) of several alternate forms of payment.*

If you have a Vested Interest in your Cash Balance Account when you terminate employment with all members of the AT&T Controlled Group, your Cash Balance Account 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 Cash Balance Account will be paid in a Single Life Annuity.
- If you have a Spouse on your Benefit Commencement Date, your Cash Balance Account 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 three (3) types of annuities:

- Single Life Annuity
- Joint and 50 Percent Survivor Annuity (50% J&S)
- Joint and 75 Percent Survivor Annuity (75% 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 Cash Balance Account 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.

The value of your Single Life Annuity is determined by converting your Cash Balance Account to a Single Life Annuity by using a factor that is based on your age as of your Benefit Commencement Date. To determine the factor, the Program uses the 1994 Group Annuity Reserve mortality table published by the Internal Revenue Service and applies the interest rate for the 30-year U.S. Treasury securities published as of the middle of the month of the prior calendar quarter that precedes your Benefit Commencement Date.

Contact the Recordkeeper for more information about how to convert your Pension Benefit to an annuity. See the "Contact Information" section for information on how to contact the Recordkeeper.

EXAMPLE: Assume at termination your Cash Balance Account is \$100,000, and you are age 65 at your Benefit Commencement Date. The factor used to convert your Cash Balance Account to an annuity would be 141.5292, based on the 1994 Group Annuity Reserve mortality table and an assumed annual interest rate of five percent (5%).

Your Single Life Annuity would be \$706.57 per month (\$100,000 divided by 141.5292).

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 automatically 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 meet 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.

Note: If 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, you may also be eligible for certain retiree health and welfare benefits. Refer to the relevant SPDs for more information about retiree coverage.

Modified Rule of 75	
Age	Term of Employment
Any age	30 years
50	25 years
55	20 years
65 or older	10 years

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 meet the Modified Rule of 75 (as defined above) 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.

Lump Sum Distribution

You may elect to receive your Pension Benefit in the form of a lump sum. The value of the lump sum will be equal to your Cash Balance Account on your Benefit Commencement Date. You will not receive a monthly Pension Benefit if you elect this option.

IMPORTANT: If you take a 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 under an Applicable Collective Bargaining Agreement, 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 or other Designated Beneficiary may be eligible for a benefit under this section.*

- **Special Rules 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 information about the Mandatory Cash-Out/Rollover Rules.

If you die before your Benefit Commencement Date and have a Vested Interest, your Spouse or Designated Beneficiary will receive a benefit under this section.

Annuity Amount

Your Spouse may elect to receive a Single Life Annuity that equals the greater of:

- 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. See the “Forms of Payment” section for more information about a 50% J&S.
- The Single Life Annuity that is the Actuarial Equivalent of the Cash Balance Account based on his or her age and the amount of your Cash Balance Account as of the Benefit Commencement Date.

Single Lump Sum

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.

Deferred Commencement by Spouse

Your Spouse may elect to defer commencement of the survivor benefit until the first (1st) of the month following the date you would have reached Normal Retirement Age or the 5th anniversary of your date of death, whichever is later. If your Spouse defers commencement but dies prior to his or her Benefit Commencement Date, the survivor benefit in the amount of the Cash Balance Account will be paid in a single lump sum payable to the Spouse's Designated Beneficiary.

Deferred Commencement by Non-Spouse Beneficiary

If you have a Designated Beneficiary (other than your Spouse), your Designated Beneficiary may defer commencement of the survivor benefit until the first (1st) of the month following the fifth (5th) anniversary of your death. In this case, the survivor benefit will be paid in the form of a single lump sum equal to your Cash Balance Account.

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 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.

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 after receiving a lump sum or a monthly annuity from this Program, your opening Cash Balance Account balance upon rehire will be zero dollars (\$0). If you did not begin payment of your Cash Balance Account and then are rehired as an Eligible Employee, your prior Cash Balance Account balance will be credited with additional Basic Benefit Credits and Interest Credits based on your Pension Compensation since your rehire. If you are receiving a monthly annuity from this Program, your monthly annuity will not be suspended upon rehire. In addition, 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 move from this Program to another Plan program, your Cash Balance Account will remain in this Program and will continue to earn Interest Credits.

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. 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 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.

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.

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 a notice of Benefit Denial should have been sent by the Recordkeeper. See the "Notification of Benefit Denial" section for information about the notification.

If an appeal is submitted after this 60-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.

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 given 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 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

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 five (5) years from the date of final determination by the Benefit Plan Committee.

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:

Technical Assistance Division
1200 K St. N.W., Suite 930
Washington, D.C. 20005-4026

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 **202-326-4000**.

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

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.

IMPORTANT: If you are an active married Employee and name a Beneficiary other than your Spouse before the year you turn the age of 35, your beneficiary designation for Pension Benefits will become void at the end of the year during which you turn the age of 34. You must complete a new Beneficiary Designation form. You must have the written consent of your Spouse if you wish to designate someone other than your Spouse as sole primary 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 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.
<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> <p><i>**The terms "child," "children," "parent" or "sibling" refer to individuals who are related by birth or by adoption and not through marriage.</i></p> <p><i>***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.</i></p>	

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.

If ...	Then ...
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>	

Collective Bargaining Agreements

The benefits and certain other provisions described in the Program reflect those provisions to which the Employers and the union representing you under this Program have agreed. Nothing in this SPD alters or amends what has been agreed to between the Employers and the union representing you under this Program.

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.

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.*
- *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. 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 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.

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	Bargained Cash Balance Program
Plan Number	006
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

Other Plan Information	
Agent for Service of Legal Process	<p>Process in legal actions in which the Plan is a party should be served on the Plan at the following address</p> <p>CT Corporation 350 North St. Paul Street Dallas, TX 75201 210-351-3333</p> <p>Service of Legal Process may also be made upon a Trustee.</p>
Type of Plan	Defined benefit pension plan
Plan Year	Jan. 1 through Dec. 31
Trustee	<p>JPMorgan Chase Bank, N.A. 4 New York Plaza 17th Floor Mail Drop: NY1-E205 New York, NY 10004 Attn: AT&T Client Services</p>
Plan Records	All Program records are kept on a calendar year basis beginning on Jan. 1 and ending on Dec. 31.
Collectively Bargained Plan	With respect to certain Eligible Employees, the Program is maintained pursuant to one or more collective bargaining agreements. A copy of the collective bargaining agreement may be obtained by Participants and beneficiaries whose rights are governed by such collective bargaining agreement upon written request to the Plan Administrator and also is available for examination by Participants and beneficiaries as specified under Department of Labor Regulations Section 2520.104b-30.

DEFINITIONS

Annuity Starting Date. See "Benefit Commencement Date."

Applicable Collective Bargaining Agreement. An agreement between a Participating Company listed in Appendix A and one of the Unions or bargaining units listed in Appendix A.

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 in the "Forms of Payment" section.

Cash Balance Account. A hypothetical account, as determined in the "How Your Cash Balance Account Is Calculated" section.

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.

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.

Normal Retirement Age. Your sixty-fifth (65th) birthday or, if later, the fifth (5th) anniversary of the date you began participating in the Plan.

Participant. An Eligible Employee who has satisfied the requirements for participation in the Program. See the “Participation” section.

Pension Benefit. Your Cash Balance Account taken in any form of payment as described under 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 to 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 other than death) 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	Recordkeeper
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: Monday through Friday from 7:30 a.m. to 11 p.m. Central time IVR System: 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:

Contact Information	
Appeals Regular	Fidelity Service Center Claims and Appeals P.O. Box 770003 Cincinnati, OH 45277-1060
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.

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

Contact Information	
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: Monday through Friday from 7:30 a.m. to 11 p.m. Central time IVR System: 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	
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

Contact Information	
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>

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 bottom of the Permanent Residence box, make any necessary changes and click Save. • To update your work address, select "Edit" at the bottom 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 the group 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.

SBC Advanced Solutions, Inc. Telecom - Out Region Employee. If you were a Bargaining Unit Employee of SBC Advanced Solutions, Inc. (Telecom - Out Region), you became eligible to participate in this Program during the period beginning Jan. 1, 2002 and ending April 8, 2007. The one and one-half percent (1.5%) of your lump sum Wage Payment as defined in the collective bargaining agreement will be included in your Pension Compensation. Your Cash Balance Account will remain in the Plan, and it will continue to earn Interest Credits.

APPENDIX A: PARTICIPATING COMPANIES

Participating Companies

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

Applicable Collective Bargaining Agreements

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