



AT&amp;T Inc.

## AT&T Savings and Security Plan

This document, together with the attached summary plan description (SPD), constitutes the prospectus relating to participation interests in the AT&T Savings and Security Plan (Plan) and shares of the common stock of AT&T Inc. ("AT&T" or the "Company"), par value \$1.00 per share (AT&T Shares) in which participants' Contributions may be invested pursuant to the Plan. This prospectus contains a summary of the principal provisions of the Plan and other information for participants. The Plan text, as modified by law, is the final authority and will govern. AT&T has registered 200,000,000 AT&T Shares and an indeterminate amount of participation interests with the Securities and Exchange Commission (SEC) for issuance pursuant to the Plan and certain other benefit plans of AT&T.

**This portion of the prospectus does not constitute part of the SPD  
and is not issued by a fiduciary on behalf of the Plan.**

AT&T Inc. is a holding company incorporated under the laws of the State of Delaware in 1983. Through our subsidiaries and affiliates, we provide wireline and wireless telecommunications services and equipment and other products and services. Our principal executive offices are located at 208 S. Akard St., Dallas, TX 75202. Our telephone number is **210-821-4105**. We maintain an Internet site at the following location: **att.com**.

AT&T files annual, quarterly and other reports and proxy statements with the SEC. This information, which is specifically identified in the registration statements filed with the SEC to register the AT&T Shares and participation interests to be offered under the Plan, is incorporated in this portion of the prospectus by reference. Any information AT&T files with the SEC after the date of the filing of the registration statements will automatically update and supersede this information. AT&T will furnish without charge, upon written or oral request, a copy of these documents as well as exhibits specifically incorporated by reference in those documents. Requests for copies should be directed to Specialist-External Reporting, 208 S. Akard St., 28th floor, Dallas, TX 75202, telephone number **210-351-3049**. This information is also available online at **att.com**. A copy of the Plan and this prospectus are available upon written request from AT&T Services, Inc., P.O. Box 132160, Dallas, TX 75313, telephone number **210-351-3333**.

No person has been authorized to give any information or to make any representations other than those contained in this prospectus, and, if given or made, such information or representations must not be relied upon.

This prospectus does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation would be unlawful. No Plan provision or this prospectus shall give any employee any right of continued employment or shall in any way prohibit changes in the terms or the termination of the employment of any employee covered by the Plan.

**August 2014***You should keep this document  
for future reference.*

NIN: 78-31243

# Summary Plan Description



## IMPORTANT BENEFITS INFORMATION

# AT&T Savings and Security Plan

This is an updated summary plan description (SPD) for the AT&T Savings and Security Plan. This SPD replaces your existing SPD and all of its summaries of material modifications.

Please keep this SPD for future reference.

**IMPORTANT:** This document constitutes part of a Prospectus covering securities that have been registered under the Securities Act of 1933.

**DISTRIBUTION:** Distributed to active and former employees of Participating Companies, as described in *Attachment 1*, who are eligible to participate in the Plan as described in the "Eligibility" section.

NIN: 78-31243



## SUMMARY PLAN DESCRIPTION

This document constitutes part of a prospectus covering securities that have been registered under the Securities Act of 1933.

### IMPORTANT INFORMATION

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In all cases, the official Plan documents govern and are the final authority on the terms of the Plan. If there are any discrepancies between the information in this summary plan description (SPD) and the Plan, the Plan documents will control. The Plan Sponsor 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 Plan. This SPD together with the summaries of material modification (SMMs) issued for this Plan constitute your SPD for this Plan. See the “Eligibility” section for more information about eligibility for the Plan.

#### What Information Do I Need to Know to Use This SPD?

Eligibility, participation, benefit provisions, forms of payment and other provisions of the Plan 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 or Term of Employment).

To understand how the various provisions affect you, you will need to know the above information. If you don't have this information or have questions, please refer to OneStop ([onestop.web.att.com](http://onestop.web.att.com) or [access.att.com](http://access.att.com)). The Recordkeeper may also be able to provide some of these details. See the “Contact Information” section for more information on how to contact the Recordkeeper.

#### What Action Do I Need to Take?

You should review this SPD.

#### Highlights

This SPD describes your benefits as of August 2014. Changes since the last SPD (August 2013), including changes previously communicated through summaries of material modifications (SMMs), are incorporated into this SPD. While you should review the entire SPD, please note the following list of important changes since the last SPD:

- *Attachment 2: Fee Disclosure Chart* has been updated to reflect information through Dec. 31, 2013.
- Effective Oct. 1, 2013, Catch-Up Contributions and Roth Contributions are now available to employees covered by the AT&T East Core Contract – CWA District 1.
- Effective Jan. 1, 2014, Eligible Employees in the AT&T Southwest Core Contract – CWA District 6 with Weekly Compensation of \$1,400 to \$1,499 are allowed a Maximum Amount of Weekly Basic Contribution of \$75 and such Eligible Employees with Weekly Compensation of \$1,500 and over are allowed a Maximum Amount of Weekly Basic Contribution of \$80.

## 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. Although AT&T has provided these tools to help you better understand the Plan, it is important that you read the SPD in its entirety, so that you can understand the details of the Plan. Also, throughout this SPD, there are cross-references to other sections in the SPD. Please see the “Table of Contents” to help you locate these cross-referenced sections.

**IMPORTANT:** You need to keep your SPDs and SMMs so you can refer to them in the future. They are your primary resource for your questions about the Plan.

## 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.”

**August 2014**

*You should keep this document  
for future reference.*

NIN: 78-31242

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## USING THIS SUMMARY PLAN DESCRIPTION

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### KEY POINTS

- *The Plan provides Compensation deferrals and Company Match to Eligible Employees of Participating Companies.*
- *This SPD summarizes Plan eligibility requirements and benefits.*

The Plan is a defined contribution plan sponsored by the Plan Sponsor. The Plan provides savings plan benefits to Eligible Employees of Participating Companies.

This document is the summary plan description (SPD) for the Plan. This SPD relates to participation interests in the Plan and shares of the common stock of AT&T Inc. ("AT&T" or the "Company"), par value \$1.00 per share (AT&T Shares), in which participants' Contributions may be invested according to the Plan. This document summarizes the terms of the Plan, including the particular eligibility requirements for coverage, the benefits provided, the conditions that must be met to qualify for Plan benefits, the times and forms of payment of Plan benefits, plus other special Plan provisions.

Some special Plan provisions are not fully described in this SPD. Usually, these special provisions are the result of corporate transactions or agreements between AT&T and other companies. You may obtain more information about these special provisions by contacting the Recordkeeper. See the "Contact Information" section for information about how to contact the Recordkeeper.

The Plan is a complex and technical legal document. Although every effort has been made to make the description in this SPD as accurate as possible, this SPD does 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 the terms and conditions of 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 section. So, it is important that you review all sections that apply to a specific topic. In addition, notes included 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 Plan and the benefits it provides.

### 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 provides you some of the important provisions in the Plan. For more information on any specific provision of the Plan, please see the detailed information provided later in this SPD.

<b>Benefits</b>	
<b>Plan Features</b>	
Eligibility	Immediate
Employee Groups Eligible	See the "Eligibility" section and <i>Attachment 1</i> to the SPD
<b>Employee Contributions</b>	
Employee Contributions	<p>If you are a dollar banded participant, Before-tax Contributions and/or After-tax Contributions: 30% limit (\$5 increments up to maximum by band Basic Contribution and 24% Supplementary Contribution)</p> <p>If you are a percent based participant, Before-tax Contributions and/or After-tax Contributions in 1% increments (from 2% to 30% of your Compensation depending on your Participating Company and your union contract less required deductions): up to 6% as a Basic Contribution, and up to 24% as a Supplementary Contribution</p>
Spillover Provisions	Spillover to After-tax Contributions must be affirmatively elected
Roth 401(k)	<p>Roth Contributions are permitted. Roth Contributions may be Basic and/or Supplementary Contributions. Although Roth Contributions are made on an after-tax basis, they are subject to the limitations on Before-tax Contributions.</p> <ul style="list-style-type: none"> <li>• Applies to all NMNUs, AT&amp;T Southwest Core Contract - District 6, AT&amp;T West Core Contract - CWA District 9, Pacific Bell Telephone Company - IBEW Local 1269, and Pacific Bell Telephone Company - TIU Local 103</li> </ul>
Catch-Up Contributions	<p>Catch-Up Contributions are permitted. Before-tax Contributions only in one percent increments. You must be age 50 by the end of the calendar year. Maximum of \$5,500 in 2014. Catch-Up Contributions are not eligible for Company match.</p> <ul style="list-style-type: none"> <li>• Applies to all NMNUs, AT&amp;T Southwest Core Contract-District 6, AT&amp;T West Core Contract - CWA District 9, Pacific Bell Telephone Company - IBEW Local 1269, Pacific Bell Telephone Company - TIU Local 103, AT&amp;T Midwest Core Contract - IBEW Local 21, SBC Global Services, Inc. - IBEW Local 21 (Appendix D to the AT&amp;T Midwest Core Contract - IBEW Local 21), SBC Global Services, Inc. - IBEW Local 21 (Appendix E to the AT&amp;T Midwest Core Contract - IBEW Local 58), SBC Global Services, Inc. - IBEW Local 21 (Appendix F to the AT&amp;T Midwest Core Contract - IBEW Local 134), and SBC Global Services, Inc. - IBEW Local 21 (Appendix G to the AT&amp;T Midwest Core Contract - IBEW Local 494)</li> </ul>
Company Matching Contributions Eligibility	One Year of Service requirement
Company Match Amount	80% of Basic Contributions
Company Match Investment	AT&T Shares
Company Match Diversification	Permitted to exchange (or transfer) 100% of vested Company Match

<b>Benefits</b>	
<b>Vesting</b>	
Vesting Schedule	100% vested after 3 Years of Service
Automatic Vesting	Death, Disability or age 65
<b>Loans</b>	
Maximum Number of Loans	Two total loans outstanding at one time. Of the two loans, one may be for principal residence.
Minimum Amount	\$500
Maximum Amount	The maximum cannot exceed the lesser of (a) \$50,000 less the highest outstanding loan balance in the prior 12 months or (b) 50% of the total value of your vested account balance in the Plan, excluding amounts held in your DFA(s) Account and Company Match.
Term of Loan	Principal Residence - 10 years General Purpose - 5 years
Interest Rate	Prime rate plus 1%
<b>Withdrawal Options</b>	
Types of Withdrawals	General, Before-tax Hardship, Company Match, SOP, Roth, Rollover, Military
Limitations on General/In-service Withdrawals	After-tax Contributions plus earnings, certain Company Match Contributions plus earnings, and Before-tax Contributions plus earnings (must be Disabled or age 59 1/2).
Limitations on Hardship Withdrawals	Must be from Before-tax Contributions. Contributions are suspended for 6 months.
Company Match Withdrawal	100% of vested Company Match permitted to be withdrawn; one Withdrawal per calendar year
Withdrawal Minimum	\$100
Dividend Pass-through Availability	Annual dividend pass-through
<b>Distributions</b>	
Types of Distributions	Full lump sum, partial, annual installments
When Allowed	You may take a distribution of your vested account balance after your Termination of Employment.
Automatic Cash-out	If the value of your account exceeds \$1,000, it will remain in the Plan, and at your election be distributed in accordance with any method of Distribution available under the Plan, unless you direct the Plan to rollover your account balance in accordance with the Plan.
<b>Investments</b>	
Number of Investment Exchanges per Quarter	Four exchanges each quarter

## ELIGIBILITY

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### KEY POINTS

- *Only Eligible Employees may participate in the Plan.*
- *Eligible Employees will become eligible to participate when covered on the active payroll of a Participating Company.*
- *Active participation in the Plan ends when you are no longer an Eligible Employee.*
- *There are no age or service requirements for making deferrals of your own Compensation.*

### Eligible Employee

You are an Eligible Employee if you are employed by a Participating Company (as listed in *Attachment 1*) and you are one of the following:

- A Bargaining Unit Employee covered by a collective bargaining agreement listed below and hired or rehired before Aug. 9, 2009:
  - AT&T East Core Contract — CWA District 1
  - AT&T Midwest Core Contract — CWA District 4
  - AT&T Midwest Contract — IBEW System Council T-3
  - AT&T Southwest Core Contract — CWA District 6
  - AT&T West Core Contract — CWA District 9
  - Pacific Bell Telephone Company — IBEW Local 1269
  - SBC Global Services, Inc. (CPE) — CWA District 4 (*Appendix G* to the AT&T Midwest Core Contract — CWA District 4)
  - SBC Global Services, Inc. — IBEW Local 21 (*Appendix D* to the AT&T Midwest Contract — IBEW System Council T-3)
  - SBC Global Services, Inc. — IBEW Local 58 (*Appendix E* to the AT&T Midwest Contract — IBEW System Council T-3)
  - SBC Global Services, Inc. — IBEW Local 134 (*Appendix F* to the AT&T Midwest Contract — IBEW System Council T-3)
  - SBC Global Services, Inc. — IBEW Local 494 (*Appendix G* to the AT&T Midwest Contract — IBEW System Council T-3)
- A Bargaining Unit Employee covered by a collective bargaining agreement listed below and transferred to a position with an applicable collective bargaining agreement before the dates set forth below:
  - AT&T East Core Contract — CWA District 1 – Aug. 8, 2009
  - AT&T Midwest Core Contract — CWA District 4 – Aug. 8, 2009

- AT&T Midwest Contract — IBEW System Council T-3 – Aug. 8, 2009
- AT&T Southwest Core Contract — CWA District 6 – Aug. 8, 2009
- AT&T West Core Contract — CWA District 9 – Aug. 8, 2009
- Pacific Bell Telephone Company — IBEW Local 1269 – Aug. 8, 2009
- SBC Global Services, Inc. (CPE) — CWA District 4 (*Appendix G* to the AT&T Midwest Core Contract — CWA District 4) – Aug. 8, 2009
- SBC Global Services, Inc. — IBEW Local 21 (*Appendix D* to the AT&T Midwest Contract — IBEW System Council T-3) – Aug. 8, 2009
- SBC Global Services, Inc. — IBEW Local 58 (*Appendix E* to the AT&T Midwest Contract — IBEW System Council T-3) – Aug. 8, 2009
- SBC Global Services, Inc. — IBEW Local 134 (*Appendix F* to the AT&T Midwest Contract — IBEW System Council T-3) – Aug. 8, 2009
- SBC Global Services, Inc. — IBEW Local 494 (*Appendix G* to the AT&T Midwest Contract — IBEW System Council T-3) – Aug. 8, 2009
- An employee covered by a collective bargaining agreement that has agreed to Plan benefits and you are temporarily promoted to a management position for one year or less

Generally, you are a Bargaining Unit Employee if:

- Your job title and classification are covered by a collective bargaining agreement between your Employer and a union agreeing to Plan benefits.
- You are a “confidential employee” as defined by the National Labor Relations Act.
- You are a nonmanagement nonunion employee in the same business unit as any of the following bargaining units:
  - AT&T Midwest Core Contract — CWA District 4;
  - AT&T Midwest Contract — IBEW System Council T-3;
  - AT&T Southwest Core Contract — CWA District 6; or
  - AT&T West Core Contract — CWA District 9.

You are **NOT** eligible to participate in the Plan if you are one or more of the following:

- Not an Eligible Employee;
- Eligible to contribute to any other AT&T sponsored savings or profit sharing plan (such as the AT&T Retirement Savings Plan);
- Not on an Employer’s payroll;
- Subject to a written agreement or other designation from your Employer that states that you are not eligible to participate in the Plan;

- Classified, designated or treated by the Participating Company as an independent contractor or a leased employee (even if deemed or later determined to be a common law employee);
- An employee of another company that provides services to an Employer;
- Not a resident of the U.S. and you have no U.S.-sourced income;
- An employee who is in the job title of customer consultant of the AT&T Midwest Contract — IBEW System Council T-3;
- An AT&T West retiree provisional employee;
- An employee covered by *Appendix F* of the AT&T East Core Contract — CWA District 1, *Appendix F* of the AT&T Midwest Core Contract — CWA District 4, *Appendix J* of the AT&T Southwest Core Contract — CWA District 6, *Appendix E* of AT&T West Core Contract — CWA District 9 or *Appendix C* of the AT&T Midwest Contract — IBEW System Council T-3, unless you are specifically surplused under any of the special rules listed under “Special Eligibility Provisions;” or
- A Management Employee. Generally, you are a Management Employee if your job title and classification are not included in a collective bargaining agreement between a Participating Company and a union. Certain nonmanagement nonunion employees are eligible to participate in the Plan if their work group follows a bargaining unit with respect to benefits (see the definition of Bargaining Unit Employee for eligible nonmanagement nonunion groups).

## Special Eligibility Provisions

- **Special Rule for Employees Hired or Rehired Before Aug. 9, 2009, and Surplused from the Regional Core Contracts of *Appendix F* to the AT&T East Core Contract — CWA District 1, *Appendix F* to the AT&T Midwest Core Contract — CWA District 4, *Appendix J* to the AT&T Southwest Core Contract — CWA District 6, *Appendix E* to the AT&T West Core Contract — CWA District 9 or *Appendix C* to the AT&T Midwest Contract — IBEW System Council T-3**

*If you were surplused from the regional Core Contract to any job title in the appendices listed above, you will be eligible to participate in the Plan while you remain in one of these job titles.*

- **Special Rules for Employees in the Following Bargaining Units and for Nonmanagement Nonunion Employees in the Same Business Units That Are Eligible Employees for This Plan: AT&T Midwest Core Contract — CWA District 4 (including *Appendix G*), AT&T Southwest Core Contract — CWA District 6, AT&T West Core Contract — CWA District 9, AT&T Midwest Contract — IBEW System Council T-3, Pacific Bell Telephone Company — IBEW Local 1269, SBC Global Services, Inc. — IBEW Local 21, SBC Global Services, Inc. — IBEW Local 58, SBC Global Services, Inc. — IBEW Local 134, SBC Global Services, Inc. — IBEW Local 494 or AT&T East Core Contract — CWA District 1**

*Certain Reclassified Employees*

You are **not** eligible to participate in the Plan if you were hired or rehired into a contract listed above before Aug. 9, 2009, as a Regular Limited Term Employee, Temporary Employee or Term Employee and reclassified as a Regular Employee on or after Aug. 9, 2009. Note that "Regular Limited Term Employee," "Temporary Employee," "Term Employee" and "Regular Employee" are defined under the applicable collective bargaining agreement. Contact the Recordkeeper if you have questions about whether this provision applies to you.

Transfers From a Management Position to a Bargained Position On or After Aug. 9, 2009

If you were in a management position on Aug. 8, 2009, and transfer to a bargaining unit listed above, you are **not** eligible to participate in the Plan while represented by that bargaining unit.

Transfers Under the National Transfer Plan Between Bargained Positions On or After Aug. 9, 2009

You are not eligible to participate in the Plan if you transfer to and are represented by a bargaining unit listed above and you were one of the following:

- Not a member of a bargaining unit listed above on Aug. 8, 2009 (including a Bargaining Unit Employee on layoff status who is later rehired from such layoff with recall rights), and you transfer to a bargaining unit listed above;
- A member of a bargaining unit represented by the CWA listed above on Aug. 8, 2009, and you transfer to a bargaining unit represented by the IBEW listed above;
- A member of a bargaining unit represented by the AT&T National Contract — IBEW System Council T-3, AT&T Midwest Contract — IBEW System Council T-3, SBC Global Services, Inc. — IBEW Local 21 (Appendix D to the AT&T Midwest Contract — IBEW System Council T-3), SBC Global Services, Inc. — IBEW Local 58 (Appendix E to the AT&T Midwest Contract — IBEW System Council T-3), SBC Global Services, Inc. — IBEW Local 134 (Appendix F to the AT&T Midwest Contract — IBEW System Council T-3) or SBC Global Services, Inc. — IBEW Local 494 (Appendix G to the AT&T Midwest Contract — IBEW System Council T-3) on Aug. 8, 2009, and you transfer to any other bargaining unit listed above; or
- A member of Pacific Bell Telephone Company — IBEW Local 1269 on Aug. 8, 2009, and you transfer to any other bargaining unit listed above.

You **are** eligible to participate in this Plan if you were:

- A member of any of the CWA bargaining units listed below. including Employees who were on a layoff with recall rights, on Aug. 8, 2009, are eligible for the Plan and became a member of a CWA bargaining unit listed below (and nonmanagement nonunion employees who receive the same benefits) on or after Aug. 9, 2009:
  - AT&T Billing Southeast, LLC — CWA District 3
  - AT&T Corp. Core Contract — CWA
  - AT&T Southeast Core Contract — CWA District 3
  - BellSouth Telecommunications, LLC (Utility Operations) — CWA District 3

- A member of a bargaining unit represented by the AT&T National Contract — IBEW System Council T-3, AT&T Midwest Contract — IBEW System Council T-3, SBC Global Services, Inc. — IBEW Local 21 (Appendix D to the AT&T Midwest Contract — IBEW System Council T-3), SBC Global Services, Inc. — IBEW Local 58 (Appendix E to the AT&T Midwest Contract — IBEW System Council T-3), SBC Global Services, Inc. — IBEW Local 134 (Appendix F to the AT&T Midwest Contract — IBEW System Council T-3) or SBC Global Services, Inc. — IBEW Local 494 (Appendix G to the AT&T Midwest Contract — IBEW System Council T-3) on Aug. 8, 2009, and you transfer to AT&T Midwest Contract — IBEW System Council T-3, SBC Global Services, Inc. — IBEW Local 21 (Appendix D to the AT&T Midwest Contract — IBEW System Council T-3), SBC Global Services, Inc. — IBEW Local 58 (Appendix E to the AT&T Midwest Contract — IBEW System Council T-3), or SBC Global Services, Inc. — IBEW Local 134 (Appendix F to the AT&T Midwest Contract — IBEW System Council T-3) or SBC Global Services, Inc. — IBEW Local 494 (Appendix G to the AT&T Midwest Contract — IBEW System Council T-3).

## ENROLLMENT

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### KEY POINT

- Your enrollment is generally effective the next payroll period beginning after you enroll.

### How to Enroll

To enroll in the Plan, contact the Recordkeeper. See the “Contact Information” section for the Recordkeeper’s contact information.

Generally, your enrollment is effective with the next payroll period that starts after you enroll. You may not make Contributions that apply before you are enrolled.

**IMPORTANT:** If you do not make an investment fund election, and you do not have a balance in the Plan from a period of prior participation, you will not be allowed to enroll in the Plan until you make an investment fund election.

## EMPLOYEE CONTRIBUTIONS

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### KEY POINTS

- You may make Basic Contributions and Supplementary Contributions.
- Only Basic Contributions are eligible to receive Company Match.
- If you are age 50 or older, you may make Catch-Up Contributions.

### Amount of Employee Contributions

You contribute to the Plan through payroll deductions.

**If you are a dollar banded participant**, you make Basic Contributions to the Plan in **\$5 increments**, subject to the maximum weekly Basic Contributions listed in the tables in this section. You make Supplementary Contributions in **1 percent** increments (from **2 percent** to **30**

**percent** of your Compensation depending on your Participating Company and your union contract, less required deductions). Your total Contributions may not exceed **30 percent**, or the limits stated in the “Limits on Contributions” section. To determine whether you are a dollar banded participant, see the tables in this section for your collective bargaining agreement or the one that you follow as a nonmanagement nonunion employee.

**If you are a percent based participant**, you make Basic (from **2 percent** to **6 percent**) and Supplementary Contributions to the Plan in **1 percent increments** (from **2 percent** to **24 percent** of your Compensation depending on your Participating Company and your union contract, less required deductions). Your total Contributions may not exceed **30 percent**, or the limits stated in the “Limits on Contributions” section. If your collective bargaining agreement (or the one that you follow as a nonmanagement nonunion employee) is not listed in one of the tables in this section, then you are a percent based participant.

Once eligible, you receive Company Match on your Basic Contributions. Your Supplementary Contributions do not receive Company Match. (See the “Employer Contributions” section for more information.) Your Contributions may be Before-tax Contributions, After-tax Contributions (including Roth Contributions, if applicable to you) or a combination of both. Carefully consider your financial needs and talk with your financial adviser before you elect to contribute.

**IMPORTANT:** You make separate elections for Basic Contributions and Supplementary Contributions. Only your Basic Contributions will be eligible for Company Match.

The following tables list maximum Basic Contributions limits for dollar banded participants:

Participating Company	Union	Weekly Compensation	Maximum Amount of Weekly Basic Contribution
Ameritech Services, Inc.	CWA District 4 and IBEW Locals 21, 58, 134 and 494	Up to \$399	\$20
AT&T Services, Inc.		\$400 - \$499	\$25
Illinois Bell Telephone Company		\$500 - \$599	\$30
		\$600 - \$699	\$35
Indiana Bell Telephone Company, Incorporated		\$700 - \$799	\$40
Michigan Bell Telephone Company		\$800 - \$899	\$45
		\$900 - \$999	\$50
The Ohio Bell Telephone Company		\$1,000 - \$1,099	\$55
		\$1,100 - \$1,199	\$60
SBC Global Services, Inc.		\$1,200 and Over	\$65
Wisconsin Bell, Inc.			

Participating Company	Union	Weekly Compensation	Maximum Amount of Weekly Basic Contribution
AT&T Services, Inc. Southwestern Bell Telephone Company	CWA District 6	Up to \$399	\$20
		\$400 - \$499	\$25
		\$500 - \$599	\$30
		\$600 - \$699	\$35
		\$700 - \$799	\$40
		\$800 - \$899	\$45
		\$900 - \$999	\$50
		\$1,000 - \$1,099	\$55
		\$1,100 - \$1,199	\$60
		\$1,200 - \$1,299	\$65
		\$1,300 - \$1,399	\$70
		\$1,400 - \$1,499	\$75
\$1,500 & Over	\$80		

### Before-tax Contributions

Your Before-tax Contributions are deducted from your paycheck before applicable income taxes are withheld. These Contributions are included in your taxable income when distributed to you from the Plan. By law, your Before-tax Contributions cannot exceed an annual limit (see the "Limits on Contributions" section). Note that you pay Social Security taxes on your Before-tax Contributions.

If your Before-tax Contributions exceed an annual limit, your Contributions will stop unless you elect to have those contributions converted to After-tax Contributions. This is called a spillover election.

## After-tax Contributions

Your After-tax Contributions are deducted from your paycheck after withholding applicable income taxes. These Contributions are included in your taxable income. Your After-tax Contributions are not taxable when paid to you from the Plan. However, the earnings on these Contributions are taxable when paid to you from the Plan.

<b>EXAMPLE: Tax Treatment of \$50 Contribution on Your Paycheck</b>		
<b>Item</b>	<b>Before-tax Contribution</b>	<b>After-tax Contribution</b>
Gross Amount of Paycheck	\$1,000	\$1,000
Before-tax Contribution	- \$50	
Taxable Income	\$950	\$1,000
Estimated 28% Income Tax	- \$266	- \$280
After-tax Contribution		- \$50
<b>Take-Home Pay</b>	<b>\$684</b>	<b>\$670</b>

## Roth Contributions

Eligible Employees not covered by a collective bargaining agreement and certain Eligible Employees covered by a collective bargaining agreement as identified below may make Basic and/or Supplementary Contributions to a Roth account in the Plan (Roth Contributions). Although you make Roth Contributions on an after-tax basis (meaning after income taxes are withheld), they are subject to the Before-tax Contributions limits (see the "Limits on Contributions" section). You may withdraw earnings on your Roth Contributions tax-free if (a) it has been at least five tax years since your first Roth Contribution and (b) you are at least 59½ years old or Disabled.

Consider making Roth Contributions if you:

- Have the ability and time to accumulate tax-free earnings;
- Are not eligible for a Roth IRA but want a pool of tax-free money available for retirement; or
- Want to leave tax-free money to your beneficiaries.

You may make Roth Contributions if you are covered by one of the following collective bargaining agreements:

- AT&T Southwest Core Contract — CWA District 6
- AT&T West Core Contract — CWA District 9
- AT&T East Core Contract — CWA District 1
- Pacific Bell Telephone Company — IBEW Local 1269

## Catch-Up Contributions

Eligible Employees not covered by a collective bargaining agreement and certain Eligible Employees covered by a collective bargaining agreement as identified below will be eligible to make Catch-Up Contributions. If you are a Catch-Up Contributions Eligible Employee and are or will be age 50 or older before the end of a calendar year, you may save more on a before-tax basis to “catch up” your savings to help meet your retirement needs. You may contribute an additional Before-tax Supplementary Contribution (or a Roth Contribution, if applicable to you) in 1 percent increments (up to 50 percent) of your Compensation that exceeds the otherwise applicable Plan or statutory limits (a “Catch-Up Contribution”). See the “Limits on Contributions” section. **Catch-Up Contributions are not eligible for Company Match.**

You may make Catch-Up Contributions if you are covered by one of the following collective bargaining agreements:

- AT&T Midwest Contract — IBEW System Council T-3
- AT&T Southwest Core Contract — CWA District 6
- AT&T West Core Contract — CWA District 9
- AT&T East Core Contract — CWA District 1
- Pacific Bell Telephone Company — IBEW Local 1269
- SBC Global Services, Inc. — IBEW Local 21 (*Appendix D* to the AT&T Midwest Contract — IBEW System Council T-3)
- SBC Global Services, Inc. — IBEW Local 58 (*Appendix E* to the AT&T Midwest Contract — IBEW System Council T-3)
- SBC Global Services, Inc. — IBEW Local 134 (*Appendix F* to the AT&T Midwest Contract — IBEW System Council T-3)
- SBC Global Services, Inc. — IBEW Local 494 (*Appendix G* to the AT&T Midwest Contract — IBEW System Council T-3)

**IMPORTANT:** In order to make a Catch-Up Contribution, you must make a separate election for an additional Before-tax Supplementary Contribution (or “Employee Pre-tax Catch-Up” Contribution).

**EXAMPLE: The Statutory Limit of \$17,500 for Before-tax Contributions Is Reached**

Jane is 52 years old and is paid \$60,000 a year (\$2,500 semi-monthly for 24 paychecks during the year). She already contributes the maximum Before-tax Contributions allowed by statute (\$17,500 in a calendar year for 2014). However, Jane wants to contribute \$5,500 more for her retirement and decides to elect a Catch-Up Contribution. Jane must make sure she elects a separate Catch-Up Contribution for her additional Contribution of \$5,500.

<b>Before-tax Contributions</b>	<b>Deducted Each Paycheck</b>	<b>Annual Total</b>
Before-tax Basic (maximum Basic is 6%)	\$150	\$3,600
Before-tax Supplementary (maximum Supplementary is 24%)	\$579	\$13,900
Total Before-tax Basic and Supplementary Contributions (maximum Before-tax is \$17,500)	\$729	\$17,500*
Catch-Up Contribution (maximum is \$5,500)	\$229	\$5,500
<b>Total Contributions During the Plan Year</b>		<b>\$23,000</b>

*\*After reaching the Before-tax Contribution limit, her Before-tax Contributions may automatically be recharacterized as After-tax Contributions or cease (depending on her spillover election).*

## To Change or Suspend Your Contributions

**Each payroll period**, you may change the percentage, type or tax treatment of your Contributions. You may also suspend your Contributions (decrease your Contributions to 0 percent). However, unless the suspension occurs while you are Disabled, you must wait a minimum of **three months** from the date of suspension of Contributions before you may restart your Contributions.

## EMPLOYER CONTRIBUTIONS

### KEY POINTS

- *If you have one Year of Service, you may receive Company Match on your Basic Contributions.*
- *Supplementary Contributions are **not** eligible to receive the Company Match.*
- *Company Match is allocated to the AT&T Shares Fund account.*

## Amount of Employer Contributions

When you enroll in the Plan and complete one Year of Service, you may receive a Company Match from your Participating Company. Your Company Match is **80 percent** of your total Before-tax and After-tax **Basic Contributions. No Company Match is made on Supplementary Contributions.** The Company Match is invested in your AT&T Shares Fund on the same day your Basic Contributions are allocated to your account in the Plan.

### **Company Match Diversification**

You may exchange (or transfer) up to 100 percent of your vested Company Match. Generally, your Company Match vests after you have at least three Years of Service with AT&T (see the “Vesting” section).

### **Company Match Withdrawal**

You may withdraw up to 100 percent of the vested amounts held in your Company Match account. You may make a Withdrawal **once each year** and you may elect to have it paid in AT&T Shares or in cash.

## LIMITS ON CONTRIBUTIONS

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### **KEY POINTS**

- *Your Before-tax Contributions and Roth Contributions are limited to \$17,500 a year for 2014 (subject to future adjustments).*
- *Your Contributions may be limited if you are a highly compensated employee.*

## **Before-tax Contributions**

The Plan is prohibited by law from accepting your Before-tax Contributions or Roth Contributions during a Plan Year that, when added to these Contributions to other tax qualified plans, exceed \$17,500 in 2014 (subject to future adjustments). If you reach the annual Plan limit on Before-tax Contributions or Roth Contributions, you may elect to have these Contributions either suspended or withheld as After-tax Contributions for the remainder of the year (known as a spillover election). If you have made no election on how these Contributions should be treated, your Contributions will cease for the remainder of the year. The annual limit on Before-tax Contributions or Roth Contributions applies to the total of all of your Before-tax Contributions. If you are or will be age 50 or older before the end of a calendar year, you may be eligible to make Catch-Up Contributions. The Catch-Up Contribution limit for 2014 (subject to future adjustments) is \$5,500.

## **Highly Compensated Employees**

If you are a highly compensated employee, some combination of your Before-tax Contributions, After-tax Contributions and Company Match could be reduced, recharacterized or adjusted due to Code limitations (and such adjustment could include a return of excess Contributions). A highly compensated employee is an employee who (a) was a five percent owner at any time during the Plan Year under consideration or (b) for the prior Plan Year received Compensation greater than \$115,000 applicable to the 2014 Plan Year (subject to future adjustments).

## **Overall Limits**

The Code may impose limits on the total amount contributed to the Plan. The limitation in 2014 (subject to future adjustments) is \$52,000. In addition, each Contribution made by the

Participating Company to the Plan (including Before-tax Contributions or Roth Contributions) is expressly limited and conditioned on the deductibility of the Contribution under the Code. The Plan limits the amount of your Compensation taken into account under the Plan for any Plan Year to \$260,000 in 2014 (subject to future adjustments). If you reach the Compensation limit, your Contributions will automatically be suspended for the remainder of the year.

## VESTING

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### KEY POINTS

- *Employee Contributions are vested.*
- *Your Company Match is subject to a vesting schedule.*
- *Generally, you are fully vested after three Years of Service.*

Vesting determines your rights to full ownership of the Company Match. Your Contributions and earnings on those Contributions are fully vested at all times. The Company Match will vest after you have been employed by an Employer and as provided below:

- Your Company Match will vest after **three** Years of Service.
- If you become Disabled while an Eligible Employee, your Company Match will vest immediately.
- **If you are age 65**, your Company Match will vest immediately.
- **If you die while an Eligible Employee**, your Company Match will vest immediately.
- Upon your Termination of Employment on or after the date you are retirement eligible (as provided in the Plan), your Company Match will vest immediately.
- Upon the occurrence of certain other events set forth in the Plan, your Company Match will vest immediately.

Generally, if you are not vested upon Termination of Employment, you will forfeit and not be entitled to receive any Company Match. However, if your employment is terminated under certain conditions, you may not forfeit Company Match (see the "Forfeiture" section).

- **Special Rule If You Have Contributions That Were Transferred to the Plan From Another Plan and That Other Plan Had a Different Vesting Schedule**  
*Contact the Recordkeeper. You may have a different vesting schedule that applies to some or all of your account in the Plan.*
- **Special Rule If You Were Previously Employed by an Employer and Subsequently Rehired**  
*Contact the Recordkeeper. You may receive credit for prior employment with an Employer.*

## FORFEITURE

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### KEY POINTS

- *Any portion of your Company Match that is not vested may be forfeited after your termination of employment.*
- *Forfeitures may be used to reduce future Employer Contributions or to pay Plan administrative expenses.*

### What Is Subject to Forfeiture

Your Before-tax and/or After-tax Contributions, and applicable earnings on those Contributions, are always vested and are not subject to forfeiture. However, you will forfeit all Company Match Contributions that are **not vested** at the time you terminate employment. The amount to be forfeited will be held in your account for a period of five years following your date of termination or until your account has been completely distributed, whichever occurs first.

### Application of Forfeited Company Match

Amounts forfeited under the Plan will be applied as a credit to reduce subsequent Contributions by Participating Companies or pay expenses incurred in the administration of the Plan.

### Restoral of Forfeited Company Match

#### ***If You Took a Distribution of Your Account upon Termination of Employment***

If you are re-employed by a Participating Company within five years of your Termination of Employment and you forfeited Company Match because you elected to take a Distribution of a portion of your account, the previously forfeited Company Match will be restored to your account if you repay the Trustee the amount distributed to you as a result of your earlier Termination of Employment. Your repayment must be made in a single cash payment, and it must be made within five years of the date you are rehired.

*Note: Repayment of the forfeited amount needs to come from a qualified plan or IRA. Amounts not rolled over and kept as cash are considered nonqualified monies and cannot be restored to the Plan.*

#### ***If You Deferred Distribution of Your Account upon Termination of Employment***

If you are re-employed by a Participating Company within five years of your Termination of Employment and you deferred the Distribution of your account when you terminated, your account balance upon re-employment will reflect any amounts that were not vested at your prior Termination of Employment.

## INVESTMENT OPTIONS

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### KEY POINTS

- You invest your Contributions in the investment funds available under the Plan.
- If you do not select an investment fund or funds, you will not be allowed to enroll until you select investment funds.
- Attachment 2: Fee Disclosure contains additional important information about the investment funds under the Plan.

### How Your Contributions Are Invested

You may invest your Contributions, loan repayments or rollover amounts in one or more of the investment funds described on the following pages. Each of the Plan's investment funds offers different opportunities and levels of risk. Each fund has a specific investment goal and may invest in short-term investments, including commercial paper and bank deposits (including deposits with a fiduciary of the Plan), pending the purchase of other investments of the types described for each fund. Some of the funds, or underlying investment funds and contracts, may engage in securities lending.

**IMPORTANT:** If you do not select an investment fund, you will be disenrolled until such time as you make investment elections.

The Plan is intended to comply with ERISA Section 404(c). This means that all responsibility with respect to the selection of investments for your Plan account belongs with you. Choices should be made carefully on the basis of your personal financial goals. Neither the Plan Administrator, the Plan Sponsor, any Plan committees, the Recordkeeper, the Trustee nor the Employer (nor any Participating Company) are accountable for any loss sustained by reason of your investment decisions. In addition, none of the parties listed in the preceding sentence make any guarantee of the performance of any investment option offered under the Plan.

**No AT&T employee or Recordkeeper representative is authorized to make any recommendations or provide advice as to how you should invest your Plan account. In addition, neither this SPD nor any other materials provided to you related to the Plan's investment choices should be construed as providing any type of recommendation or investment advice.** With the exception of the AT&T Shares Fund, the investment funds are selected by the Plan Administrator, or its delegate, and are subject to change. The Plan Administrator, or its delegate, may also change the managers of the investment funds.

Interest and/or dividends earned in an investment fund (except the AT&T Shares Fund and Dividend Fund Account) are automatically reinvested in that fund. For information on the rate of return for each investment fund, see the "Historical Performance" section.

#### **Benchmark Descriptions**

Each investment fund's returns are compared against a benchmark as set forth in *Attachment 2: Fee Disclosure*. In addition, some investment funds, but not all, are structured in a way to attempt to meet, match or exceed their benchmark. See the description for each investment fund herein for more information. In general, a benchmark is a standard against which an investment fund is compared and can be an index. Contact the Recordkeeper or visit the applicable website for the

Recordkeeper listed in the "Contact Information" section for more information regarding a particular benchmark.

### ***AT&T Shares Fund***

#### *What It Is*

A fund that pools your money with that of other employees to buy AT&T Shares and an amount of short-term investments (cash equivalents) designed to allow you to buy or sell without the usual trade settlement period for individual stock transactions. The fund is "unitized," meaning your ownership interest in the fund is measured in units of the fund instead of individual shares of stock. As such, the value of one fund unit is not equivalent to the price of a single AT&T share. This fund is an Employee Stock Ownership Plan. When AT&T declares a dividend, only participants who have a balance in the AT&T Shares Fund at the end of the trading day preceding the ex-dividend date will receive a dividend on their shares. This is not an SEC-registered 40 Act fund.

#### *Objective*

Seeks to approximate the performance of AT&T Shares. Benchmark applied is the Standard & Poor's 500® Composite Stock Price Index (S&P 500® Index).

#### *Strategy*

The fund invests in AT&T Shares exclusively, except for cash or other short-term investments necessary to facilitate participant transactions. Evercore Trust Company, N.A. is the Investment Manager and Independent Fiduciary of the AT&T Shares Fund. The amount of short-term investments is based upon a target established by the Independent Fiduciary, but the actual amount of short-term investments on any given Business Day will vary with the amount of cash awaiting investment and with participant activity in the fund (Contributions, redemptions, exchanges, withdrawals, etc.). The Independent Fiduciary has no authority or responsibility for voting AT&T Shares.

#### *Risks*

The fund is neither a mutual fund nor a diversified or managed investment option – it is a non-diversified, single stock fund with a small amount of short-term investments (cash equivalents), as described above. If you invest a significant portion of your retirement savings in any one company or industry, your savings may not be properly diversified. Although diversification is not a guarantee against loss, it can be an effective strategy to help you manage investment risk. Investing in a nondiversified single stock fund involves more risk than investing in a diversified fund. On days of unexpectedly heavy outflows, the fund may not have enough short-term investments for liquidity. If that happens, requests to sell units received by Fidelity before the market close on a Business Day may not be processed on that day. In that case, requested sales of units will be suspended and, as liquidity is restored, suspended transactions will be processed, generally on a first-in-first-out basis, at the closing price for the processing date. In unusual circumstances, the fund may be closed to purchases or sales. As with any stock, the value of your investment may go up or down depending on how the company's stock performs in the market. Unit price and return will vary.

AT&T Shares fluctuate in market value, and the value of Units in the fund will likewise fluctuate. Investing in this fund is riskier than investing in the other Plan investment options because this fund invests in only one company. Industry conditions, general economic conditions and financial results of AT&T will have a large impact on the return of the fund. The return and value of your investment will vary depending on the short-term investments held by the fund, less any expenses accrued against the fund.

*Note: The fund will be invested exclusively in AT&T Shares (except to the extent necessary to facilitate participant transactions) unless the Independent Fiduciary determines in its sole discretion, that it is required by ERISA to disregard the terms of the Plan. In addition, there can be no assurance that the fund will achieve its stated objective.*

*You may not make an exchange into the AT&T Shares Fund during the two Business Days prior to an ex-dividend date.*

## **Bond Fund**

### What It Is

A bond index investment fund. This is not an SEC-registered 40 Act fund; it is a collective investment trust.

### Objective

Seeks to match the performance of the Barclays Capital U.S. Government/Credit Bond Index.

### Strategy

The fund invests in a diversified sample of the bonds that make up the Barclays Capital U.S. Government/Credit Bond Index. The Index is comprised of investment grade bonds (rated Baa3/BBB- or higher) consisting of U.S. Treasury, U.S. Agency and domestic corporate bonds, in addition to U.S. dollar-denominated bonds issued by foreign governments and their agencies, supranational organizations, foreign corporations and local authorities. BlackRock is the fund's manager and trustee.

### Risks

In general the bond market is volatile, and fixed income securities carry interest rate risk, as well as other types of risks. (As interest rates rise, bond prices usually fall, and vice versa.) This effect is usually more pronounced for longer-term securities. Fixed income securities also carry inflation risk and credit and default risks for issuers. Unlike individual bonds, most bond funds do not have a maturity date.

Unit value, yield and returns will fluctuate based on these risks and could have a negative return. To the extent the fund does not invest in federally-insured obligations, fund investments are subject to the risk that an issuer will fail to make timely payments of interest or principal, which may result in a loss to the overall market value of the fund. In addition, there can be no assurance that the fund will achieve its stated objective.

## **Global Equity Fund**

### What It Is

A global equity index fund. This is not an SEC-registered 40 Act fund; it is a collective investment trust.

### Objective

Seeks to have the global return of approximately 75 percent of the fund in a passive strategy to match the Dow Jones U.S. Total Stock Market Index and approximately 25 percent to match the MSCI EAFE® Net Dividend Return Index.

### Strategy

Invests in stocks that make up the Morgan Stanley Capital International (MSCI) EAFE Index and the Dow Jones U.S. Total Stock Market Index. This fund is managed by BlackRock and may invest in the following instruments: U.S. stocks, foreign stocks (developed markets), securities convertible into common stocks, debentures accompanied by warrants to purchase stocks, stock index futures

contracts, short-term fixed income investments and commingled funds that invest in these securities.

If the fund manager determines that developments between the close of foreign markets and the close of the Business Day for the fund will, in its judgment, materially affect the value of some or all of the fund's securities, the manager reserves the right to adjust the previous closing prices, based on a third-party pricing model, as of the close of the fund's Business Day.

### Risks

Foreign securities are subject to interest-rate, currency-exchange-rate, economic and political risks, all of which may be magnified in emerging markets. Value and growth stocks can perform differently from other types of stocks. Growth stocks can be more volatile. Value stocks can continue to be undervalued by the market for long periods of time. Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, economic or other developments.

As is the case with all stock portfolios, the general level of volatility and risk-along with the potential investment returns-associated with this fund is higher than with fixed income funds. Stock index futures contracts within this fund are intended to reduce the risk level of this fund or act as a temporary substitute for investment in common stocks. Additional risks include: underlying fund risk, equity investment risk, foreign investment risk, securities lending risk, derivative risk, small capitalization companies risk, and mid-capitalization companies risk, as well as other types of risks.

Unit price and return will vary. In addition, there can be no assurance that the fund will achieve its stated objective.

### **Interest Income Fund**

#### What It Is

A capital preservation and income fund. This is not an SEC-registered 40 Act fund.

#### Objective

Seeks to preserve principal value, provide a relatively stable current rate of interest income and earn incremental returns above the return of the Barclays Capital U.S. 3-month Treasury Bellwether Index.

#### Strategy

The fund primarily invests in stable value investment contracts issued by banks, insurance companies and other financial institutions, typically held in combination with portfolios of a variety of fixed income investments including securities issued by the U.S. Treasury, U.S. Government agencies or enterprises, other municipal, sovereign (including non-U.S.) or supranational issuers, residential and commercial mortgage-backed securities, asset-backed securities and corporate securities. Stable value contracts are negotiated over-the-counter contracts intended to help the fund maintain stable principal valuation in most circumstances and typically require the fund to pay periodic fees to the contract issuers. Some stable value contracts issued by insurance companies may require that the fixed income portfolios are held by the insurance company instead of being held by the fund. The fund may also invest in commingled funds with investments that are similar to those described above. The fund may also invest in short-term fixed income investment funds and money market funds to help meet daily liquidity requirements.

The average credit quality of the fund's investments is generally expected to be AA- (or its equivalent) or higher, although individual securities or contracts purchased for the fund will have

a credit quality rating lower than AA-. The average duration (a measure of price sensitivity to changes in interest rates) for investments in the fund is typically expected to be in a range of one and one-half to three and one-half years.

In general, prices of fixed income investments fall when interest rates rise, and vice versa. The fund invests in stable value contracts to help offset price fluctuations. The terms of each stable value contract obligate the contract's issuer to keep a separate record for the contract's value known as the "book value," which under most circumstances approximates the value of invested principal plus accrued interest, adjusted for deposits, withdrawals and fees. The fund's Net Asset Value (NAV) is normally expected to be calculated using the book value of the stable value contracts, regardless of the fluctuations in the market value of the fixed income portfolios. Stable value contracts provide that realized and unrealized gains and losses on the underlying fixed income investments are typically not reflected immediately in the net assets of the fund, but rather are amortized, over the duration of the underlying assets or other agreed upon period, through adjustments to the future interest crediting rates. The terms of each stable value contract provide for certain qualified withdrawals allowed under the Plan, such as exchanges, withdrawals, distributions and benefits to be paid at book value, although terms vary from contract to contract and certain withdrawals may not be permitted at book value.

This fund is managed by GSAM Stable Value, LLC. AT&T may also retain additional fixed income portfolio managers, which will manage portfolios of fixed income securities.

### Risks

Investing in the fund involves certain risks, some of which are explained here, and there is no assurance that the fund will achieve its objective. An investment in the fund is not insured or guaranteed by the manager(s), the Plan Sponsor, the Trustee, the FDIC, any other government agency or any other entity. The fund is typically expected to maintain a relatively stable NAV, however, in some circumstances the fund's NAV may fluctuate up or down without advance notice, so it is possible to lose money in the fund. The stable value contracts and securities purchased for the fund are backed solely by the financial resources of the issuers of such contracts and securities. Those issuers may experience a credit failure or otherwise fail to meet their financial obligations, which could result in a loss. The stable value contracts purchased by the fund are normally expected to be accounted for at book value as described above, although in some circumstances an adjustment to the book value may be made that may result in a loss.

Stable value contracts provide for the payment of certain withdrawals and exchanges at book value subject to the terms of the contracts. In order to maintain the contract issuers' obligation to pay such withdrawals and exchanges at book value, the contracts subject the fund and its participants to certain restrictions. For example, withdrawals prompted by certain events (e.g., layoffs, early retirement windows, spin-offs, sale of a division, facility closings, employer bankruptcy, partial or complete Plan termination, changes in laws, accounting procedures or regulatory changes, Plan amendments or changes to the Plan's investment options) may be paid at the market value of the fund's securities, which may be less than your book value balance and therefore result in a loss.

Stable value contracts contain terms including events of default and provisions under which the contract issuer may terminate the contract, which if triggered could obligate the fund's managers to alter the investment strategy and wind down the contracts over a period of several years, or could potentially cause loss of coverage under the contracts. Certain events or conditions, including but not limited to, changes to the Plan's investment funds, changes to the rules or administration of the Plan or fund, employer restructuring or layoffs, corporate mergers or divestitures, employer bankruptcy, partial or complete Plan termination, changes in law, accounting procedures or regulatory changes, could result in the termination of a stable value

contract and result in withdrawals from the stable value contracts being made at market value instead of book value, which could result in a reduction of the fund's NAV. Issuers of stable value contracts may decide to exit the market or otherwise elect to terminate or wind down their contracts. There is no assurance that the fund's manager will be able to negotiate a sufficient amount of replacement contract coverage for all of the assets in the fund, and therefore some of the fund's fixed income assets may not be subject to contract coverage, causing the NAV to fluctuate.

The value of the fund's fixed income investments held in combination with the stable value contracts may fluctuate, sometimes rapidly or unpredictably, due to a number of factors, including changes in interest rates or inflation, adverse economic conditions, reduced market liquidity, poor manager performance or other factors affecting the securities markets. The creditworthiness of the issuer or guarantor of fixed income securities or stable value contracts may deteriorate, or the issuer may default or become unable or unwilling to make timely principal payments, interest payments, or to otherwise honor its obligations, which may impact the fund's performance or cause a reduction in the fund's NAV. In addition, some stable value contracts provide for an adjustment to contract value if a security that is part of the underlying fixed income assets defaults or otherwise becomes impaired as defined in the stable value contract. In the event of an impairment, generally contract value is decreased by the amortized cost of the impaired security and, if such security is subsequently sold, contract value is increased by the amount of such sales proceeds.

The fund's yield and return will vary over time. The fund's yield is intended to follow the general trends in interest rates, although with a potentially significant time lag. The fund's yield and return will also be affected by cash flows into and out of the fund, including contributions, withdrawals and exchanges from other participants invested in the fund. The returns of the fund may not keep pace with inflation or the cost of living. The fund's yield and income could at times be reduced to a rate lower than that offered on other conservative investments, such as certificates of deposit or money market funds. In addition, there can be no assurance that the fund will achieve its stated objective.

*Note: Certain investment options offered by your Plan (e.g., money market funds, short-term bond funds, certain asset allocation/lifecycle funds and brokerage window) may be deemed by stable value contract issuers to "compete" with this fund. The terms of these contracts prohibit you from making a direct exchange from this fund to such competing funds. Instead, you must first exchange to a noncompeting fund for 90 days. While these requirements may seem restrictive, they are imposed by the contract issuers as a condition for the issuer's obligation to pay certain withdrawals and exchanges at book value.*

## **International Stock Fund**

### What It Is

An international equity index fund. This is not an SEC-registered 40 Act fund; it is a collective investment trust.

### Objective

Seeks to match the performance of the MSCI EAFE® Net Dividend Return Index.

### Strategy

Primarily invests in a diversified sample of stocks that make up the MSCI EAFE® Net Dividend Return Index. This fund is managed by BlackRock and may invest in the following instruments: foreign stocks (developed markets), securities convertible into common stocks, debentures

accompanied by warrants to purchase stocks, stock index futures contracts, short-term fixed income investments and commingled funds that invest in these securities.

If the fund manager determines that developments between the close of foreign markets and the close of the Business Day for the fund will, in its judgment, materially affect the value of some or all of the fund's securities, the manager reserves the right to adjust the previous closing prices, based on a third-party pricing model, as of the close of the fund's Business Day.

### Risks

Foreign securities are subject to interest-rate, currency-exchange-rate, economic and political risks, all of which may be magnified in emerging markets. Value and growth stocks can perform differently from other types of stocks. Growth stocks can be more volatile. Value stocks can continue to be undervalued by the market for long periods of time. Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, economic or other developments.

As is the case with all stock portfolios, the general level of volatility and risk-along with the potential investment returns-associated with this fund is higher than with fixed income funds. Stock index futures contracts within this fund are intended to reduce the risk level of this fund or act as a temporary substitute for investment in common stocks. Additional risks include: underlying fund risk, equity investment risk, foreign investment risk, securities lending risk, and derivative risk, as well as other types of risks.

Unit price and return will vary. In addition, there can be no assurance that the fund will achieve its stated objective.

## **Large Cap Stock Fund**

### What It Is

An equity index investment fund. This is not an SEC-registered 40 Act fund; it is a collective investment trust.

### Objective

Seeks to match the performance of the S&P 500® Index.

### Strategy

Primarily invests in stocks that make up the S&P 500® Index. The fund is managed by BlackRock and may invest in the following instruments: large-capitalization U.S. stocks, securities convertible into common stocks, debentures accompanied by warrants to purchase stocks, stock index futures contracts, short-term fixed income investments and commingled funds that invest in these securities.

### Risks

Value and growth stocks can perform differently from other types of stocks. Growth stocks can be more volatile. Value stocks can continue to be undervalued by the market for long periods of time. Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, economic or other developments.

As is the case with all stock portfolios, the general level of volatility and risk-along with the potential investment returns-associated with this fund is higher than with fixed income funds. Stock index futures contracts within this fund are intended to reduce the risk level of this fund or act as a temporary substitute for investment in common stocks. Additional risks include: underlying fund risk, equity investment risk, securities lending risk, and derivative risk, as well as other types of risks.

Unit price and return will vary. In addition, there can be no assurance that the fund will achieve its stated objective.

### ***Mid and Small Cap Stock Fund***

#### *What It Is*

An equity index investment fund. This not an SEC-registered 40 Act fund; it is a collective investment trust.

#### *Objective*

Seeks to match the performance of the Dow Jones U.S. Completion Total Stock Market Index.

#### *Strategy*

Invests in a diversified sample of the stocks that make up the Dow Jones U.S. Completion Total Stock Market Index. The Index is comprised of the stocks of all small and medium U.S. companies with readily available price data that are not included in the S&P 500® Index. The fund is managed by BlackRock and may invest in the following instruments: mid- and small-capitalization U.S. stocks, securities convertible into common stocks, debentures accompanied by warrants to purchase stocks, stock index futures contracts, short-term fixed income investments and commingled funds that invest in these securities.

#### *Risks*

Growth stocks can perform differently from the market as a whole and can be more volatile than other types of stocks. The securities of smaller, less well-known companies can be more volatile than those of larger companies. Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, economic or other developments.

As is the case with all stock portfolios, the general level of volatility and risk-along with the potential investment returns-associated with this fund is higher than with fixed income funds. Stock index futures contracts within this fund are intended to reduce the risk level of this fund or act as a temporary substitute for investment in common stocks. Additional risks include: underlying fund risk, equity investment risk, securities lending risk, derivative risk, small capitalization companies risk, and mid-capitalization companies risk, as well as other types of risks.

Unit price and return will vary. In addition, there can be no assurance that the fund will achieve its stated objective.

## Summary Chart of Investment Options

Type of Fund	Name	Characteristics
Index	<ul style="list-style-type: none"> <li>• Large Cap Stock Fund</li> <li>• Mid and Small Cap Stock Fund</li> <li>• Global Equity Fund</li> <li>• International Stock Fund</li> <li>• Bond Fund</li> </ul>	Each index fund provides a broadly diversified portfolio of small-, mid- and large-capitalization U.S. equities, international equities and fixed income. These funds seek to match the rates of return realized by a widely accepted market index represented by each asset category.
Employer Stock	<ul style="list-style-type: none"> <li>• AT&amp;T Shares Fund</li> </ul>	This is not a diversified fund. The fund invests in AT&T Shares exclusively, except for cash or other short-term investments necessary to facilitate participant transactions, and the performance is directly tied to the performance of AT&T Shares. Since the fund is a single nondiversified investment, it is riskier than diversified investment funds.
Stable Value	<ul style="list-style-type: none"> <li>• Interest Income Fund</li> </ul>	A capital preservation and income fund that invests in a diversified portfolio of stable value and fixed income securities.

## DIVIDEND FUND ACCOUNT (DFA)

### KEY POINTS

- *You may elect to have any dividends on AT&T Shares paid directly to you.*
- *If you do not make an election regarding your dividends, they are automatically reinvested in the AT&T Shares Fund.*

You may elect to receive the dividends paid on AT&T Shares held in the AT&T Shares Fund in cash and/or reinvest them in the AT&T Shares Fund. You may elect a percentage (in whole percentages up to 100 percent) of the total amount of dividends you want to reinvest and/or receive in cash. You only need to make one election for all of the AT&T Shares Fund. You must make your election by 3 p.m. Central time on the Business Day before an ex-dividend date.

**IMPORTANT:** If you fail to make an initial election by the deadline, your dividends will automatically be reinvested in the AT&T Shares Fund.

Once you make an initial election, it remains in effect, and you do not have to make another election unless you wish to change it. You may change your election at any time.

## Distribution of Dividends

### **Cash**

The dividends paid during the calendar year will accumulate in a separate DFA and will be paid to you at the end of the year in cash, unless your account is frozen pending Distribution pursuant to a qualified domestic relations order. If your cash dividend is less than \$50, your dividend will be paid via electronic funds transfer (EFT). If you do not have an EFT in effect, then your dividend will be reinvested. Contact the Recordkeeper to sign up for an EFT. The dividend payment will be subject to income tax, may not be rolled over to an IRA and must be reported on your income tax return. The dividend is subject to the income tax even if paid from Roth-sourced money. While held in the DFA, the dividends will earn interest. The interest will be reinvested in your AT&T Shares Fund account each month. While held in the DFA, the dividends will not be available for loans, Withdrawals or exchanges. In the event of a Distribution, the dividends will be paid to you in cash. If the Recordkeeper does not have a valid address on file for you, your dividends will be automatically reinvested in the Interest Income Fund.

### **Reinvest**

If you do not elect to receive your dividends in cash, your dividends will be reinvested in the AT&T Shares Fund.

## CHANGING YOUR INVESTMENTS

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### **KEY POINTS**

- *You may change the investment of your existing account balance by executing an exchange.*
- *An exchange will not change the investment direction of your future Contributions.*

### **For Existing Account Balances**

You may move your existing account balances by performing an **exchange**. This transaction will not change the investment direction you have elected for future Contributions (to change the direction of future Contributions, see the "For Future Contributions" section). Your transaction will be effective the same Business Day that it is confirmed by the Recordkeeper. For more information regarding changing your investments and related details, see the "When a Transaction Takes Effect" section. Exchanges are only available for vested Company Match.

### **Exchange**

Elect this transaction if you want to move existing amounts from one investment fund to another. An exchange will not change the investment direction you have elected for future Contributions. An exchange must be requested in whole percentages or whole dollars. You may make up to four exchanges each quarter. You may make as many exchanges as you like in the same Business Day, and all of those exchanges will only be counted as one transaction for that day.

**IMPORTANT:** You may **not** request an exchange on the same day you request a loan, Withdrawal or Distribution. You may not make an exchange into the AT&T Shares Fund during the two Business Days prior to an ex-dividend date.

## For Future Contributions

Elect this transaction if you want to change the investment direction of your future Contributions. **Changes to the investment of your future Contributions may be made in 1 percent increments.** For example, you may currently invest your Contributions in the International Stock Fund and decide instead to invest in the Interest Income Fund and the Large Cap U.S. Stock Index Fund. After your transaction is processed, no future Contributions would be made to the International Stock Fund (unless you subsequently changed your election).

**IMPORTANT:** You may change the investment direction of future Contributions, in whole percentages, as often as you choose.

Your future Contributions will be invested in the investment fund selected by you the same Business Day that it is confirmed by the Recordkeeper if confirmed by the Recordkeeper before the end of the Business Day.

## Excessive Trading Notice

Your Plan offers a range of different investment choices for you to structure an investment portfolio to meet your needs. The investment managers who provide these investment choices have the right to monitor your investment trading and to restrict your ability to buy or sell their products in this Plan if they feel your trading is harmful or disruptive to the interests of all investors in their fund. You are encouraged to familiarize yourself with any excessive or short-term trading policies, as applicable, of each fund product that you include in your Plan investment portfolio.

## VALUATION OF YOUR ACCOUNT

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### KEY POINTS

- *Your account is valued in Units.*
- *Historical return information is for reference only and does not predict future returns.*

### Valuation Is in Units

Your interest in a fund is represented by Units of participation. These Units are valued on a Valuation Date by dividing the total value of the assets held by each fund by the total number of Units of all participants in that fund. For funds that invest in AT&T Shares, a Unit's value is based on the NYSE closing price of AT&T Shares on the Valuation Date (the closing price may vary from the published "consolidated" closing price). Therefore, the values of the Units will vary as the values of the underlying assets vary. Although the value of each Unit can change either up or down, your number of Units, generally, will not be reduced, except if you take a loan, Withdrawal, receive a Distribution, forfeit the Company Match or incur any fees to your account.

### Historical Performance

Historical information on the net annual rates of return for each fund is set forth in the *Investment Return* chart in *Attachment 2: Fee Disclosure*.

**IMPORTANT:** Past performance does not guarantee future results.

## OPERATING EXPENSES

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### KEY POINTS

- *Plan administrative expenses may be charged to the Plan and/or Trust as a whole.*
- *Certain transaction-based expenses may be charged directly to your account.*
- *Historical expense information is for reference only and does not predict future expenses.*

### Expenses Are Charged to Your Account

Under the Plan, all expenses incurred to administer the Plan are charged to participants, either directly to their accounts or through the Plan's Trust or investment funds, in accordance with administrative procedures established by the Plan Administrator. Some examples of these types of administration expenses include recordkeeping fees, communications fees and legal fees. The Trust or investment funds will generally pay the investment manager fees, trustee fees, other fees associated with the investments in each fund and those plan administration expenses not charged directly to participant accounts.

In addition, expenses and fees associated with certain transactions and services will be charged directly to participants who incur them (rather than the Trust as a whole) and will appear on those participants' statements. Examples include, but are not limited to:

- Distribution fees;
- Shares distribution fees;
- Overnight delivery charges; and
- Loan initiation (the portion not paid by the Trust).

The rate of return for your account in a particular investment fund could be different from the rate of return for the fund itself as a result of fees being charged directly to your account.

Operating expenses and fees are subject to change, and there is no limit on the maximum amount of fees that may be charged. Brokerage fees, transfer taxes and other expenses related to the purchase or sale of securities by the Trustee will be deemed to be part of the cost of the securities or deducted from the proceeds, as the case may be. The Plan Trust will charge the Participating Companies the transfer taxes, if applicable, in connection with the Distribution of AT&T Shares to participants or their beneficiaries.

### Estimated Operating Expenses

Estimated operating expenses allocated to each investment fund are set forth in the *Operating Expense* chart in *Attachment 2: Fee Disclosure*.

## LOANS

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### KEY POINTS

- *Only active Eligible Employees may take out a new loan.*
- *There are two types of loans under the Plan: principal residence and general purpose.*

- *The minimum amount you may borrow is \$500.*
- *Your account will be charged a one-time set-up fee for the loan and a quarterly maintenance fee.*

## Type and Amount of Loans

If you qualify and you are an Eligible Employee, you may obtain the following types of loans through the Plan: **principal residence** (for the purpose of acquiring your principal residence; term of loan is one to 10 years) and **general purpose** (for any purpose; term of loan is one to five years). You may have up to two outstanding loans at a time; however, you may have only one outstanding loan for your principal residence. The minimum amount you may borrow is \$500, and the maximum cannot exceed the lesser of (a) \$50,000 less the highest outstanding loan balance in the prior 12 months or (b) 50 percent of the total value of your vested account balance in the Plan and other qualified plans sponsored by AT&T, excluding amounts held in your DFA(s). Amounts held in your DFA are not available for loans.

*Note: Loan amounts apply to all Plans covered by the AT&T Controlled Group. For instance, if you have one outstanding loan in one AT&T savings plan in a frozen account, you will only be allowed one loan in this AT&T savings plan for a total of two loans across both plans.*

**IMPORTANT:** DFA is not available for loans.

Your account will be charged a loan initiation fee. See the "Operating Expenses" section. You will be charged an interest rate equal to the prime rate (as published by Reuters on the last Business Day of the month preceding the date the loan is initiated) plus 1 percent. You should contact the Recordkeeper to request a loan.

**IMPORTANT:** You may not cancel a loan after it is processed.

Sufficient Units are sold from your account (excluding amounts held in your DFA) on a pro rata basis from each investment fund to fund your loan. For general purpose loans, the Recordkeeper calculates the value of your account at the time you request the loan and the loan is confirmed. For principal residence loans, the Recordkeeper calculates the value of your account after it has received the proper documentation to process the loan.

## Repayment of Loan

Your loan will be amortized over 24 payments a year even if you are paid biweekly (26 payments a year). Your loan is paid in equal installments, typically through payroll deductions. The payroll deductions generally begin with the first payroll period credited in the second month after the loan becomes effective.

**IMPORTANT:** If your payroll deductions do not begin as scheduled, please contact the Recordkeeper immediately.

The deductions will be approximately the same from each paycheck. If you are unable to make payments through payroll deductions, you may make payments through automatic debit of your bank account using the Automated Clearing House (ACH) system. You should contact the Recordkeeper to set up repayment through the ACH system.

The Plan Administrator may reamortize any loan made under the Plan for administrative purposes (such as a change in payroll, leave of absence, Termination of Employment or rehire).

At any time you may make partial prepayments in amounts equal to or greater than \$500, or prepay your loan in full. As you repay the loan, the amount repaid, including interest, will be used to purchase new Units for your account at the then current Unit values and invested in the investment funds which you have currently selected.

If you have an outstanding loan balance upon your Termination of Employment, your loan will be reamortized to a monthly repayment schedule. If you take a Distribution prior to the full repayment of your loan, the amount of the loan will be offset against your account balance.

You will be in default if you miss a loan payment and fail to pay it by the end of the calendar quarter following the quarter the payment was due. For example, if your loan payment was due March 1, 2014 (in the first quarter), and you did not pay it or make another payment by June 30, 2014 (the end of the second quarter), you would be in default. If you default on a loan, the outstanding loan balance will be reported as taxable income, and you may not apply for a new loan until the default has been removed. The default will be removed when you (a) repay the outstanding balance plus interest or (b) reach the age of 59½. If you are rehired by a Participating Company and had previously defaulted on a loan during your prior period of employment, you may apply for a new loan. Interest will accrue on a defaulted loan. Unpaid principal and interest accrued through the date of default on a defaulted loan will be reported as taxable income.

### ***Military Leave of Absence***

If you are on a military leave of absence, loan repayments will be suspended until you return to work. However, interest will continue to accrue on an outstanding loan, but the rate of interest will not exceed 6 percent. When you return from military leave, your loan will be automatically reamortized and extended for the term of the loan by the period of the military leave.

### ***Unpaid Leave of Absence***

If you are on an unpaid leave of absence, you may suspend payments on your loan for a period of up to one year or until the leave expires, whichever occurs first. When you return to active employment, your loan and accrued unpaid interest will be automatically reamortized for a term that does not extend beyond the expiration date of the original loan. Please note that workers' compensation is not considered an unpaid leave of absence and so you will be required to make your loan repayments during a period of workers' compensation even if you are not receiving pay directly from an AT&T payroll.

## **WITHDRAWALS**

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### **KEY POINTS**

- *There are several types of Plan Withdrawals available.*
- *Whether a Withdrawal is available to you and the amount available depends on the sources of money in your account.*
- *Hardship Withdrawals suspend your Contributions and Company Match for a six-month period.*

## Type and Amount of Withdrawals

The Plan was designed primarily to provide additional income for you after your employment ends. But in certain circumstances, you may withdraw money from your account while you are actively employed (a "Withdrawal"), if you meet the Plan's Withdrawal requirements. The minimum Withdrawal allowed by the Plan is \$100.

**IMPORTANT:** All amounts withdrawn must be vested.

### **General Withdrawal**

Use a General Withdrawal for any purpose. Amounts available for a General Withdrawal are:

- After-tax Contributions plus earnings;
- Certain Company Match Contributions plus earnings; and
- Before-tax Contributions plus earnings (restrictions: must be Disabled or age 59½).

### **Before-tax Hardship Withdrawal**

A Hardship Withdrawal is only available for a limited number of purposes. When you request a Hardship Withdrawal, you must provide documentation, which must be certified by the Plan Administrator and Recordkeeper. The request must be for one or more of the following:

- Medical care for you or your dependents as defined in the Code;
- Costs directly related to the purchase of your principal residence, excluding mortgage payments;
- Tuition and related education fees (including room and board) for the next six months of post-secondary education for you, your dependents or Designated Beneficiary;
- Costs associated with funeral/burial expenses for your parents, dependents or Designated Beneficiary;
- Repair expenses for damage of your principal residence that would qualify as deductible casualty expenses;
- To prevent your eviction from your principal residence or the foreclosure on your principal residence; or
- Any other event deemed an immediate and heavy financial need by the IRS.

You may take a Hardship Withdrawal from your Before-tax Contributions only. You may not withdraw earnings on Before-tax Contributions earned after Dec. 31, 1988.

### **Restrictions for a Hardship Withdrawal**

- You may not withdraw more than the amount necessary to satisfy your financial need.
- You must also take the maximum General Withdrawal and the maximum loan before you may request a Hardship Withdrawal.
- You must prove your heavy, immediate financial need complies with IRS rules.
- You must certify in writing that you cannot meet your financial need through any other means.

**IMPORTANT:** When you receive a Hardship Withdrawal, your Contributions and Company Match are suspended for six months.

### ***Other Types of Withdrawals***

#### *Company Match Withdrawal*

A Company Match Withdrawal of up to 100 percent of your vested Company Match is available for any purpose. Only one Company Match Withdrawal is allowed each calendar year.

#### *SOP Withdrawal*

An SOP Withdrawal of 100 percent of your SOP account is available for any purpose.

*Note: You may withdraw your entire SOP account only. The SOP account is the amount merged into your account in the Plan, or a successor plan, from the AT&T PAYSOP, the PTG ESOP and the SNET TRASOP. Contact the Recordkeeper for more information about your SOP account.*

#### *Roth Withdrawal*

If you are eligible to make Roth Contributions under the Plan (and have done so), a Roth Withdrawal is available for any purpose if you are at least age 59½ or Disabled. You may withdraw up to 100 percent of the amounts held in your Roth account, including Roth rollovers into the Plan. To avoid additional taxation, the amount you withdraw must have been in your Plan account for at least five years.

#### *Rollover Withdrawal*

A Rollover Withdrawal is available for any purpose. You may withdraw up to 100 percent of the amounts that you have previously rolled over into the Plan.

### **How to Make a Withdrawal**

You should contact the Recordkeeper to make a Withdrawal. You may make cash Withdrawals in whole dollar increments in an amount not to exceed the maximum permitted for the particular type of Withdrawal. Payment will be made in cash as soon as practicable after the Withdrawal is effective.

Amounts will be withdrawn from each investment fund in proportion to the relative values of the respective Units held in each fund on the Valuation Date. Units representing an investment in the AT&T Shares Fund may be paid in cash or whole AT&T Shares (a cash payment will be made for any fraction of a share); however, balances held in your DFA may not be withdrawn. Units representing an investment in the other funds will be paid only in cash. Your Company Match may not be withdrawn during your employment except in accordance with the Company Match Withdrawal rules.

### **Withdrawal Sequence**

Generally, when you request a Withdrawal, the Withdrawal comes from your account in a specific sequence, starting with your Contributions. Additional funds may also be available to you, such as Transfer Accounts, rollovers and Company Match.

## DISTRIBUTIONS

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### KEY POINTS

- *Your vested account balance is available for Distribution following your Termination of Employment.*
- *Whether a Distribution is available to you and the amount available depends on the sources of money in your account.*

### Timing of Distributions

You may request a distribution of your vested account balances after your termination of employment (a "Distribution"). The amount you receive is based on the value of your account:

- **If the value of your account is \$1,000 or less**, it is paid to you in a lump sum, unless you tell the Plan to roll it over.
- **If the value of your account is more than \$1,000**, it remains in the Plan until you choose to receive it or roll it over.

### Types of Distributions

#### ***Full Lump Sum Distribution***

You may elect to have your account distributed in a full lump sum payment. The payment will be made as soon as practicable after you have made the election.

#### ***Partial Distribution***

You may take up to four partial Distributions each year. You may elect partial Distributions even if you also elect annual installments.

#### ***Annual Installments***

You may elect to have your account distributed in annual installments as long as the number of installments does not exceed the number of years remaining in your life expectancy as determined by IRS actuarial tables. Annual installments are paid only in cash. The amount of an installment is determined by dividing your vested account balance by the number of annual installments remaining, with the resulting quotient being the amount of the installment for that year. The first installment is valued on the first Business Day of the month following your request. Subsequent installments are made annually on or around the anniversary of the first installment. You may revoke your installment election at any time, and the remaining vested account balance will be distributed in a single sum. If you are rehired by a Participating Company and become eligible to participate in the Plan before your vested account balance has been fully distributed, payment of the installments will cease, and your undistributed vested account balance will be restored to active status under the Plan.

#### ***Deferred Distribution***

If you elect to defer the Distribution of your vested account balances, then:

- Your account will continue to grow on a tax-deferred basis;
- Any unvested amounts that would be forfeited upon Termination of Employment will be forfeited five years following Termination of Employment;

- You may exchange fund balances, excluding the DFA and unvested Company Match, between any investment funds offered under the Plan;
- You may **not** make a Withdrawal or request a loan; and
- Your vested account balances will remain in the Plan and will not be distributed until: (a) you request a full lump sum Distribution, (b) you request a partial Distribution, (c) you request annual installments, (d) you receive a required Distribution or (e) your death.

## Enhancements for Employees Called to Military Service

Effective Jan. 1, 2009, if you are called to military service for more than 30 days, you may request a Distribution of your entire account from the Plan on or after the 31st day of the military leave of absence. Taking this Distribution suspends your Contributions and Company Match for six months, and you cannot make up these Contributions after your military leave of absence ends. If you are called to military service for 180 days or longer, no 10 percent tax penalty applies to your Distribution.

## How to Elect a Distribution

You should contact the Recordkeeper to receive a Distribution of your Plan account. Payment of your Distribution will be made as soon as practicable after the Distribution election is made. Payment will be made from each investment fund in proportion to how the money is invested on the Valuation Date.

**IMPORTANT:** A Distribution from the AT&T Shares Fund account will be paid in whole AT&T Shares (with cash paid for fractional shares), unless you elect a Distribution in cash. Units representing an investment in the other investment funds will be paid only in cash.

You are responsible for maintaining a current address with the Recordkeeper. If the value of your account is \$1,000 or less and the Plan Administrator does not have a current address for you, your Distribution will be held in your account and invested in the funds you selected until a valid address is available.

**IMPORTANT:** For security purposes and regardless of the value of your account, your account cannot be distributed for at least 15 days after you change your address. After that time, you may request that your Distribution be paid to you.

## Other Events That Trigger a Distribution

### *Minimum Required Distributions*

When you reach age 70½, and your employment has ended IRS rules require a “Minimum Required Distribution.” Under the Minimum Required Distribution, the Plan begins payments to you starting no later than April 1 of the year after you reach age 70½.

IRS actuarial tables determine your Minimum Required Distribution amount. Any payments you receive throughout the year apply toward the required amount.

- **Special Rule If You Were Age 70½ Before Jan. 1, 1999, and Are Still an Active Employee of a Participating Company**

*You may elect to receive a payment equal to a Minimum Required Distribution each year you continue working. When your employment ends, you may take your benefit in any form the Plan offers.*

### **Death**

If you die before you must receive a Minimum Required Distribution, your Designated Beneficiary(ies) will be paid as explained below:

- **If your Spouse is your sole Designated Beneficiary**, your Spouse may elect a payment in a full lump sum or elect to leave the account balance in the Plan. If the death occurred before April 1, 2013, your Spouse may take a Distribution in any form the Plan offers, or he or she can leave the account balance in the Plan. Rules on minimum account balances and Minimum Required Distributions still apply.
- **If someone other than your Spouse is your Designated Beneficiary (or your Spouse is a co-Designated Beneficiary)**, Distributions are made in a full lump sum as soon as administratively practicable upon request.

If you die on or after the date you begin receiving Minimum Required Distributions, payments may continue to your Designated Beneficiary, subject to the Minimum Required Distributions rules.

### **Qualified Domestic Relations Orders (QDROs)**

The Plan Administrator complies with all Distributions required by a QDRO as defined under ERISA. The Plan Administrator charges expenses related to all QDROs. Contact the Recordkeeper for information on QDRO processing fees.

## **TAX EFFECTS**

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### **KEY POINTS**

- *Your vested account balance is subject to taxation upon distribution to you.*
- *Certain types of Distributions are eligible to be rolled over to a qualified individual retirement account or qualified savings plan.*

### **Applicable Tax Rules**

The Plan is a profit sharing plan with a cash or deferred arrangement. It is intended to qualify under Section 401(a) of the United States Income Tax Code of 1986, as amended (Code). The related Trust is exempt from income tax under Section 501(a) of the Code. When Participating Companies contribute to the Plan, they receive current federal income tax deductions for After-tax, Before-tax and Company Match Contributions.

This section briefly summarizes the effect of current federal income taxes when you participate in a “qualified plan.” It cannot cover all tax aspects of your participation. Because tax laws and regulations often change, and because interpretations of tax rules change, this information may need updating after the date of this SPD/prospectus.

**IMPORTANT:** Consult a qualified tax adviser for current information about how the Plan affects you, including the effects of Distributions (in cash or shares), Withdrawals, loans or any other payments you receive from the Plan.

## Before-tax Contributions

Before-tax Contributions reduce your taxable Compensation. You receive them only for your Disability, termination of employment, reaching age 59½, death or financial hardship as defined by the IRS. These Contributions and their earnings are taxable when distributed to you from the Plan.

## After-tax Contributions

Your After-tax Contributions are taxable income (including Social Security) in the year you make them, but earnings on those After-tax Contributions grow tax deferred in the Plan. You pay taxes only on the earnings from your After-tax Contributions when you receive them from the Plan.

Different tax rules apply to your pre-1987 After-tax Contributions. When you receive after-tax money from the Plan, your pre-1987 After-tax Contributions are paid first.

Thereafter, each Plan payment is a pro-rata portion of post-1986 After-tax Contributions and earnings on all After-tax Contributions.

Roth Contributions from your Roth account are not taxed if the Plan payment is "qualified." In order to be qualified, it must be made:

- After the amount has accrued in your Roth account for at least five years and
- You are the age of 59½, Disabled or deceased.

The five-year period generally begins on the first day of the tax year you make Roth Contributions, and ends at the conclusion of five consecutive tax years. (Special rules may apply to rollovers from a Roth account under another plan.)

***If the Plan payment is not qualified, you pay taxes on the earnings you receive from your Roth account.***

## Company Match

You will not be subject to federal income tax on the Company Match or its earnings until distributed.

## Dividend Fund Account

### ***Cash Distribution***

The cash payment will be subject to income tax, may not be rolled over to an IRA and must be reported on your income tax return. However, the payment will not be subject to the 10 percent early distribution penalty tax.

### ***Reinvestment***

AT&T Shares purchased with reinvested dividends will not be subject to income tax until they are distributed from your AT&T Shares Fund account.

## Loans

You do not pay federal income tax on a Plan loan. However, if you do not repay the loan, it is considered a Distribution and will be taxed. Interest you pay on a Plan loan does not qualify for a

tax deduction if the loan is secured with Before-tax Contributions, the interest is not deductible based on tax rules for interest on consumer loans or you are an officer of a Participating Company. Interest accrued as of the date of a default is reported to the IRS as taxable income.

## **Contribution Limits/Discrimination Tests**

If you contribute more than the legal limit, or if you are classified as a “highly compensated employee,” the Plan may reduce, recharacterize or refund your Contributions, making them taxable to you in the year they are paid. The Plan notifies you if these changes are necessary.

## **Withdrawals While Employed**

You pay taxes when you Withdraw earnings, Before-tax Contributions and Company Match while you are employed.

## **Distributions After Termination of Employment**

### ***Lump Sum Distributions***

A lump sum Distribution is a Plan payment, made within one calendar year, of your entire Plan balance. The Plan pays your balance when you reach age 59½ or terminate employment.

When a lump sum Distribution includes AT&T Shares, or the AT&T Shares came from After-tax Contributions, the increase in share price (“net unrealized appreciation”) is not taxable until you sell the shares.

Suppose AT&T Shares are worth \$1,000 when they are contributed to your account. If they are worth \$1,200 when you receive them in a Plan payment, the \$200 increase in value is not taxable until you sell the shares.

### ***Annual Installments***

Distribution of your account in annual installments after Termination of Employment is generally taxed upon receipt as ordinary income. In addition, you cannot roll over installment or periodic payments made over your lifetime, your lifetime and your Designated Beneficiary’s lifetime or a period of 10 years or more (and certain other types of installment payments).

Additional rules apply with respect to installment Distributions of After-tax Contributions.

## **Rollovers**

You may defer taxes on a lump sum Distribution by rolling it over into a traditional IRA or other qualified retirement plan. You may roll over a Plan payment to a retirement plan that qualifies under Section 403(b) or 457 of the Code. You make a rollover to an inherited IRA with a direct trustee-to-trustee rollover. Direct Rollovers and Regular Rollovers are described below. In some cases, you may also roll over After-tax Contributions. You may roll over Roth Contributions to a Roth IRA or other qualified plan that permits Roth Contributions.

**IMPORTANT:** Under current Code interpretations, Hardship Withdrawals are not eligible for rollover.

### ***Direct Rollover***

If you make a rollover directly to a traditional IRA or other qualified retirement plan, no federal income tax withholding applies. You pay taxes when you take money from the IRA or other qualified retirement plan. You cannot change your rollover choices once you make them.

### **Regular Rollover**

If you receive payment directly, federal income taxes are automatically withheld (generally 20 percent) on the taxable amount of the Plan payment. This withholding occurs regardless of whether or not you transfer the Plan payment to a traditional IRA or other qualified retirement plan.

You have 60 days to roll over the Plan payment to a traditional IRA or other qualified retirement plan without paying taxes. However, if you want to roll over 100 percent of your Plan payment, you must use other funds to contribute the 20 percent withheld for taxes. If you do not, that 20 percent amount is taxable, and the additional 10 percent tax may apply.

For example, you directly receive a \$10,000 Plan payment. You receive \$8,000, and 20 percent (or \$2,000) is sent to the IRS as federal income tax withholding. Within 60 days after receiving the \$8,000, you decide to roll over 100 percent of the Plan payment (or \$10,000) to a traditional IRA or other qualified retirement plan. To do this, you roll over the \$8,000 you received, plus an additional \$2,000 from another source. The entire \$10,000 is not taxed until you take it from the IRA or other qualified retirement plan. When you file your income tax return, you may get a refund of the \$2,000 withheld.

If you decide to roll over only the \$8,000 you received, you pay taxes on the \$2,000 you did not roll over. When you file your income tax return, you include the \$2,000 in your total tax payments for the year.

Also, if you do not roll over a Plan payment before age 59½, an additional 10 percent federal income tax applies unless your Plan payment includes:

- Amounts paid due to your Disability or death;
- Amounts in a series of installments for your life expectancy;
- Payments made because your employment ended, or during or after the year you reach age 55;
- Payments for tax-deductible medical expenses, even if you do not deduct them; or
- Payments to an alternate payee under a QDRO.

### **Rollover by Beneficiaries**

Your Designated Beneficiary may defer taxes on a lump sum Distribution paid after you die by making a Regular Rollover. He or she may also ask the Trustee to make a Direct Rollover.

### **If You Receive a Plan Payment in AT&T Shares**

When your Plan payment includes AT&T Shares, special rules determine the taxable value of those shares. If the Plan payment is a lump sum Distribution, or if the AT&T Shares came from After-tax Contributions, then the taxable value is the Trust's cost of the shares. This amount is your basis in the AT&T Shares to figure your taxable gain when you sell the shares. Any growth in the shares' value above your basis is not taxed until you sell the shares. To qualify as a lump sum Distribution, you must receive a Plan payment in the same year of all AT&T Shares held on your behalf in any similar AT&T plan.

**IMPORTANT:** If you participated in the LESOP Fund prior to Aug. 1, 2012, your basis in AT&T Shares transferred from your former LESOP Fund account is maintained separately. Contact the Recordkeeper for more information.

## WHEN A TRANSACTION TAKES EFFECT

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### KEY POINTS

- *You may request a transaction by contacting the Recordkeeper.*
- *Different transactions have different effective dates.*

### How to Request a Transaction

To request a transaction, contact the Recordkeeper. See the “Contact Information” section for more information on how to contact the Recordkeeper.

**IMPORTANT:** Once a transaction has been completed by the Recordkeeper, it is irrevocable. You should make your transaction request as early in the day as possible in order to increase the possibility that your transaction will be processed on that day.

Retroactive adjustments will not be made if your transaction is not completed in time to be effective that day, regardless of the reason.

### Types of Transactions

#### ***Enrollment or Change, Suspend or Reinstate a Contribution Amount***

When you enroll in the Plan, or when you stop, start or change your Contribution, your transaction generally takes place with the next payroll period.

#### ***Fund Exchanges or Rebalancing Your Account***

If your change of a fund is confirmed by 3 p.m. Central time, your transaction takes place at the end of the same Business Day (i.e., that Business Day’s closing price is used in processing the transaction). Closing prices on a given Business Day are generally provided by the investment fund’s investment manager(s) but are subject to the guidelines and policies in place between the Plan, Trustee and Recordkeeper. In addition, with respect to international investments, the fund managers may make additional adjustments to closing prices as described in the applicable investment fund descriptions in the “Investment Options” section.

#### ***Loans, Withdrawals or Distributions***

If your loan, Withdrawal or Distribution request is confirmed by 3 p.m. Central time, your transaction takes place at the end of the same Business Day.

**IMPORTANT:** A principal residence loan and a Hardship Withdrawal will be processed following receipt of proper documentation.

#### ***Change Your Election for the Distribution of Your Dividend Fund Account***

If you want to change your election for the Distribution of your Dividend Fund Account, generally, your transaction will become effective at the end of the same Business Day.

**IMPORTANT:** Your election must be made by the end of the Business Day before an ex-dividend date.

### ***Changing the Investment Direction of Your Future Contribution***

If you want to change the investment direction of your future Contributions, generally, your transaction will become effective at the end of the same Business Day that you make the request.

## **EFFECT OF REHIRE WITHIN THE AT&T CONTROLLED GROUP**

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If you were previously eligible to participate or were a participant in another AT&T plan and you elect to participate in the Plan, your participation will begin on the date you enroll, but you will not be allowed to make Contributions to the Plan for Compensation earned before your enrollment date. Your account balance in the other plan is not transferable to the Plan.

## **MOVING BETWEEN MEMBERS OF THE AT&T CONTROLLED GROUP**

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If you become eligible to participate in another plan sponsored by AT&T, your account will remain in the Plan, but no further Contributions or Company Match will be made to your Plan account. However, you will still be able to access your account in accordance with the Plan (for example, to obtain a loan\* or make a Withdrawal).

*\*Note: Loan limits apply across all plans in the AT&T Controlled Group. The Recordkeeper will combine your vested account balances and outstanding loan balances across related plans identified by the Employer and records kept by Fidelity. In addition, all loans across all such designated plans will be aggregated in determining the highest loan balance over the past 12 months.*

## **CLAIMS PROCEDURES**

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### **KEY POINTS**

- *You do not have to file a claim for your vested account under the Plan.*
- *If you think you are entitled to a benefit or a greater benefit than what the Recordkeeper determines that you are eligible for, you may file a claim for benefits in writing.*

There is no need to file a claim to begin payment of your vested account. See the “Distribution” section.

If you or your Spouse, Legally Recognized Partner or Designated Beneficiary (Claimant(s)) believes that you are entitled to a benefit or a greater Plan benefit, you may file a written claim with the Plan. An authorized representative may also file a claim on your 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: The Recordkeeper will contact your Spouse, Legally Recognized Partner or Designated Beneficiary after it receives notice of your death. 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

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### KEY POINTS

- *The Recordkeeper will notify you in writing (generally within 90 days) if your claim for benefits is denied.*
- *You have 60 days after receipt of the Benefit Denial to submit a written appeal of the decision.*
- *Generally, you will receive a final decision on your appeal within 60 days after the Recordkeeper receives your appeal.*
- *You may not file a lawsuit against the Plan until you complete the appeal process.*

You will receive notice from the Recordkeeper if you are not entitled to a Plan benefit or entitled to a lesser amount than you sought. This is considered a Benefit Denial. The notice is provided within 90 calendar days of receipt by the Recordkeeper, unless an extension is needed. If proof of Disability is needed, the Recordkeeper will provide the notice within 45 calendar days. In some circumstances, an extension is necessary. If so, the 90-day period is extended by up to 90 calendar days. (The 45-day period for Disability-related claims may be extended by up to 30 days, with an additional 30 days if necessary because of matters beyond the Recordkeeper's control.) Any notice of extension will be provided 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 made.

If the Recordkeeper needs more information from you to process your claim, you will have at least 45 calendar days to provide that information. The Recordkeeper's decision deadline is suspended during that 45-day period. If you do not provide the requested information within that 45-day period, the Recordkeeper may make a decision on your claim without the information.

If your claim is denied, you will receive a written notice that contains:

- The specific reason(s) for the Benefit Denial.
- The specific Plan provisions on which the Benefit Denial is based.
- Any information needed for you to perfect the claim and an explanation of why it is needed.
- A statement that you may receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relating to your claim benefits.
- A description of the Plan's review procedures and time limits for the Benefit Denial and your right to bring an action under Section 502(a) of the Employee Retirement Income Security Act of 1974 (ERISA) after the end of the review.

- If you must provide proof of Disability, the Benefit Denial also includes:
  - Any internal rule, guideline, protocol or other similar criterion used in the Benefit Denial decision. (Or the notice may state that the rule, guideline, protocol or other criterion will be provided free of charge on request.)
  - An explanation of the scientific or clinical judgment for the determination and how the terms of the Plan were applied to your medical circumstances if the Benefit Denial is based on medical necessity, experimental treatment or a similar exclusion or limit. (Or the notice may state that an explanation will be provided free of charge on request.)

## How to Appeal a Benefit Denial

A Claimant who receives a Benefit Denial notice is entitled to appeal the decision. The Claimant may have the decision fully reviewed by the Benefit Plan Committee if the appeal is timely and properly submitted. To appeal, the Claimant must submit a written request for review, which must include all reasons why the Claimant believes the claim should be reconsidered. The written request must be sent to the Recordkeeper. See the "Contact Information" section for information on how to appeal a Benefit Denial.

The Claimant must request the appeal in writing no later than 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 60 calendar days after the last date that a notice of Benefit Denial should have been sent by the Recordkeeper. If the benefit claim is conditioned upon proof of Disability, this 60-day period is extended to 180 calendar days. See the "Notification of Benefit Denial" section for information about the notification.

If an appeal is submitted after this 60-day (or 180-day) deadline, the appealed claim will not be eligible for review by the Benefit Plan Committee. In addition, the Claimant will have failed to exhaust his administrative remedies under the Plan. See the "Importance of Exhausting Administrative Remedies" section for more information.

As part of the review process, the Claimant may have access to all administrative files generated during the claim and copies of those files free of charge. The Claimant may also submit written comments, documents, records and other information relating to the claim. All of this information will be taken into account in the review.

If the benefit claimed is conditioned upon proof of Disability, the following provisions also apply to the review of the initial Benefit Denial:

- Deference will not be given to the initial Benefit Denial.
- The reviewer on appeal will not be the same person who made the initial Benefit Denial or someone who reports to that person.
- If the initial Benefit Denial was based on a medical judgment, the reviewer will consult with a qualified health care professional who has appropriate training and experience in the field. The health care professional will not be someone who was involved in the initial Benefit Denial or someone who reports to that person.

In making the final decision on review of the initial Benefit Denial, the Plan Administrator has full and complete discretion to (a) interpret all Plan terms and (b) 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 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 60 more calendar days. The Claimant will receive notice of any extension before the initial notice period ends. The extension notice will state why more time is needed and the date by which a decision will be rendered.

If the benefit claimed is conditioned upon proof of Disability and if an extension is needed because the Claimant did not submit information necessary for the review of the claim, the Claimant will be given at least 45 calendar days to provide that information. The deadline to provide notice of the decision will be temporarily suspended during that 45-day period. If the Claimant fails to provide the requested information within that 45-day period, the Benefit Plan Committee's decision will be made without regard to the requested information.

If the Benefit Plan Committee determines that a benefit or an additional benefit is owed under the Plan, payment will be made (or started, as applicable) as soon as administratively practicable after that determination (or, if later, as provided under the Plan).

If the appeal is denied, the written notice provided to the Claimant will contain all of the following information:

- The specific reason or reasons for the appeal denial.
- The specific Plan provisions on which the appeal denial is based.
- A statement that the Claimant may request and receive (a) reasonable access to all administrative files generated during the appeal and (b) copies of those files free of charge.
- A statement indicating that there are no additional voluntary appeal procedures offered by the Plan.
- A statement of the Claimant's right to bring an action under Section 502(a) of ERISA.
- If proof of Disability was required for the benefit claimed, the appeal denial will also contain the following additional information:
  - Any internal rule, guideline, protocol or other similar criterion relied upon in making the Benefit Denial decision. (Alternatively, the notice may state that the rule, guideline, protocol or other criterion will be provided free of charge upon the Claimant's request.)
  - An explanation of the scientific or clinical judgment for the determination and how the terms of the Plan were applied to the Claimant's medical circumstances if the Benefit Denial is based on medical necessity, experimental treatment or a similar exclusion or limit. (Alternatively, the notice may state that an explanation will be provided free of charge upon the Claimant's request.)

## Plan Administrator Discretion and Authority

The Plan Administrator (and its delegates, including the Benefit Plan Committee and its delegated committees and individuals) have exclusive authority and discretion to grant and deny claims, to make all decisions under the Plan (including how to interpret the Plan and whether an individual is eligible to participate in and receive benefits under the Plan) and to determine any facts.

All determinations by the Plan Administrator (and its delegates), including the decisions reached by the Benefit Plan Committee and its delegated committees and individuals under the claim and appeal procedures are final, conclusive, binding and not subject to further review and is provided the fullest discretion provided by law.

## 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.

## ADMINISTRATION OF THE PLAN

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### KEY POINTS

- *The Benefit Plan Committee is responsible for Plan claim appeals.*
- *The Plan Administrator is responsible for all other Plan administration.*
- *The Benefit Plan Investment Committee has authority and responsibility for functions related to the investment funds and Trusts associated with the Plan.*

### Plan Administrator

The Plan Administrator is responsible for:

- Determining (a) your eligibility to participate in the Plan, (b) the right of a person to a benefit under the Plan, (c) the amount of any Plan benefit and (d) the final decision on all appeals of Benefit Denials. See the “Claims Procedures” section for more information about Benefit Denials. The authority to hear and decide appeals is currently delegated to the Benefit Plan 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, including claims administration and benefit payments.

The Benefit Plan Investment Committee, or its delegates (which may include committees or individuals), chooses the Plan’s investment funds, investment managers and Trustees and is responsible for certain other related functions.

Committee members are not paid for their service.

## AMENDMENT OR TERMINATION OF THE PLAN

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The Plan Sponsor may end or change the Plan at any time and for any reason. If the Plan ends, is changed or a Participating Company stops participating or providing benefits, you may not be eligible to receive the benefits described in this SPD. In addition, you may lose future benefits. However, no Plan termination or amendment will affect your right to any benefit to which you are already entitled. This does not mean that you have a lifetime right to any particular Plan benefit now or in the future, to eligibility for Plan coverage or to Plan continuation just because the Plan was in effect while you were employed or when you received Plan benefits.

The Plan Sponsor may at any time stop making Contributions and the Company Match, if any, by your Participating Company. If the Plan ends or Contributions or the Company Match by your Participating Company stop, you are 100 percent vested in your account balance. Distribution of your account is made according to Plan provisions and applicable law.

### Merger/Consolidation

If the Plan merges or consolidates with another plan, your benefit is protected. Your new Plan benefit will not be less than the benefit you could have received immediately before the Plan change.

### Participating Company Ceases to Participate in the Plan

If your Participating Company ceases to participate in the Plan and begins to participate in another tax-qualified defined contribution plan sponsored by AT&T or any of its Employers, your account will not be transferred; all account balances will remain in and be governed by the Plan. However, no further Contributions will be made to your account except for amounts reinvested in the Plan.

## GENERAL PLAN INFORMATION

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### 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 Trust.*
- *If you get divorced or are legally separated, the Plan must pay 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 and your Designated Beneficiary on file with the Plan.*

### No Assignment of Benefits

Plan assets are for the exclusive benefit of you and your beneficiaries and for the payment of reasonable administrative expenses of the Plan and Trust. Except as 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, and your beneficiary cannot 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 you receive it, nor is your Plan benefit subject to most attachments, garnishments, executions or encumbrances before it is distributed to you.

If you are involved in a divorce, legal separation, custody or support case, a state court may issue a domestic relations order (DRO) transferring all or part of your Plan benefit to an “alternate payee.” The alternate payee may be your Spouse, former Spouse, child or another dependent. If you receive a DRO, you or your attorney should notify the Recordkeeper and ask for a free copy of the Plan’s QDRO procedures. The Plan will review the DRO to determine if it is “qualified” (that is, it meets IRS and ERISA requirements); if the DRO is qualified, the Plan will pay benefits in compliance with the order.

## Missing Participants and Beneficiaries

You must keep your current mailing address and the current mailing addresses of your Spouse and Designated Beneficiary 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 late or lost benefit payments or for failing to provide any timely notice under the terms of the Program. If the Plan Administrator is unable to locate you, your Spouse or a Designated Beneficiary after a Plan benefit becomes payable to such person, the benefit will remain in the Trust 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 or Designated Beneficiary later makes a valid claim for the forfeited benefit, the amount will be paid under terms of the Plan.

## Designation of Beneficiaries

You may name (designate) a beneficiary to receive your vested account. If you name someone other than your Spouse, your Spouse must consent to your designation. Refer to the *AT&T Rules for Employee Beneficiary Designations* for details.

You can get a copy of the beneficiary designation form online or by telephone from the Beneficiary Designation Administrator. Participants can now provide their beneficiary designations with the assistance of an online tool, the new Fidelity Online Beneficiary Service, available on NetBenefits. Previous paper beneficiary designations remain valid until a new form is submitted or an online designation is made. However, existing paper forms will not be uploaded to this online tool. Therefore, when participants initially access the online tool, the beneficiary information will be blank. After submitting beneficiary information through this tool, participants can maintain designations online. Please note that some beneficiary designations will still require written Spousal consent. Make sure that you follow the steps provided in the online tool to print out necessary documents for signature and return them as instructed in order for your beneficiary designation to be valid. For more information regarding the new Fidelity Online Beneficiary Service, access the Online Beneficiary *Quick Facts* by logging on to [netbenefits.fidelity.com](https://netbenefits.fidelity.com). Click on your Savings Plan link — Plan Information and Documents — What's New. Select the Online Beneficiary *Quick Facts* link. See the “Contact Information” section for contact information.

You should consider updating your beneficiary designation form when you marry, divorce, have a child or have another life event.

## Mandatory Cash-Out/Rollover Rules

If you die or terminate employment with the AT&T Controlled Group and the present value of your Plan account is \$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.

## Direct Rollover

If you were in a former employer's qualified plan, you may roll over money from that plan, in cash, into this Plan once you are an Eligible Employee. You may roll over:

- Before-tax funds from a retirement plan — Sections 401(a), 403(b) or 457(b);
- Amounts from any qualified pension or savings plan; and
- Amounts from an IRA Conduit, IRA Non-Conduit or Spousal Beneficiary account.

You may not roll over funds held in a plan or an individual retirement arrangement qualified under laws of the Commonwealth of Puerto Rico.

## Military Leave of Absence

When you return to active employment from a military leave of absence, you may make up the Contributions that you could have made during your leave. You must make up the Contributions during a time period of three times your length of military service, up to five years. See the "Loans" section for information on outstanding loan balances.

## Restorative Contributions

AT&T and/or any Participating Company may contribute to the Plan to make up a loss due to any action by a fiduciary.

## Short-Term Disability

AT&T's eLink payroll system continues to take your Contributions while you receive short-term disability benefits. You may suspend, decrease or increase your Contributions while you are Disabled.

## Statement of Account

You will be mailed a statement of your account each quarter (unless you elect otherwise) or you may access your account online at NetBenefits, the Recordkeeper's website. A fee may be charged to your account to cover the expense of mailing quarterly statements. You may request a confirmation of your transactions in the mail. Any discrepancies in your account should be reported immediately to the Recordkeeper.

## Voting

At each AT&T stockholders meeting, you have the right to instruct the Trustee or its designee how to vote the portion of the AT&T Shares represented by Units credited to your account. Before each meeting, you will be sent a copy of the proxy soliciting material for the meeting, together with a form requesting instructions on how to vote your AT&T Shares. The AT&T Shares will be voted as instructed. The Trustee will not vote AT&T Shares for which it does not receive voting instructions, subject to the requirements of ERISA. The Trustee will vote AT&T Shares not allocated to participants' accounts in the same proportions as it votes AT&T Shares for which it does receive instructions, to the extent the proportionate vote is consistent with the Trustee's fiduciary duty under ERISA.

The independent fiduciary has no authority or responsibility for voting of AT&T Shares.

## ERISA RIGHTS OF PARTICIPANTS

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### KEY POINTS

- *ERISA is a federal law that provides certain rights and protection 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 their beneficiaries.*
- *No one may fire or discriminate against you for exercising your rights under ERISA.*

### Your ERISA Rights as a Participant

As a participant in the Plan, you are entitled to certain rights and protections under ERISA. ERISA provides that you will be entitled to all the following rights:

- 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); **however, you must make a written request** to the following address:

AT&T Services, Inc.  
P.O. Box 132160  
Dallas, TX 75313-2160

### Plan Fiduciaries

In addition to creating rights for you as a participant, ERISA imposes duties upon the persons responsible for operation of the Plan. These 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 Plan benefit 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 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 \$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.

## OTHER PLAN INFORMATION

Other Plan Information	
Plan Name	AT&T Savings and Security Plan
Plan Number	004
Plan Sponsor/Employer Identification Number (EIN)	AT&T Inc. P.O. Box 132160 Dallas, TX 75313-2160 <b>210-351-3333</b> EIN 43-1301883
Plan Administrator	AT&T Services, Inc. P.O. Box 132160 Dallas, TX 75313-2160 <b>210-351-3333</b>
Name and Address of Employer	Affiliates of AT&T Inc. P.O. Box 132160 Dallas, TX 75313-2160 <b>210-351-3333</b>

<b>Other Plan Information</b>	
Agent for Service of Legal Process	Process in legal actions in which the Plan is a party should be served on the Plan at the following address CT Corporation 350 N. St. Paul St. Dallas, TX 75201  Service of legal process also may be made upon a Plan Trustee.
Type of Plan	The Plan is a defined contribution (savings) plan.
Plan Year	Jan. 1 through Dec. 31
Trustee	The Bank of New York Mellon 135 Santilli Highway Everett, MA 02149 Attn: AT&T Client Service Officer
Plan Funding and Contributions	The Plan is funded solely through a trust fund. The trust fund exists for the exclusive benefit of all participating employees and their beneficiaries.
Plan Records	All Plan 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 Plan 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

**After-tax Contributions.** Your After-tax Contributions are deducted from your paycheck after withholding applicable income taxes and are included in your taxable income. The earnings on the Contributions will be taxable when they are paid to you, but your After-tax Contributions will not be taxable when distributed to you from the Plan. See the “Employee Contributions” section for more information.

**AT&T Controlled Group.** Means 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 Code.

**Basic Contribution.** Your Contribution amount that is eligible to receive Company Match. See the “Employee Contributions” section for more information.

**Bargaining Unit Employee.** An employee whose job title and classification are included in a collective bargaining agreement with a Participating Company. See the “Eligibility” section for more information.

**Before-tax Contributions.** Your Before-tax Contributions are deducted from your paycheck before applicable income taxes are withheld, and are included in your taxable income when they are distributed to you from the Plan. See the “Employee Contributions” section for more information.

**Break in Service.** Generally, a period of at least 12 consecutive months during which you are not employed by an Employer; this does not include certain leaves of absence. The Plan text contains a complete description and additional rules and requirements regarding the determination of a Break in Service.

**Business Day.** Any day the NYSE is open for business.

**Catch-Up Contributions.** Means certain types of Before-tax Contributions. See the "Employee Contributions" section for more information. Catch-Up Contributions are not matched.

**Code.** The Internal Revenue Code of 1986, as amended.

**Company Match.** Amounts contributed to your Plan account by your Employer; matches a specified percentage of your Basic Contribution.

**Compensation.** Compensation means, generally, your basic wage, certain lump sum awards and most incentive compensation, as determined from your Employer's payroll records. Overtime and other categories of pay are excluded. The Plan text contains a complete description and additional rules and requirements regarding the determination of your Compensation.

**Contribution.** Amounts contributed to your Plan account, either by you or your Employer.

**Designated Beneficiary.** An Eligible Employee's beneficiary designated in accordance with the Plan and the *AT&T Rules for Employee Beneficiary Designations*.

**DFA.** Dividend Fund Account; an account established to receive dividends earned on AT&T Shares held in the AT&T Shares Fund.

**Disability or (Disabled).** Means total disability for short-term disability benefit eligibility purposes as defined in and determined under the short-term disability plan of the participant's Employer. If the participant's Employer does not participate in a short-term disability plan, total disability as defined in the AT&T Disability Income Plan.

**Eligible Employee.** An active employee who is eligible to make deferrals under the Plan. See the "Eligibility" section for more information.

**Employer.** Means the Participating Company that employs the Eligible Employee.

**IRS.** U.S. Internal Revenue Service.

**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, such as a civil union or other legally recognized arrangement, 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 governmental body pursuant to a state or local law authorizing such registration. An individual who has a Spouse will not be permitted to designate a Legally Recognized Partner. No individual will be permitted to designate more than one Legally Recognized Partner during the same period nor will any individual be permitted to designate different Legally Recognized Partners for different plans or programs during the same period.

**Management Employee.** An employee who is classified as management on the records of the Company.

**NYSE.** New York Stock Exchange.

**Participating Company.** An employing company of an AT&T Controlled Group member participating in the Plan. See *Attachment 1: Participating Companies* for a list of Participating Companies.

**Plan Year.** The calendar year.

**Recordkeeper.** The entity that maintains account information and performs other recordkeeping functions for the Plan. See the "Contact Information" section for more information.

**Roth Contributions.** Certain types of After-tax Contributions. See the "Employee Contributions" section for more information.

**Spouse.** Your "spouse" as recognized under applicable state law.

**Supplementary Contribution.** Your Contribution amount that is **not** eligible to receive Company Match. See the "Employee Contributions" section for more information.

**Termination of Employment.** Means the date you terminate employment (for any reason) with all members of the AT&T Controlled Group.

**Transfer Account.** An account holding amounts transferred to the Plan from another qualified plan in accordance with the Plan or in connection with a plan merger, and which is separately accounted for under the Plan. A separate Transfer Account is maintained, as necessary, for each transfer transaction and/or for each type of account transferred.

**Unit.** Represents your undivided interest in the assets held in an investment fund.

**Valuation Date.** Any Business Day.

**Year of Service.** Generally, a continuous period of employment with one or more Employers equal to 12 months that is not interrupted by a Break in Service. The Plan text contains a complete description and additional rules and requirements regarding the determination of a Year of Service.

## CONTACT INFORMATION

Contact Information	
<b>Vendor</b>	
Name	Fidelity Service Center
Type	Savings
Services Provided	Recordkeeper, Beneficiary Designation Administrator
<b>Vendor Contact Numbers</b>	
Domestic Telephone Number	<b>800-416-2363</b>
International Telephone Number	Dial your country's toll-free AT&T Direct-Access Number and then 800-416-2363 (international)
Hearing Impaired Telephone Number	<b>888-343-0860</b>
<b>Vendor Hours of Operation</b>	
Hours of Operation	<b>Fidelity Service Center:</b> Monday through Friday from 7:30 a.m. to 11 p.m. Central time  <b>Interactive Voice Response (IVR) System:</b> The IVR system is available 24 hours a day, seven days a week
<b>Vendor Website</b>	
Website Access Information	<b>IMPORTANT:</b> You will need your Fidelity Service Center PIN and customer ID when you access the Fidelity NetBenefits website or IVR or call to speak to a service associate.
Website	<b>netbenefits.com/att</b>
<b>Vendor Mailing Address</b>	
<b>General Mailing Address</b>	
Mailing Address Information	General questions about the Plan may be sent to:
Domestic	Fidelity Service Center P.O. Box 770003 Cincinnati, OH 45277-0065
<b>Claims</b>	
Claims Information	Written claims for benefits or an appeal of a denied claim for benefits under the Plan must be sent to:
Claims Regular	Fidelity Service Center Claims and Appeals P.O. Box 770003 Cincinnati, OH 45277-0065
Claims Overnight	Fidelity Service Center Claims and Appeals 100 Crosby Parkway, KC1F-D Covington, KY 41015

Contact Information	
<b>Appeals</b>	
Appeals Information	Written claims for benefits or an appeal of a denied claim for benefits under the Plan must be sent to:
Appeals Regular	Fidelity Service Center Personnel Center P.O. Box 770003 Cincinnati, OH 45277-0072
Appeals Overnight	Fidelity Service Center Claims and Appeals 100 Crosby Parkway, KC1F-D Covington, KY 41015

## 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 or suite number that will help make mail-routing more efficient.

Active Employee Address and Telephone Number Changes
<p><b>For employees with access to the employee intranet:</b></p> <p><b>Home and work address updates:</b></p> <ul style="list-style-type: none"> <li>• Go to <b>insider.web.att.com</b>.</li> <li>• Click on OneStop (<b>onestop.web.att.com</b>) and select eLink (eCORP) in the right navigation bar.</li> <li>• Enter your AT&amp;T user ID and password for the AT&amp;T Global Logon. (If you do not know your password, please follow the instructions on the screen.)</li> <li>• Once logged on, click OK.</li> <li>• On the eCORP home page, click on <i>Employee Services</i>. <i>Note: Please be sure the far right-hand scroll bar is all the way to the top.</i></li> <li>• Select <i>Personal Information</i>.</li> <li>• Select <i>Maintain Addresses and Phone Numbers</i>.</li> <li>• To update your home address, select <i>Edit</i> at the bottom of the <i>Permanent Residence</i> box, make any necessary changes and click <i>Save</i>.</li> <li>• To update your work address, select <i>Edit</i> at the bottom of the <i>Cubicle/Office</i> box, make any necessary changes and click <i>Save</i>.</li> </ul> <p><b>For employees without access to the employee intranet:</b> Contact your supervisor or eLink assistant.</p>

### Retired and Inactive Employee Home Address Changes

You must change your address for both pension and savings. To change your address for both purposes, contact the Fidelity Service Center at the information below.

#### **Fidelity Service Center**

**netbenefits.fidelity.com**

**800-416-2363**

**888-343-0860** (hearing-impaired)

Dial your country's toll-free AT&T Direct Access Number, 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 to access the Fidelity NetBenefits website, use the IVR service or to speak to a service associate.

**IMPORTANT:** These instructions are also for recipients of long-term disability benefits, employees on a leave of absence, as well as COBRA participants, alternate payees and survivors who have a pension benefit (including a retiree death benefit) or 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 Benefits section of access.att.com (employees and retirees from home)**

Go to the *Your Benefits* section of **access.att.com** (AT&T's secure Internet site) for benefits information at home. Just go to **access.att.com** and follow the login instructions.

## ATTACHMENT 1: PARTICIPATING COMPANIES

Participating Company Name
Ameritech Services, Inc.
AT&T Services, Inc.
AT&T Teleholdings, Inc.
Illinois Bell Telephone Company
Indiana Bell Telephone Company, Incorporated
Michigan Bell Telephone Company
Nevada Bell Telephone Company
Pacific Bell Telephone Company
SBC Global Services, Inc.
SBC Internet Services, LLC
SNET America, Inc.
SNET Diversified Group, Inc.
Southwestern Bell Telephone Company
The Ohio Bell Telephone Company
The Southern New England Telephone Company
Wisconsin Bell, Inc.

## ATTACHMENT 2: FEE DISCLOSURE

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### General Plan Information

The information contained in this *Attachment 2* and the referenced sections of the SPD are intended to comply with the participant fee disclosure requirements. See the “Investment Options” section for information about how you may invest your account. This section includes a categorization of the available investment funds. You should also see the “Changing Your Investments” section and the “When a Transaction Takes Effect” section for information on how to change the investment of your account and certain limitations that may apply to your ability to change your investments. See the “Valuation of Your Account” section to understand how your account is valued in general. Also, see the “Voting” subsection in the “General Plan Information” section for particular voting information related to any portion of your account invested in AT&T Shares.

### Investment Information

See the “Investment Fund Descriptions” section for the name of each investment fund available under the Plan. In addition, this section also includes information about each investment fund, including the type or category of the investment, its objective (benchmark), its strategy and certain risks associated with each investment. The investment fund descriptions also identify the current investment manager or managers for each investment fund.

For investment returns for each investment fund, please see the *Investment Fund Return* chart in this *Attachment 2*.

This chart provides the average annual total return (percentage) of the investment for the following periods, if available: 1-year, 5-years and 10-years. If a particular investment has not been available for all of these periods, then a life of the fund return is shown. Please note that an investment's past performance is not necessarily an indication of how the investment will perform in the future. Your investments could lose money.

### Fees and Expenses

An explanation of the types of operating fees and expenses that may be charged to your account or to an investment fund in general or the Plan as a whole are set forth in the “Operating Expenses” section. In addition, actual fees that are charged to your account will be reflected in your quarterly account statement. Visit the Recordkeeper's website for more information about your quarterly account statement. See the “Contact Information” section for information on how to contact the Recordkeeper and its website address. In addition, certain investment funds provide additional fees. See the “Investment Options” section for information about each investment fund and whether additional fees apply.

Plan fees and expenses are only one of several factors that participants and beneficiaries should consider when making investment decisions. However, please note that the cumulative effect of fees and expenses can substantially reduce the growth of your account. You may visit the website of the Department of Labor's Employee Benefits Security Administration for information and an example demonstrating the long-term effect of fees and expenses on investment returns.

For Plan fee and expense ratios for each investment fund, please see the *Operating Expenses for Plan Year 2013* chart in this *Attachment 2*.

## Additional Investment Related Information

Please contact the Recordkeeper, or access its website, for any of the following:

- Copies of any prospectuses, financial statements or reports (including the investments portfolio turnover rate) related to SEC-registered 40 Act funds to the extent that such items have been made available to the Plan (and please note that these documents are provided by the investment fund manager and are not reviewed by the Plan Administrator, the Plan Sponsor, any other AT&T entity or the Recordkeeper).
- The current Unit value of any investment fund.
- A general glossary of terms to assist you in understanding the terminology used in the “Investment Options” section.

See the “Contact Information” section for information on how to contact the Recordkeeper and its website address.

For additional information, you can also visit the Department of Labor’s website for general information on investing for retirement. See [dol.gov/ebsa/investing.html](http://dol.gov/ebsa/investing.html).

## Importance of a Diversified Portfolio

To help achieve long-term retirement security, you should give careful consideration to the benefits of a well-balanced and diversified investment portfolio. Spreading your assets among different types of investments can help you achieve a favorable rate of return, while minimizing your overall risk of losing money. This is because market or other economic conditions that cause one category of assets, or one particular security, to perform very well often cause another asset category, or another particular security to perform poorly. If you invest more than 20 percent of your retirement savings in any one company or industry, your savings may not be properly diversified. Although diversification is not a guarantee against loss, it is an effective strategy to help you manage investment risk.

The preceding information regarding diversification comes from the Department of Labor’s website. For this and other general information on investing for retirement, you can visit the website referenced above.

## Investment Fund Returns as of Dec. 31, 2013

Listed below are rates of return, which are net of investment management fees and other related investment fees (e.g. brokerage commissions) that are charged directly to the fund, but do not take into account any operating expenses for the Plan.

### Investment Fund Return

	Average Annual Total Return 1 yr.	Average Annual Total Return 5 yr.	Average Annual Total Return 10 yr.	Average Annual Total Return Since Inception Date/ Benchmark Adoption Date
<b>Investment Name Benchmark</b>				
AT&T Shares Fund	8.90%	10.39%	8.46%	n/a
AT&T Shares Fund - Benchmark: S&P 500 -- Total Return Index	32.39%	17.94%	7.41%	n/a
Bond Fund	-2.33%	4.32%	4.45%	n/a

	<b>Average Annual Total Return 1 yr.</b>	<b>Average Annual Total Return 5 yr.</b>	<b>Average Annual Total Return 10 yr.</b>	<b>Average Annual Total Return Since Inception Date/ Benchmark Adoption Date</b>
<b>Investment Name</b>				
<b>Benchmark</b>				
Bond Fund - Benchmark: Barclay Aggregate Bond	-2.35%	4.39%	4.52%	n/a
Global Equity Fund	30.73%	17.09%	7.78%	n/a
Global Equity Fund - Benchmark: Global - Custom	30.80%	17.39%	7.92%	n/a
Interest Income Fund	2.30%	2.91%	3.57%	n/a
Interest Income Fund - Benchmark: Barclay 3-month Bellwethers	8.00%	0.14%	1.71%	n/a
International Stock Fund	22.05%	12.24%	7.00%	n/a
International Stock Fund - Benchmark: MSCI EAFE (net)	22.78%	12.44%	6.91%	n/a
Large Cap Stock Fund	32.37%	17.94%	7.38%	n/a
Large Cap Stock Fund - Benchmark: S&P 500	32.39%	17.94%	7.41%	n/a
Mid and Small Cap Stock Fund	38.19%	22.27%	10.24%	n/a
Mid and Small Cap Stock Fund - Benchmark: Dow Jones Wilshire 4500	38.39%	22.47%	10.25%	n/a

### Operating Expenses for Plan Year 2013

	<b>Investment Manager Fees As a %</b>	<b>Administrative, Trustee, and Recordkeeping Fees As a %</b>	<b>Total Operating Expenses As a %</b>	<b>Estimated Total Operating Expenses Incurred on a \$1,000 Investment in 2013</b>
<b>Investment Name</b>				
AT&T Shares Fund	0.01%	0.07%	0.08%	\$0.80
Bond Fund	0.03%	0.08%	0.11%	\$1.10
Large Cap Stock Fund	0.01%	0.07%	0.08%	\$0.80
Interest Income Fund	0.24%	0.07%	0.31%	\$3.10
Global Equity Fund	0.01%	0.07%	0.08%	\$0.80
Mid and Small Cap Stock Fund	0.02%	0.07%	0.09%	\$0.90
International Stock Fund	0.02%	0.07%	0.09%	\$0.90