

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). ► Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089
		2011
		This Form is Open to Public Inspection

Part I	Annual Report Identification Information
For calendar plan year 2011 or fiscal plan year beginning <u>01/01/2011</u> and ending <u>12/31/2011</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☒ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☒
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information
1a Name of plan <u>AT & T PENSION BENEFIT PLAN</u>	1b Three-digit plan number (PN) ► <u>006</u> 1c Effective date of plan <u>01/01/1984</u>
2a Plan sponsor's name and address, including room or suite number (Employer, if for single-employer plan) <u>AT & T INC.</u> <u>P.O. BOX 132160</u> <u>DALLAS, TX 75313-2160</u>	2b Employer Identification Number (EIN) <u>43-1301883</u> 2c Sponsor's telephone number <u>210-351-3333</u> 2d Business code (see instructions) <u>517000</u>

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	<u>Filed with authorized/valid electronic signature.</u>	<u>12/19/2012</u>	<u>JOHN STEPHENS</u>
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Form 5500 (2011)
v.012611

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") AT & T INC. P.O. BOX 132160 DALLAS, TX 75313-2160	3b Administrator's EIN 43-1301883 3c Administrator's telephone number 210-351-3333
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4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
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5 Total number of participants at the beginning of the plan year	5	616131
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6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	225916
b Retired or separated participants receiving benefits.....	6b	223054
c Other retired or separated participants entitled to future benefits.....	6c	122543
d Subtotal. Add lines 6a , 6b , and 6c	6d	571513
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	31239
f Total. Add lines 6d and 6e	6f	602752
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	10306

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	
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8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:

1A 1B 1C 1G 3F 3H

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1) ☒ **R** (Retirement Plan Information)
- (2) ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- (3) ☒ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1) ☒ **H** (Financial Information)
- (2) ☐ **I** (Financial Information – Small Plan)
- (3) ☐ **A** (Insurance Information)
- (4) ☐ **C** (Service Provider Information)
- (5) ☒ **D** (DFE/Participating Plan Information)
- (6) ☐ **G** (Financial Transaction Schedules)

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2011 This Form is Open to Public Inspection
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For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>AT & T PENSION BENEFIT PLAN</u>	B Three-digit plan number (PN) ▶ <u>006</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>AT & T INC.</u>	D Employer Identification Number (EIN) <u>43-1301883</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I	Basic Information
1	Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2011</u>
2	Assets:
a	Market value 2a <u>47762965000</u>
b	Actuarial value 2b <u>44181562000</u>
3	Funding target/participant count breakdown:
	(1) Number of participants (2) Funding Target
a	For retired participants and beneficiaries receiving payment 3a <u>253843</u> <u>24453802000</u>
b	For terminated vested participants 3b <u>133964</u> <u>4953083000</u>
c	For active participants:
(1)	Non-vested benefits 3c(1) <u>1178675000</u>
(2)	Vested benefits 3c(2) <u>18928036000</u>
(3)	Total active 3c(3) <u>253845</u> <u>20106711000</u>
d	Total 3d <u>641652</u> <u>49513596000</u>
4	If the plan is in at-risk status, check the box and complete lines (a) and (b) ☐
a	Funding target disregarding prescribed at-risk assumptions 4a
b	Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor 4b
5	Effective interest rate 5 <u>6.23 %</u>
6	Target normal cost 6 <u>1066910000</u>

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	<u>10/03/2012</u>
Signature of actuary	Date
<u>THOMAS MIANO, FSA, EA</u>	<u>11-04601</u>
Type or print name of actuary	Most recent enrollment number
<u>AON CONSULTING, INC.</u>	<u>214-989-2483</u>
Firm name	Telephone number (including area code)
<u>2711 NORTH HASKELL AVENUE, 7TH FLOOR</u> <u>DALLAS, TX 75204</u>	
Address of the firm	

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2011
v.012611

Part II		Beginning of year carryover and prefunding balances	
		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	1994067000	0
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)		
9	Amount remaining (line 7 minus line 8)	1994067000	0
10	Interest on line 9 using prior year's actual return of <u>14.72</u> %	293527000	
11	Prior year's excess contributions to be added to prefunding balance:		
a	Present value of excess contributions (line 38 from prior year)		
b	Interest on (a) using prior year's effective rate of <u>6.64</u> % except as otherwise provided (see instructions)		0
c	Total available at beginning of current plan year to add to prefunding balance		0
d	Portion of (c) to be added to prefunding balance		
12	Other reductions in balances due to elections or deemed elections		
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	2287594000	0

Part III		Funding percentages	
14	Funding target attainment percentage	14	84.61 %
15	Adjusted funding target attainment percentage	15	84.61 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	108.32 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV		Contributions and liquidity shortfalls	
18 Contributions made to the plan for the plan year by employer(s) and employees:			
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	
12/22/2011	1000000000		
		Totals ▶	18(b) 1000000000
			18(c) 0

19	Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:	
a	Contributions allocated toward unpaid minimum required contributions from prior years	19a 0
b	Contributions made to avoid restrictions adjusted to valuation date	19b 0
c	Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c 942914000
20	Quarterly contributions and liquidity shortfalls:	
a	Did the plan have a "funding shortfall" for the prior year?	☐ Yes ☒ No
b	If 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☐ Yes ☐ No
c	If 20a is "Yes," see instructions and complete the following table as applicable:	

Liquidity shortfall as of end of quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: 3.78%	2nd segment: 6.31%	3rd segment: 6.57%	☐ N/A, full yield curve used
b Applicable month (enter code)				21b 4
22 Weighted average retirement age				22 61
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....	☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.....	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contributions for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6)	31a	1066910000	
b Excess assets, if applicable, but not greater than 31a	31b		
32 Amortization installments:	Outstanding Balance	Installment	
a Net shortfall amortization installment	7619628000	776023000	
b Waiver amortization installment	0	0	
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33		
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)...	34	1842933000	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....	900019000	0	900019000
36 Additional cash requirement (line 34 minus line 35)	36	942914000	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	942914000	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	0	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b		
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years.....	40	0	

Part IX Pension funding relief under Pension Relief Act of 2010 (see instructions)

41 If a shortfall amortization base is being amortized pursuant to an alternative amortization schedule:			
a Schedule elected	☐ 2 plus 7 years ☒ 15 years		
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008 ☐ 2009 ☐ 2010 ☒ 2011		
42 Amount of acceleration adjustment	42	38207000	
43 Excess installment acceleration amount to be carried over to future plan years	43	0	

SCHEDULE D (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration	DFE/Participating Plan Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2011 This Form is Open to Public Inspection.
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For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan AT & T PENSION BENEFIT PLAN	B Three-digit plan number (PN) ▶	006
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 AT & T INC.	D Employer Identification Number (EIN) 43-1301883	

Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
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a Name of MTIA, CCT, PSA, or 103-12 IE: SBC MASTER PENSION TRUST		
b Name of sponsor of entity listed in (a): AT & T INC.		
c EIN-PN 43-1301883-020	d Entity code M	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 45882003000
a Name of MTIA, CCT, PSA, or 103-12 IE:		
b Name of sponsor of entity listed in (a):		
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
a Name of MTIA, CCT, PSA, or 103-12 IE:		
b Name of sponsor of entity listed in (a):		
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
a Name of MTIA, CCT, PSA, or 103-12 IE:		
b Name of sponsor of entity listed in (a):		
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
a Name of MTIA, CCT, PSA, or 103-12 IE:		
b Name of sponsor of entity listed in (a):		
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
a Name of MTIA, CCT, PSA, or 103-12 IE:		
b Name of sponsor of entity listed in (a):		
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
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plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2011 This Form is Open to Public Inspection
For calendar plan year 2011 or fiscal plan year beginning <u>01/01/2011</u> and ending <u>12/31/2011</u>		
A Name of plan <u>AT & T PENSION BENEFIT PLAN</u>	B Three-digit plan number (PN) ►	<u>006</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>AT & T INC.</u>	D Employer Identification Number (EIN) <u>43-1301883</u>	

Part I	Asset and Liability Statement			
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.				
Assets			(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash		1a		
b Receivables (less allowance for doubtful accounts):				
(1) Employer contributions		1b(1)		
(2) Participant contributions		1b(2)		
(3) Other.....		1b(3)		
c General investments:				
(1) Interest-bearing cash (include money market accounts & certificates of deposit)		1c(1)		
(2) U.S. Government securities.....		1c(2)		
(3) Corporate debt instruments (other than employer securities):				
(A) Preferred		1c(3)(A)		
(B) All other		1c(3)(B)		
(4) Corporate stocks (other than employer securities):				
(A) Preferred		1c(4)(A)		
(B) Common		1c(4)(B)		
(5) Partnership/joint venture interests		1c(5)		
(6) Real estate (other than employer real property)		1c(6)		
(7) Loans (other than to participants)		1c(7)		
(8) Participant loans		1c(8)		
(9) Value of interest in common/collective trusts.....		1c(9)		
(10) Value of interest in pooled separate accounts.....		1c(10)		
(11) Value of interest in master trust investment accounts		1c(11)	47762965000	45882003000
(12) Value of interest in 103-12 investment entities		1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....		1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts).....		1c(14)		
(15) Other		1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	47762965000	45882003000

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	47762965000	45882003000
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	1000000000	
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		1000000000
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		0
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		2069369000
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		3069369000

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	4948702000	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		4948702000
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		0
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		4948702000

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		-1879333000
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		1629000

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☒ Unqualified (2) ☐ Qualified (3) ☐ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☐ Yes ☒ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: ERNST & YOUNG LLP

(2) EIN: 34-6565596

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		25000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....		X	
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....			
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			
4n			

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?

If "Yes," enter the amount of any plan assets that reverted to the employer this year..... ☐ Yes ☒ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)

	5b(2) EIN(s)	5b(3) PN(s)
CINCINNATI BELL PENSION PLAN	31-1056105	005
QWEST PENSION PLAN	84-1339282	005
TELCORDIA TECHNOLOGIES PENSION PLAN	22-2478398	002

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2011 This Form is Open to Public Inspection.
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For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan <u>AT & T PENSION BENEFIT PLAN</u>	B Three-digit plan number (PN) ▶ <u>006</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>AT & T INC.</u>	D Employer Identification Number (EIN) <u>43-1301883</u>

Part I	Distributions
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All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>04-6568107</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	<u>20133</u>

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
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4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☒ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☒ N/A

Part III	Amendments
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9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☒ Increase	☐ Decrease	☐ Both	☐ No
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Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
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10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.).....	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. Complete as many entries as needed to report all applicable employers.

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

- a** Enter the percentage of plan assets held as:

Stock: 31% Investment-Grade Debt: 28% High-Yield Debt: 3% Real Estate: 11% Other: 27%

- b** Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☒ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

- c** What duration measure was used to calculate item 19(b)?

☒ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

See audited financial statements for Accountant's Opinion.

EIN 43-1301883/PN 006

AT&T Pension Benefit Plan

2011 Schedule SB, Line 19 — Discounted Employer Contributions

Discounted Employer Contributions

<u>Date of Contribution (mm/dd/yyyy)</u>	<u>Amount paid by employer(s)</u>	<u>Year Applied</u>	<u>Effective Interest Rate</u>	<u>Interest Adjusted Contribution as of January 1, 2011</u>
12/22/2011	\$ 1,000,000,000	2011	6.23%	\$ 942,914,000

EIN 43-1301883/PN 006

AT&T Pension Benefit Plan

2011 Schedule SB, Line 3 — Description of Funding Target / Count Breakdown

Description of Funding Target / Count Breakdown

- Funding target liability/counts under line 3a are determined for the participants who are currently receiving or have received benefits.
- Funding target liability/counts under line 3b are determined for the retired/separated participants who are entitled to future benefits.

EIN 43-1301883/PN 006

AT&T Pension Benefit Plan

2011 Schedule SB, Line 32 — Schedule of Amortization Bases

Schedule of Amortization Bases

<u>Type of Base</u>	<u>Present Value of Any Remaining Installments</u>	<u>Valuation Date</u>	<u>Years Remaining</u>	<u>Amortization Installment *</u>
Shortfall Amortization Base	\$ 7,619,628,000	1/1/2011	15	\$ 737,816,000

**Schedule of Amortization Bases
(Pre-Funding Relief Election)**

<u>Type of Base</u>	<u>Present Value of Any Remaining Installments</u>	<u>Valuation Date</u>	<u>Years Remaining</u>	<u>Amortization Installment</u>
Shortfall Amortization Base	\$ 7,619,628,000	1/1/2011	7	\$ 1,253,654,000

* This does not include the acceleration adjustment amount of \$38,207,000 due to excess compensation.

AT&T Pension Benefit Plan
2011 Schedule SB, Line 24 — Change in Actuarial Assumptions

Effective January 1, 2011, the changes in actuarial assumptions are as follows:

For lump sum conversion rates and cash balance crediting rates that are tied to the 30-year Treasury Rate, the following are assumed:

- The lump sum conversion rate for years after the valuation year was adjusted from 5.00% to 4.30%. This change was made to reflect the long term expectation of the 30-year Treasury Rate.
- The cash balance crediting rate for years after the valuation year was adjusted from 5.00% to 4.30% for the AT&T PBP (excluding East, MCB, BCB2, and Legacy AT&T). This change was made to reflect the long term expectation of the 30-year Treasury Rate. For AT&T PBP East program, the rate was changed from 4.00% to the 30-year Treasury Rate for the November prior to the valuation year for the valuation year (i.e., 4.19% in 2011) and 4.30% thereafter. This change was made to align the rate to 30-year Treasury Rate as a result of bargaining.

The retirement assumption for bargained employees was increased to 1.5 times the normal rate for 2011, and 3 times the normal rate for 2012. The retirement assumption for managers was increased to 2 times the normal rate for 2011, and 1.5 times the normal rate for 2012. This change was made to reflect the presumption that there would be accelerated retirements due to the lump sum conversion interest rate basis phasing into corporate bond rates (i.e., applicable interest rate as described in IRC section 417(e)) from the 30-year Treasury rate starting in 2012.

AT&T Pension Benefit Plan

2011 Schedule SB, Line 22 — Description of Weighted Average Retirement Age

Description of Weighted Average Retirement Age Calculation

The rates of retirement at each age depend on the following factors:

- age
- gender
- service
- bargained/nonbargained status
- company

The detailed description of the exact rates that apply at each age for each of the various categories is contained in the attachment to Part V — Statement of Actuarial Assumptions/Methods.

In computing the weighted-average retirement age, the weight applied to each age is $(a)/(b)$, where (a) and (b) are defined as follows:

(a) The number of participants expected to retire at the retirement age to which the weight is being applied. The number of participants expected to retire is estimated by applying the assumed rates of decrement to the current active population.

(b) The total number of participants expected to retire. The number of participants expected to retire is estimated by applying the assumed rates of decrement to the current active population.



AT&T Inc.

Summary of actuarial assumptions

	2011	2010
Effective interest rates		
AT&T PBP	6.23%	6.64%
Segment rates*		
1st segment rate (years 0 to 4)	3.78%	5.03%
2nd segment rate (years 5 to 19)	6.31%	6.73%
3rd segment rate (years 20 and after)	6.57%	6.82%
PBGC segment rates**		
PBGC 1st segment rate (years 0 to 4)	3.78%	5.03%
PBGC 2nd segment rate (years 5 to 19)	6.31%	6.73%
PBGC 3rd segment rate (years 20 and after)	6.57%	6.82%
30-year treasury lump sum conversion rate		
AT&T Legacy Management, AT&T Legacy Bargained	3.80% in 2011 and 4.30% thereafter	4.37% in 2010 and 5.00% thereafter
All others	4.19% in 2011 and 4.30% thereafter	4.31% in 2010 and 5.00% thereafter
417(e)(3) PPA effective lump sum conversion rate***	5.80%	6.50%
Cash balance crediting rate		
MCB, BCB2	4.50%	4.50%
AT&T Legacy Management	4.00%	4.00%
East	4.19% in 2011 and 4.30% thereafter	4.00%
All others****	4.19% in 2011 and 4.30% thereafter	4.31% in 2010 and 5.00% thereafter

* The August segmented rates (published in September) were used for both the 2011 and 2010 plan year.

** For AT&T PBP and AT&T PR PBP, the alternate method interest rates (i.e., Funding Target Liability interest rates) were used.

*** The annuity substitution method was used to determine Target Funding Liability and Target Funding Normal Cost.

The lump sum conversion rate is subject to a phase-in schedule by program/contract and a lump sum window for certain bargained contracts.

**** The IBEW contract of the AT&T Legacy Bargained program has a 4.00% cash balance crediting rate in the 2011 funding valuation.



AT&T Inc.

Summary of actuarial assumptions (continued)

Other assumptions

Form of payment

- **Southwest bargained employees**

The form of payment for future retirees is assumed to be a life annuity with the exception that 90% of future married annuitants will elect the survivor option and that the designated beneficiary will be the spouse. For SWBT, SBC Messaging and Yellow Pages, the form of payment for 90% of future retirement eligible retirees is assumed to be a lump sum.

- **Southwest, West, Midwest, and East nonbargained employees**

The form of payment for future retirees is assumed to be a lump sum.

- **West and Midwest bargained employees**

The form of payment for 90% of future retirees and terminated vested is assumed to be a lump sum. The form of payment for the other 10% of future retirees is assumed to be a life annuity with the exception that 90% of future married annuitants will elect the survivor option and that the designated beneficiary will be the spouse.

- **East bargained employees**

The form of payment for future retirees and terminated vested is assumed to be a lump sum except for 20% of future retirees with at least 30 years of service or at least age 55 with 20 years of service. These annuitants are assumed to elect a life annuity with the exception that 90% of future married annuitants will elect the survivor option and that the designated beneficiary will be the spouse. This assumption is different for the 12/31/2011 ASC 715-30 pension cost, see changes section above.

- **APVI and Management Cash Balance employees**

The form of payment for all terminated vested and future retirees is assumed to be a life annuity.

- **Bargained Cash Balance and Bargained Cash Balance 2 employees**

The form of payment for all terminated vested and future retirees is assumed to be a lump sum.



AT&T Inc.

Summary of actuarial assumptions (continued)

Form of payment (continued)

■ **Wireless Bargained (District 6) employees**

The form of payment is assumed to be a lump sum for 90% of future retirees and a life annuity for 10% of future retirees. For all other CWA District 6 employees, including all terminated vested participants, the form of payment is assumed to be a life annuity.

■ **AT&T PBP Wireless employees**

The form of payment is assumed to be a lump sum for retirees and a lump sum, with 40% of distributions paid in the first year following termination, 35% in the second year and 25% deferred to normal retirement date for terminations.

■ **Southeast nonbargained and bargained employees**

The form of payment for all terminated vested and 90% of future retirees is assumed to be a lump sum. The form of payment for the other 10% of future retirees is assumed to be a life annuity with the exception that future married annuitants will elect the survivor option and that the designated beneficiary will be the spouse.

■ **Legacy AT&T nonbargained employees**

Employees eligible for retirement	
Age	Lump sum rate
under 55	25%
55 & over	35%

Employees ineligible for retirement	
Age	Lump sum rate
under 45	99%
45 to 49	90%
50 & over	80%

■ **Legacy AT&T bargained employees**

Employees eligible for retirement	
Age	Lump sum rate
under 55	15%
55 & over	30%

Employees ineligible for retirement	
Age	Lump sum rate
under 45	99%
45 to 49	90%
50 & over	80%

Valuation earnings

Actual Pension Compensation for the prior year increased for one year by the salary scale.



AT&T Inc.

Summary of actuarial assumptions (continued)

Maximum earnings

For 2011: \$245,000. For 2012: \$250,000

Maximum benefit

The maximum benefit payable under IRC Section 415 at Normal Retirement Age.

Spouse age

Actual if available, else husband is 3 years older than wife.

Mortality

For funding, the mortality table, in accordance with Treasury regulations 1.430(h)(3), is the prescribed 2011 static mortality table, with separate rates for annuitants and non-annuitants. Additionally, the disability mortality tables set forth in IRS Revenue Ruling 96-7 are used for pre-65 disabled participants receiving a Social Security Disability benefit in Southeast programs. 70% of future disabled retirees are assumed to receive Social Security Disability benefits.

Decrements

Decrements are assumed to be mid-year.

Expenses included in target normal cost

The expenses included in the target normal cost are based on expected administration expenses and PBGC premiums for 2011.

Modified Rule of 75

The Modified Rule of 75 is defined as the earliest of age 50 and 25 years of service, age 55 and 20 years of service, age 65 and 10 years of service, or 30 years of service at any age.



AT&T Inc.

Demographic assumptions – AT&T PBP

	Southwest		West		East		Midwest	
	Bargained	Nonbargained	Bargained	Nonbargained	Bargained	Nonbargained	Bargained	Nonbargained
Expected rate of salary increase	Exhibit A-1	Exhibit A-2	Exhibit A-1	Exhibit A-2	Exhibit A-1	Exhibit A-2	Exhibit A-1	Exhibit A-2
Retirement rates*	Exhibit B-1	Exhibit B-2	Exhibit B-1	Exhibit B-2	Exhibit B-1	Exhibit B-2	Exhibit B-1	Exhibit B-2
Withdrawal rates	Exhibit C-1	Exhibit C-2	Exhibit C-1	Exhibit C-2	Exhibit C-1	Exhibit C-2	Exhibit C-1	Exhibit C-2
Disability rates	Exhibit D-1	Exhibit D-2	Exhibit D-1	Exhibit D-2	Exhibit D-1	Exhibit D-2	Exhibit D-1	Exhibit D-2
Mortality rates	For funding, the mortality table, in accordance with Treasury regulations 1.430(h)(3), is the prescribed 2011 static mortality table, with separate rates for annuitants and non-annuitants.							
Mortality for lump sum option**	Rates prescribed in Rev. Ruling 01-62	Rates prescribed in Rev. Ruling 01-62	Rates prescribed in Rev. Ruling 01-62	Rates prescribed in Rev. Ruling 01-62	Rates prescribed in Rev. Ruling 01-62	Rates prescribed in Rev. Ruling 01-62	Rates prescribed in Rev. Ruling 01-62	Rates prescribed in Rev. Ruling 01-62
Percent married								
-Active employees	80% for male; 55% for female	80% for male; 55% for female	80% for male; 55% for female	80% for male; 55% for female	80% for male; 55% for female	80% for male; 55% for female	80% for male; 55% for female	80% for male; 55% for female
-Retired employees	71% for male; 22% for female	71% for male; 22% for female	Exhibit F-2	Exhibit F-2	Exhibit F-1	Exhibit F-1	Exhibit F-2	Exhibit F-2

* The retirement assumption for bargained employees was increased to 1.5 times the normal rate for 2011, and 3 times the normal rate for 2012. The retirement assumption for managers was increased to 2 times the normal rate for 2011, and 1.5 times the normal rate for 2012.

** Effective January 1, 2012, the applicable mortality table used for conversion will be the 417(e)(3) PPA mortality, subject to a lump sum window for certain bargained contracts.



AT&T Inc.

**Demographic assumptions – AT&T PBP
(continued)**

	Legacy AT&T		AT&T Southeast		AT&T Mobility		MCB	BCB2
	Bargained	Nonbargained	Bargained	Nonbargained	Bargained	Nonbargained		
Expected rate of salary increase	Exhibit A-1	Exhibit A-2	Exhibit A-1	Exhibit A-2	Exhibit A-1	Exhibit A-2	Exhibit A-2	Exhibit A-1
Retirement rates*	Exhibit B-1	Exhibit B-2	Exhibit B-1	Exhibit B-2	Exhibit B-3	Exhibit B-4	Exhibit B-2	Exhibit B-1
Withdrawal rates	Exhibit C-1	Exhibit C-2	Exhibit C-1	Exhibit C-2	Exhibit C-3	Exhibit C-4	Exhibit C-2	Exhibit C-1
Disability rates	Exhibit D-1	Exhibit D-2	Exhibit D-1	Exhibit D-2	Exhibit D-3	Exhibit D-4	Exhibit D-2	Exhibit D-1
Mortality rates	For funding, the mortality table, in accordance with Treasury regulations 1.430(h)(3), is the prescribed 2011 static mortality table, with separate rates for annuitants and non-annuitants. Additionally, the disability mortality tables set forth in IRS Revenue Ruling 96-7 are used for pre-65 disabled participants receiving a Social Security Disability benefit in Southeast programs. 70% of future disabled retirees are assumed to receive Social Security Disability benefits.							
Mortality for lump sum option**	Rates prescribed in Rev. Ruling 01-62	Rates prescribed in Rev. Ruling 01-62	Rates prescribed in Rev. Ruling 01-62	Rates prescribed in Rev. Ruling 01-62	Rates prescribed in Rev. Ruling 01-62	Rates prescribed in Rev. Ruling 01-62	Rates prescribed in Rev. Ruling 01-62	Rates prescribed in Rev. Ruling 01-62
Percent married								
-Active employees	80% for male; 55% for female	80% for male; 55% for female	80% for male; 55% for female	80% for male; 55% for female	80% for male; 55% for female	80% for male; 55% for female	80% for male; 55% for female	80% for male; 55% for female
-Retired employees	Exhibit F-3	Exhibit F-3	Exhibit F-2	Exhibit F-2	N/A	N/A	N/A	N/A

* The retirement assumption for bargained employees was increased to 1.5 times the normal rate for 2011, and 3 times the normal rate for 2012. The retirement assumption for managers was increased to 2 times the normal rate for 2011, and 1.5 times the normal rate for 2012.

** Effective January 1, 2012, the applicable mortality table used for conversion will be the 417(e)(3) PPA mortality, subject to a lump sum window for certain bargained contracts.



AT&T Inc.

Exhibit A-1

**Annual rates of salary increase
Bargained employees**

Years of service	Annual increase
1	10.00%
2	10.00
3	10.00
4	10.00
5	10.00
6 & over	2.50



AT&T Inc.

Exhibit A-2

**Annual rates of salary increase
 Nonbargained employees**

Age	Annual increase	Age	Annual increase	Age	Annual increase
15	15.00%	35	5.40%	55	3.81%
16	15.00	36	5.20	56	3.78
17	15.00	37	5.00	57	3.75
18	14.40	38	4.90	58	3.72
19	13.80	39	4.80	59	3.69
20	13.20	40	4.70	60	3.66
21	12.60	41	4.60	61	3.63
22	12.00	42	4.50	62	3.60
23	11.40	43	4.40	63	3.60
24	10.80	44	4.30	64	3.60
25	10.20	45	4.20	65	3.60
26	9.60	46	4.10	66	3.60
27	9.00	47	4.00	67	3.60
28	8.40	48	3.98	68	3.60
29	7.80	49	3.96	69	3.60
30	7.20	50	3.94	70 & over	3.60
31	6.60	51	3.92		
32	6.00	52	3.90		
33	5.80	53	3.87		
34	5.60	54	3.84		



AT&T Inc.

Exhibit B-1

**Annual rates of retirement
Bargained employees (except AT&T Mobility)**

Age	Male				Female			
	Years of service				Years of service			
	< 20	20-29	30	> 30	< 20	20-29	30	> 30
45	0.000	0.000	0.100	0.035	0.000	0.000	0.100	0.035
46	0.000	0.035	0.100	0.035	0.000	0.035	0.100	0.035
47	0.000	0.035	0.100	0.035	0.000	0.035	0.100	0.035
48	0.000	0.035	0.100	0.035	0.000	0.035	0.100	0.035
49	0.000	0.035	0.100	0.035	0.000	0.035	0.100	0.035
50	0.000	0.035	0.100	0.035	0.000	0.035	0.100	0.035
51	0.000	0.040	0.100	0.040	0.000	0.040	0.100	0.040
52	0.000	0.050	0.100	0.050	0.000	0.045	0.100	0.045
53	0.000	0.055	0.100	0.055	0.000	0.050	0.100	0.050
54	0.000	0.065	0.100	0.065	0.000	0.060	0.100	0.060
55	0.000	0.075	0.075	0.075	0.000	0.070	0.070	0.070
56	0.075	0.085	0.085	0.085	0.075	0.080	0.080	0.080
57	0.085	0.090	0.085	0.090	0.085	0.085	0.085	0.085
58	0.095	0.095	0.095	0.095	0.095	0.095	0.095	0.095
59	0.095	0.095	0.095	0.095	0.100	0.100	0.100	0.100
60	0.150	0.150	0.150	0.150	0.150	0.150	0.150	0.150
61	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200
62	0.225	0.300	0.300	0.300	0.225	0.300	0.300	0.300
63	0.250	0.300	0.300	0.300	0.250	0.300	0.300	0.300
64	0.250	0.300	0.300	0.300	0.250	0.300	0.300	0.300
65	0.350	0.350	0.350	0.350	0.350	0.350	0.350	0.350
66-69	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.300
70	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Note: Employees must meet the Modified Rule of 75 to be eligible to retire



AT&T Inc.

Exhibit B-2

**Annual rates of retirement
Nonbargained employees (except AT&T Mobility)**

Age	Male				Female			
	Years of service				Years of service			
	< 20	20-29	30	> 30	< 20	20-29	30	> 30
45	0.000	0.000	0.100	0.050	0.000	0.000	0.100	0.075
46	0.000	0.020	0.100	0.050	0.000	0.050	0.100	0.075
47	0.000	0.020	0.100	0.050	0.000	0.050	0.100	0.075
48	0.000	0.020	0.100	0.050	0.000	0.050	0.100	0.075
49	0.000	0.020	0.100	0.050	0.000	0.050	0.100	0.075
50	0.000	0.020	0.100	0.050	0.000	0.050	0.100	0.075
51	0.000	0.030	0.100	0.050	0.000	0.060	0.100	0.080
52	0.000	0.040	0.100	0.050	0.000	0.070	0.100	0.090
53	0.000	0.050	0.100	0.050	0.000	0.080	0.100	0.100
54	0.000	0.050	0.100	0.050	0.120	0.090	0.150	0.150
55	0.000	0.100	0.100	0.100	0.120	0.120	0.120	0.120
56	0.110	0.110	0.110	0.110	0.140	0.140	0.140	0.140
57	0.120	0.120	0.120	0.120	0.160	0.160	0.160	0.160
58	0.130	0.130	0.130	0.130	0.180	0.180	0.180	0.180
59	0.150	0.150	0.150	0.150	0.200	0.200	0.200	0.200
60	0.180	0.180	0.180	0.180	0.210	0.210	0.210	0.210
61	0.200	0.200	0.200	0.200	0.230	0.230	0.230	0.230
62	0.275	0.300	0.300	0.300	0.275	0.300	0.300	0.300
63	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.300
64	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.300
65	0.350	0.400	0.400	0.400	0.350	0.400	0.400	0.400
66-69	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.300
70	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Note: Employees must meet the Modified Rule of 75 to be eligible to retire



AT&T Inc.

Exhibit B-3

**Annual rates of retirement
AT&T Mobility bargained employees**

Age	Male		Female	
	20 - 29 years of service	Over 30 years of service	20 - 29 years of service	Over 30 years of service
49 & under	NA	0.050	NA	0.100
50	0.020	0.050	0.060	0.100
51	0.030	0.050	0.070	0.100
52	0.040	0.050	0.080	0.100
53	0.060	0.070	0.090	0.100
54	0.070	0.090	0.100	0.120
55	0.080	0.110	0.160	0.140
56	0.090	0.130	0.160	0.160
57	0.120	0.150	0.160	0.180
58	0.130	0.170	0.160	0.200
59	0.150	0.190	0.180	0.220
60	0.160	0.210	0.200	0.240
61	0.190	0.280	0.220	0.260
62 to 69	0.350	0.350	0.350	0.350
70 & over	1.000	1.000	1.000	1.000

Note: No retirement is assumed with less than 20 years of service



AT&T Inc.

Exhibit B-4

**Annual rates of retirement
 AT&T Mobility nonbargained employees**

Age	Rate
46 & under	0.000
47	0.100
48	0.100
49	0.100
50	0.100
51	0.100
52	0.100
53	0.100
54	0.100
55	0.150
56	0.150
57	0.150
58	0.250
59	0.250
60	0.250
61	0.250
62	0.250
63	0.250
64	0.250
65 & over	1.000



AT&T Inc.

Exhibit C-1

**Annual rates of withdrawal
Bargained male employees (except AT&T Mobility)**

Age	Years of service								
	0	1	2	3	4	5	6	7	8
15	0.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
16	0.30	0.22	0.00	0.00	0.00	0.00	0.00	0.00	0.00
17	0.30	0.22	0.16	0.00	0.00	0.00	0.00	0.00	0.00
18	0.30	0.22	0.16	0.09	0.00	0.00	0.00	0.00	0.00
19	0.30	0.22	0.16	0.09	0.07	0.00	0.00	0.00	0.00
20	0.30	0.22	0.16	0.09	0.07	0.06	0.00	0.00	0.00
21	0.30	0.22	0.16	0.09	0.06	0.06	0.05	0.00	0.00
22	0.30	0.22	0.16	0.09	0.06	0.06	0.05	0.04	0.00
23	0.30	0.22	0.16	0.09	0.06	0.06	0.05	0.04	0.04
24	0.30	0.22	0.16	0.09	0.06	0.06	0.05	0.04	0.04
25	0.30	0.22	0.16	0.09	0.06	0.06	0.05	0.04	0.04
26	0.30	0.22	0.16	0.09	0.06	0.06	0.05	0.04	0.04
27	0.30	0.22	0.16	0.09	0.06	0.06	0.05	0.04	0.04
28	0.30	0.22	0.16	0.09	0.06	0.06	0.05	0.04	0.04
29	0.30	0.22	0.16	0.09	0.06	0.06	0.05	0.04	0.04
30	0.30	0.22	0.16	0.09	0.06	0.06	0.05	0.04	0.03
31	0.30	0.22	0.16	0.09	0.06	0.06	0.05	0.04	0.03
32	0.30	0.22	0.16	0.09	0.06	0.06	0.05	0.04	0.03
33	0.30	0.22	0.15	0.09	0.06	0.06	0.05	0.04	0.03
34	0.30	0.22	0.15	0.09	0.06	0.06	0.05	0.04	0.03



AT&T Inc.

Exhibit C-1 (continued)

**Annual rates of withdrawal
Bargained male employees (except AT&T Mobility)**

Age	Years of service								
	0	1	2	3	4	5	6	7	8
35	0.30	0.22	0.15	0.09	0.06	0.06	0.05	0.04	0.03
36	0.30	0.22	0.15	0.09	0.06	0.06	0.05	0.04	0.03
37	0.30	0.22	0.15	0.09	0.06	0.06	0.05	0.04	0.03
38	0.30	0.22	0.15	0.09	0.06	0.06	0.05	0.04	0.03
39	0.30	0.22	0.15	0.09	0.06	0.06	0.05	0.04	0.03
40	0.30	0.22	0.15	0.09	0.06	0.06	0.05	0.04	0.03
41	0.30	0.22	0.15	0.09	0.06	0.06	0.05	0.04	0.03
42	0.30	0.22	0.15	0.09	0.06	0.05	0.05	0.04	0.03
43	0.30	0.22	0.15	0.09	0.06	0.05	0.05	0.04	0.03
44	0.30	0.22	0.15	0.08	0.06	0.05	0.05	0.04	0.03
45	0.30	0.22	0.15	0.08	0.06	0.05	0.05	0.04	0.03
46	0.30	0.22	0.15	0.08	0.06	0.05	0.05	0.03	0.03
47	0.30	0.22	0.15	0.08	0.05	0.05	0.04	0.03	0.03
48	0.30	0.22	0.15	0.08	0.05	0.05	0.04	0.03	0.03
49	0.30	0.22	0.14	0.08	0.05	0.05	0.04	0.03	0.02
50+	0.30	0.22	0.14	0.08	0.05	0.05	0.04	0.03	0.02



AT&T Inc.

Exhibit C-1 (continued)

**Annual rates of withdrawal
Bargained female employees (except AT&T Mobility)**

Age	Years of service								
	0	1	2	3	4	5	6	7	8
15	0.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
16	0.30	0.22	0.00	0.00	0.00	0.00	0.00	0.00	0.00
17	0.30	0.22	0.16	0.00	0.00	0.00	0.00	0.00	0.00
18	0.30	0.22	0.16	0.12	0.00	0.00	0.00	0.00	0.00
19	0.30	0.22	0.16	0.12	0.09	0.00	0.00	0.00	0.00
20	0.30	0.22	0.16	0.12	0.09	0.09	0.00	0.00	0.00
21	0.30	0.22	0.16	0.12	0.09	0.09	0.08	0.00	0.00
22	0.30	0.22	0.16	0.12	0.09	0.09	0.08	0.07	0.00
23	0.30	0.22	0.16	0.12	0.09	0.09	0.08	0.07	0.07
24	0.30	0.22	0.16	0.12	0.09	0.09	0.08	0.07	0.07
25	0.30	0.22	0.16	0.12	0.09	0.09	0.08	0.07	0.06
26	0.30	0.22	0.16	0.12	0.09	0.09	0.08	0.07	0.06
27	0.30	0.22	0.16	0.11	0.09	0.09	0.08	0.07	0.06
28	0.30	0.22	0.16	0.11	0.09	0.08	0.08	0.06	0.06
29	0.30	0.22	0.16	0.11	0.09	0.08	0.07	0.06	0.06
30	0.29	0.22	0.16	0.11	0.09	0.08	0.07	0.06	0.06
31	0.29	0.22	0.15	0.11	0.08	0.08	0.07	0.06	0.06
32	0.29	0.22	0.15	0.11	0.08	0.08	0.07	0.06	0.06
33	0.29	0.22	0.15	0.11	0.08	0.08	0.07	0.06	0.06
34	0.29	0.22	0.15	0.11	0.08	0.08	0.07	0.06	0.05



AT&T Inc.

Exhibit C-1 (continued)

**Annual rates of withdrawal
Bargained female employees (except AT&T Mobility)**

Age	Years of service								
	0	1	2	3	4	5	6	7	8
35	0.29	0.21	0.15	0.10	0.08	0.07	0.07	0.05	0.05
36	0.29	0.21	0.15	0.10	0.08	0.07	0.06	0.05	0.05
37	0.28	0.21	0.15	0.10	0.08	0.07	0.06	0.05	0.05
38	0.28	0.21	0.14	0.10	0.07	0.07	0.06	0.05	0.05
39	0.28	0.21	0.14	0.10	0.07	0.07	0.06	0.05	0.05
40	0.28	0.21	0.14	0.10	0.07	0.07	0.06	0.05	0.05
41	0.28	0.21	0.14	0.10	0.07	0.07	0.06	0.05	0.05
42	0.28	0.21	0.14	0.10	0.07	0.07	0.06	0.05	0.04
43	0.28	0.21	0.14	0.10	0.07	0.07	0.06	0.05	0.04
44	0.28	0.21	0.14	0.09	0.07	0.07	0.06	0.05	0.04
45	0.28	0.20	0.14	0.09	0.07	0.06	0.06	0.04	0.04
46	0.28	0.20	0.14	0.09	0.07	0.06	0.06	0.04	0.04
47	0.28	0.20	0.14	0.09	0.07	0.06	0.06	0.04	0.04
48	0.28	0.20	0.14	0.09	0.07	0.06	0.05	0.04	0.04
49	0.28	0.20	0.14	0.09	0.07	0.06	0.05	0.04	0.04
50+	0.28	0.20	0.14	0.09	0.07	0.06	0.05	0.04	0.04



AT&T Inc.

Exhibit C-1 (continued)

**Annual rates of withdrawal
 Bargained employees (except AT&T Mobility)**

9+ Years of service			9+ Years of service		
Age	Male	Female	Age	Male	Female
15	0.000	0.000	35	0.022	0.038
16	0.000	0.000	36	0.021	0.036
17	0.000	0.000	37	0.020	0.034
18	0.000	0.000	38	0.019	0.032
19	0.000	0.000	39	0.018	0.030
20	0.000	0.000	40	0.017	0.028
21	0.000	0.000	41	0.016	0.026
22	0.000	0.000	42	0.015	0.024
23	0.000	0.000	43	0.013	0.022
24	0.000	0.000	44	0.012	0.021
25	0.029	0.062	45	0.011	0.019
26	0.029	0.061	46	0.010	0.018
27	0.028	0.060	47	0.009	0.017
28	0.027	0.058	48	0.007	0.016
29	0.027	0.055	49	0.005	0.016
30	0.026	0.053	50+	0.004	0.015
31	0.025	0.050			
32	0.024	0.047			
33	0.023	0.044			
34	0.022	0.041			



AT&T Inc.

Exhibit C-2

**Annual rates of withdrawal
Nonbargained male employees (except AT&T Mobility)**

Age	Years of service								
	0	1	2	3	4	5	6	7	8
15	0.24	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
16	0.24	0.19	0.00	0.00	0.00	0.00	0.00	0.00	0.00
17	0.24	0.19	0.13	0.00	0.00	0.00	0.00	0.00	0.00
18	0.24	0.19	0.13	0.11	0.00	0.00	0.00	0.00	0.00
19	0.24	0.19	0.13	0.11	0.09	0.00	0.00	0.00	0.00
20	0.24	0.19	0.13	0.11	0.09	0.09	0.00	0.00	0.00
21	0.24	0.19	0.13	0.11	0.09	0.09	0.08	0.00	0.00
22	0.24	0.19	0.13	0.11	0.09	0.09	0.08	0.08	0.00
23	0.24	0.19	0.13	0.11	0.09	0.09	0.08	0.08	0.08
24	0.24	0.19	0.13	0.11	0.09	0.09	0.08	0.08	0.08
25	0.24	0.19	0.13	0.11	0.09	0.09	0.08	0.08	0.08
26	0.23	0.19	0.12	0.10	0.09	0.08	0.07	0.07	0.07
27	0.23	0.19	0.12	0.10	0.09	0.08	0.07	0.07	0.07
28	0.23	0.19	0.12	0.10	0.09	0.08	0.07	0.07	0.07
29	0.23	0.19	0.12	0.10	0.09	0.08	0.07	0.07	0.07
30	0.23	0.19	0.12	0.10	0.09	0.08	0.07	0.07	0.07
31	0.23	0.19	0.12	0.10	0.09	0.08	0.07	0.07	0.07
32	0.23	0.19	0.12	0.10	0.09	0.08	0.07	0.07	0.07
33	0.23	0.19	0.12	0.10	0.09	0.08	0.07	0.07	0.07
34	0.23	0.19	0.12	0.10	0.09	0.08	0.07	0.07	0.07



AT&T Inc.

Exhibit C-2 (continued)

**Annual rates of withdrawal
Nonbargained male employees (except AT&T Mobility)**

Age	Years of service								
	0	1	2	3	4	5	6	7	8
35	0.23	0.19	0.12	0.10	0.09	0.08	0.07	0.07	0.07
36	0.23	0.19	0.12	0.10	0.09	0.08	0.07	0.07	0.07
37	0.23	0.19	0.12	0.10	0.09	0.08	0.07	0.07	0.07
38	0.23	0.19	0.12	0.10	0.09	0.08	0.07	0.07	0.07
39	0.23	0.19	0.12	0.10	0.09	0.08	0.07	0.07	0.07
40	0.23	0.19	0.12	0.10	0.09	0.08	0.07	0.07	0.07
41	0.23	0.19	0.12	0.10	0.09	0.08	0.07	0.07	0.07
42	0.23	0.18	0.12	0.10	0.08	0.08	0.07	0.07	0.07
43	0.22	0.18	0.11	0.09	0.08	0.07	0.06	0.06	0.06
44	0.22	0.18	0.11	0.09	0.08	0.07	0.06	0.06	0.06
45	0.22	0.17	0.11	0.09	0.07	0.07	0.06	0.06	0.06
46	0.22	0.17	0.11	0.09	0.07	0.07	0.06	0.06	0.06
47	0.22	0.17	0.11	0.09	0.07	0.07	0.06	0.06	0.06
48	0.22	0.17	0.11	0.09	0.07	0.07	0.06	0.06	0.06
49	0.22	0.17	0.11	0.09	0.07	0.07	0.06	0.06	0.06
50+	0.22	0.17	0.11	0.09	0.07	0.07	0.06	0.06	0.06



AT&T Inc.

Exhibit C-2 (continued)

**Annual rates of withdrawal
Nonbargained female employees (except AT&T Mobility)**

Age	Years of service								
	0	1	2	3	4	5	6	7	8
15	0.24	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
16	0.24	0.19	0.00	0.00	0.00	0.00	0.00	0.00	0.00
17	0.24	0.19	0.13	0.00	0.00	0.00	0.00	0.00	0.00
18	0.24	0.19	0.13	0.11	0.00	0.00	0.00	0.00	0.00
19	0.24	0.19	0.13	0.11	0.09	0.00	0.00	0.00	0.00
20	0.24	0.19	0.13	0.11	0.09	0.09	0.00	0.00	0.00
21	0.24	0.19	0.13	0.11	0.09	0.09	0.08	0.00	0.00
22	0.24	0.19	0.13	0.11	0.09	0.09	0.08	0.08	0.00
23	0.24	0.19	0.13	0.11	0.09	0.09	0.08	0.08	0.08
24	0.24	0.19	0.13	0.11	0.09	0.09	0.08	0.08	0.08
25	0.24	0.19	0.13	0.11	0.09	0.09	0.08	0.08	0.08
26	0.23	0.19	0.12	0.10	0.09	0.08	0.08	0.08	0.08
27	0.23	0.19	0.12	0.10	0.09	0.08	0.08	0.08	0.08
28	0.23	0.19	0.12	0.10	0.09	0.08	0.08	0.08	0.08
29	0.23	0.19	0.12	0.10	0.09	0.08	0.08	0.08	0.08
30	0.23	0.19	0.12	0.10	0.09	0.08	0.08	0.08	0.08
31	0.23	0.19	0.12	0.10	0.09	0.08	0.08	0.08	0.08
32	0.23	0.19	0.12	0.10	0.09	0.08	0.08	0.08	0.08
33	0.23	0.19	0.12	0.10	0.09	0.08	0.08	0.08	0.08
34	0.23	0.19	0.12	0.10	0.09	0.08	0.08	0.08	0.08



AT&T Inc.

Exhibit C-2 (continued)

**Annual rates of withdrawal
Nonbargained female employees (except AT&T Mobility)**

Age	Years of service								
	0	1	2	3	4	5	6	7	8
35	0.23	0.19	0.12	0.10	0.09	0.08	0.08	0.08	0.08
36	0.23	0.19	0.12	0.10	0.09	0.08	0.08	0.08	0.08
37	0.23	0.19	0.12	0.10	0.09	0.08	0.08	0.08	0.08
38	0.23	0.19	0.12	0.10	0.09	0.08	0.08	0.08	0.08
39	0.23	0.19	0.12	0.10	0.09	0.08	0.08	0.08	0.08
40	0.23	0.19	0.12	0.10	0.09	0.08	0.08	0.08	0.08
41	0.23	0.19	0.12	0.10	0.09	0.08	0.08	0.08	0.08
42	0.23	0.18	0.12	0.10	0.08	0.08	0.07	0.07	0.07
43	0.22	0.18	0.11	0.09	0.08	0.07	0.07	0.07	0.07
44	0.22	0.18	0.11	0.09	0.08	0.07	0.07	0.07	0.07
45	0.22	0.17	0.11	0.09	0.07	0.07	0.06	0.06	0.06
46	0.22	0.17	0.11	0.09	0.07	0.07	0.06	0.06	0.06
47	0.22	0.17	0.11	0.09	0.07	0.07	0.06	0.06	0.06
48	0.22	0.17	0.11	0.09	0.07	0.07	0.06	0.06	0.06
49	0.22	0.17	0.11	0.09	0.07	0.07	0.06	0.06	0.06
50+	0.22	0.17	0.11	0.09	0.07	0.07	0.06	0.06	0.06



AT&T Inc.

Exhibit C-2 (continued)

**Annual rates of withdrawal
 Nonbargained employees (except AT&T Mobility)**

9+ Years of service			9+ Years of service		
Age	Male	Female	Age	Male	Female
15	0.000	0.000	35	0.057	0.060
16	0.000	0.000	36	0.056	0.060
17	0.000	0.000	37	0.055	0.060
18	0.000	0.000	38	0.054	0.060
19	0.000	0.000	39	0.054	0.060
20	0.000	0.000	40	0.053	0.060
21	0.000	0.000	41	0.051	0.050
22	0.000	0.000	42	0.047	0.050
23	0.000	0.000	43	0.043	0.040
24	0.000	0.000	44	0.040	0.040
25	0.064	0.070	45	0.037	0.040
26	0.063	0.070	46	0.034	0.030
27	0.063	0.070	47	0.032	0.030
28	0.062	0.070	48	0.031	0.030
29	0.061	0.070	49	0.031	0.030
30	0.060	0.070	50+	0.030	0.030
31	0.060	0.070			
32	0.059	0.070			
33	0.058	0.060			
34	0.057	0.060			



AT&T Inc.

Exhibit C-3

**Annual rates of withdrawal
AT&T Mobility bargained employees**

Select rates of withdrawal (based on near years of service)			Ultimate rates of withdrawal (applied after completion of 8 years of service)					
Service	Male	Female	Age	Male	Female	Age	Male	Female
0	0.350	0.390	25	0.1140	0.1740	45	0.0480	0.0540
1	0.300	0.310	26	0.1110	0.1680	46	0.0435	0.0480
2	0.250	0.230	27	0.1080	0.1620	47	0.0390	0.0420
3	0.200	0.170	28	0.1050	0.1560	48	0.0345	0.0360
4	0.150	0.150	29	0.1020	0.1500	49	0.0300	0.0300
5	0.150	0.150	30	0.0990	0.1440	50	0.0255	0.0300
6	0.150	0.150	31	0.0960	0.1380	51	0.0210	0.0300
7	0.150	0.150	32	0.0930	0.1320	52	0.0165	0.0300
8	0.150	0.150	33	0.0900	0.1260	53	0.0120	0.0300
			34	0.0870	0.1200	54	0.0120	0.0300
			35	0.0840	0.1140	55	0.0120	0.0300
			36	0.0810	0.1080	56	0.0120	0.0330
			37	0.0780	0.1020	57	0.0120	0.0360
			38	0.0750	0.0960	58	0.0120	0.0390
			39	0.0720	0.0900	59	0.0120	0.0420
			40	0.0690	0.0840	60 & over	0.0120	0.0450
			41	0.0660	0.0780			
			42	0.0615	0.0720			
			43	0.0570	0.0660			
			44	0.0525	0.0600			



AT&T Inc.

Exhibit C-4

**Annual rates of withdrawal
AT&T Mobility nonbargained employees**

Select rates of withdrawal* (based on near years of service)		Ultimate rates of withdrawal (based on attained age - add select rates if 12 years of service or less)					
Service	Rate	Age	Male	Female	Age	Male	Female
0	0.1500	20	0.0700	0.0700	40	0.0625	0.0625
1	0.1100	21	0.0700	0.0700	41	0.0600	0.0600
2	0.0800	22	0.0700	0.0700	42	0.0530	0.0530
3	0.0600	23	0.0700	0.0700	43	0.0470	0.0470
4	0.0500	24	0.0700	0.0700	44	0.0420	0.0420
5	0.0400						
6 to 8	0.0300	25	0.0700	0.0700	45	0.0370	0.0370
9	0.0200	26	0.0695	0.0695	46	0.0330	0.0330
10 to 12	0.0100	27	0.0690	0.0690	47	0.0310	0.0310
		28	0.0685	0.0685	48	0.0310	0.0310
		29	0.0680	0.0680	49	0.0310	0.0310
		30	0.0675	0.0675	50	0.0310	0.0310
		31	0.0670	0.0670	51	0.0310	0.0310
		32	0.0665	0.0665	52	0.0310	0.0310
		33	0.0660	0.0660	53	0.0310	0.0310
		34	0.0655	0.0655	54	0.0310	0.0310
		35	0.0650	0.0650	55 & over	0.0310	0.0310
		36	0.0645	0.0645			
		37	0.0640	0.0640			
		38	0.0635	0.0635			
		39	0.0630	0.0630			

* Added to ultimate rates



AT&T Inc.

Exhibit D-1

**Annual rates of disability
Bargained employees (except AT&T Mobility)**

Age	Male	Female	Age	Male	Female
29 & under	0.0007	0.0014	50	0.0019	0.0030
30	0.0007	0.0016	51	0.0021	0.0032
31	0.0007	0.0016	52	0.0022	0.0033
32	0.0007	0.0016	53	0.0024	0.0035
33	0.0007	0.0016	54	0.0025	0.0037
34	0.0007	0.0016	55	0.0027	0.0037
35	0.0007	0.0017	56	0.0031	0.0041
36	0.0007	0.0017	57	0.0034	0.0044
37	0.0007	0.0018	58	0.0040	0.0049
38	0.0007	0.0018	59	0.0046	0.0053
39	0.0008	0.0019	60	0.0058	0.0059
40	0.0008	0.0021	61	0.0067	0.0065
41	0.0009	0.0022	62	0.0081	0.0073
42	0.0010	0.0024	63	0.0101	0.0086
43	0.0011	0.0025	64	0.0119	0.0097
44	0.0012	0.0027	65 & over	0.0121	0.0097
45	0.0013	0.0029			
46	0.0015	0.0031			
47	0.0016	0.0034			
48	0.0017	0.0035			
49	0.0019	0.0036			



AT&T Inc.

Exhibit D-2

**Annual rates of disability
Nonbargained employees (except AT&T Mobility)**

Age	Male	Female	Age	Male	Female
29 & under	0.0004	0.0006	50	0.0015	0.0023
30	0.0004	0.0007	51	0.0016	0.0025
31	0.0004	0.0008	52	0.0018	0.0026
32	0.0004	0.0008	53	0.0020	0.0027
33	0.0004	0.0008	54	0.0022	0.0029
34	0.0004	0.0009	55	0.0023	0.0030
35	0.0004	0.0009	56	0.0026	0.0032
36	0.0004	0.0009	57	0.0030	0.0036
37	0.0004	0.0010	58	0.0037	0.0039
38	0.0004	0.0011	59	0.0044	0.0043
39	0.0004	0.0012	60	0.0054	0.0048
40	0.0005	0.0013	61	0.0067	0.0052
41	0.0005	0.0014	62	0.0085	0.0061
42	0.0006	0.0016	63	0.0106	0.0076
43	0.0007	0.0018	64	0.0114	0.0080
44	0.0008	0.0019	65 & over	0.0114	0.0080
45	0.0009	0.0021			
46	0.0011	0.0024			
47	0.0012	0.0025			
48	0.0014	0.0025			
49	0.0015	0.0026			



AT&T Inc.

Exhibit D-3

**Annual rates of disability
AT&T Mobility bargained employees**

Age	Male	Female	Age	Male	Female
30 & under	0.0003	0.0003	50	0.0014	0.0014
31	0.0003	0.0003	51	0.0015	0.0015
32	0.0003	0.0003	52	0.0016	0.0016
33	0.0003	0.0003	53	0.0017	0.0017
34	0.0003	0.0003	54	0.0018	0.0018
35	0.0004	0.0004	55	0.0020	0.0019
36	0.0004	0.0004	56	0.0022	0.0021
37	0.0005	0.0004	57	0.0023	0.0022
38	0.0005	0.0004	58	0.0025	0.0023
39	0.0006	0.0005	59	0.0027	0.0025
40	0.0007	0.0005	60	0.0030	0.0026
41	0.0007	0.0006	61	0.0032	0.0029
42	0.0008	0.0007	62	0.0034	0.0030
43	0.0008	0.0008	63	0.0036	0.0032
44	0.0010	0.0008	64	0.0038	0.0034
45	0.0010	0.0009	65 & over	0.0000	0.0000
46	0.0011	0.0010			
47	0.0012	0.0011			
48	0.0012	0.0012			
49	0.0013	0.0013			



AT&T Inc.

Exhibit D-4

**Annual rates of disability
AT&T Mobility nonbargained employees**

Age	Male	Female
All	0.00051	0.00103



AT&T Inc.

Exhibit F-1

**Married percentage of retired participants
East bargained and nonbargained employees**

Age	Male	Female	Age	Male	Female	Age	Male	Female
40	0.75	0.59	60	0.76	0.46	80	0.61	0.10
41	0.75	0.59	61	0.76	0.44	81	0.59	0.09
42	0.75	0.59	62	0.76	0.41	82	0.58	0.07
43	0.75	0.59	63	0.76	0.40	83	0.56	0.06
44	0.75	0.59	64	0.76	0.37	84	0.53	0.05
45	0.75	0.59	65	0.78	0.34	85	0.50	0.05
46	0.75	0.59	66	0.77	0.32	86	0.48	0.05
47	0.75	0.59	67	0.77	0.31	87	0.45	0.05
48	0.75	0.59	68	0.76	0.29	88	0.41	0.04
49	0.75	0.59	69	0.75	0.27	89	0.39	0.04
50	0.75	0.59	70	0.74	0.26	90	0.36	0.04
51	0.75	0.58	71	0.73	0.24	91	0.33	0.03
52	0.75	0.57	72	0.72	0.23	92	0.30	0.03
53	0.75	0.57	73	0.71	0.21	93	0.26	0.02
54	0.75	0.56	74	0.70	0.19	94	0.23	0.02
55	0.75	0.55	75	0.69	0.16	95	0.23	0.01
56	0.75	0.54	76	0.68	0.14	96	0.18	0.01
57	0.75	0.52	77	0.66	0.14	97	0.13	0.01
58	0.75	0.50	78	0.64	0.14	98	0.06	0.00
59	0.75	0.48	79	0.62	0.12	99 & over	0.00	0.00

Source: Industry-wide experience 1972-1976 modified to reflect anticipated future experience



AT&T Inc.

Exhibit F-2

**Married percentage of retired participants
 West, Midwest, and Southeast nonbargained and bargained employees**

Age	Male	Female	Age	Male	Female	Age	Male	Female
50 & under	0.83	0.65	70	0.82	0.29	90	0.40	0.04
51	0.83	0.64	71	0.81	0.27	91	0.37	0.03
52	0.83	0.63	72	0.80	0.25	92	0.33	0.03
53	0.83	0.63	73	0.79	0.23	93	0.29	0.02
54	0.83	0.62	74	0.78	0.21	94	0.25	0.02
55	0.83	0.61	75	0.77	0.18	95	0.20	0.01
56	0.83	0.60	76	0.75	0.16	96	0.14	0.01
57	0.83	0.58	77	0.73	0.15	97	0.07	0.01
58	0.83	0.56	78	0.71	0.13	98	0.01	0.01
59	0.83	0.53	79	0.69	0.11	99 & over	0.01	0.01
60	0.84	0.51	80	0.68	0.10			
61	0.84	0.49	81	0.66	0.08			
62	0.84	0.46	82	0.64	0.07			
63	0.84	0.44	83	0.62	0.06			
64	0.84	0.41	84	0.59	0.06			
65	0.87	0.38	85	0.56	0.05			
66	0.86	0.36	86	0.53	0.05			
67	0.85	0.34	87	0.50	0.05			
68	0.84	0.32	88	0.46	0.04			
69	0.83	0.30	89	0.43	0.04			



AT&T Inc.

Exhibit F-3

**Married percentage of retired participants
 Legacy AT&T bargained and nonbargained employees**

Age	Male	Female	Age	Male	Female	Age	Male	Female
15	0.40	0.02	35	0.56	0.63	55	0.85	0.60
16	0.40	0.02	36	0.61	0.64	56	0.85	0.57
17	0.40	0.02	37	0.66	0.65	57	0.85	0.54
18	0.40	0.11	38	0.71	0.66	58	0.85	0.51
19	0.40	0.19	39	0.75	0.67	59	0.85	0.48
20	0.40	0.26	40	0.78	0.67	60	0.85	0.45
21	0.40	0.32	41	0.79	0.67	61	0.84	0.42
22	0.40	0.37	42	0.81	0.67	62	0.83	0.40
23	0.40	0.41	43	0.83	0.66	63	0.82	0.38
24	0.40	0.44	44	0.84	0.65	64	0.81	0.36
25	0.40	0.46	45	0.85	0.64	65	0.80	0.36
26	0.40	0.48	46	0.86	0.63	66	0.79	0.36
27	0.40	0.50	47	0.87	0.63	67	0.79	0.36
28	0.40	0.52	48	0.88	0.63	68	0.79	0.36
29	0.40	0.54	49	0.89	0.63	69	0.78	0.36
30	0.40	0.56	50	0.90	0.63	70	0.78	0.36
31	0.40	0.58	51	0.89	0.63	71	0.78	0.36
32	0.43	0.60	52	0.88	0.63	72	0.77	0.31
33	0.47	0.61	53	0.87	0.63	73	0.77	0.27
34	0.51	0.62	54	0.86	0.63	74	0.77	0.24

Source: Legacy AT&T experience 1985-1987



AT&T Inc.

Exhibit F-3 (continued)

**Married percentage of retired participants
 Legacy AT&T bargained and nonbargained employees**

Age	Male	Female	Age	Male	Female
75	0.76	0.22	95	0.42	0.04
76	0.75	0.20	96	0.40	0.03
77	0.74	0.19	97	0.38	0.02
78	0.73	0.18	98	0.36	0.01
79	0.72	0.18	99	0.34	0.00
80	0.71	0.17	100	0.32	0.00
81	0.70	0.17	101	0.30	0.00
82	0.68	0.16	102	0.28	0.00
83	0.66	0.16	103	0.26	0.00
84	0.64	0.15	104	0.24	0.00
85	0.62	0.14	105	0.22	0.00
86	0.60	0.13	106	0.20	0.00
87	0.58	0.12	107	0.18	0.00
88	0.56	0.11	108	0.16	0.00
89	0.54	0.10	109	0.14	0.00
90	0.52	0.09	110 & over	0.12	0.00
91	0.50	0.08			
92	0.48	0.07			
93	0.46	0.06			
94	0.44	0.05			

Source: Legacy AT&T experience 1985-1987



AT&T Inc.

Actuarial methods

Actuarial methods

Valuation date

The valuation date is January 1.

Calculation of normal costs and liabilities

The method used to calculate the ERISA target normal cost and funding target, PBGC premium funding target and ASC 960 liabilities is the unit credit cost method.

Under this method, benefits are estimated at each decrement age using service and earnings as of the valuation date. The present value of these estimated benefits using the applicable ERISA or ASC 960 assumptions is the ERISA funding target or ASC 960 actuarial present value of accumulated plan benefits. The target normal cost is the present value of the benefits earned during the year.

For calculating the actuarial present value of vested benefits, including the PBGC premium funding target, benefits at each decrement age are determined in the same manner, but are then multiplied by each participant's vesting percentage as of the valuation date. The present value of these estimated vested benefits is determined without recognition of any benefit for which a participant will become entitled only through the advancement in service or age while actively employed. In addition, the following ancillary benefits have been treated as vested: disability and temporary supplemental retirement benefits in pay status and pension death benefits.

Actuarial value of assets

The actuarial value of assets is used to calculate contribution requirements under ERISA. The actuarial value of assets is determined by recognizing asset gains and losses over a period of three years. Asset gains and losses are defined as the difference between the expected return on the market value of assets, using a return assumption not to exceed the third segment rate, and the actual return on the market value of assets. This gain or loss is recognized over a period of three years at 33% per year, beginning in the current year. The actuarial value of assets must be within 10% of the market value of assets.

EIN 43-1301883/PN 006

AT&T Pension Benefit Plan

2011 Schedule SB, Part V — Statement of Actuarial Assumptions/Methods

Other Information to Fully and Fairly Disclose the Actuarial Position of the Plan

Due to potential software limitations with the electronic filing process, information filed electronically cannot be controlled by the Enrolled Actuary. To the extent there are any differences in the entries filed electronically and the actual data contained on the signed Schedule SB, the values on the signed Schedule SB will govern.

**AT&T Pension Benefit Plan
AT&T Puerto Rico Pension Benefit Plan
Financial Statements**

Years Ended December 31, 2011 and 2010 with Report of Independent Auditors

AT&T Pension Benefit Plan and AT&T Puerto Rico Pension Benefit Plan

Financial Statements

Years Ended December 31, 2011 and 2010

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Report of Independent Auditors

Plan Administrator
AT&T Inc.

We have audited each of the accompanying statements of net assets available for benefits of the AT&T Pension Benefit Plan and the AT&T Puerto Rico Pension Benefit Plan as of December 31, 2011 and 2010, and the related statements of changes in net assets available for benefits for each of the Plans for the years then ended. These financial statements are the responsibility of the Plans' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plans' internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plans' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements for each of the Plans referred to above present fairly, in all material respects, the financial status of each of the Plans at December 31, 2011 and 2010, and the changes in their financial status for the years then ended, in conformity with accounting principles generally accepted in the United States.

As discussed in Note 2 to the Plans' financial statements, the Plans have elected to change their method of accounting for the interest rates used to calculate the actuarial present value of accumulated plan benefits in 2011.

Ernst & Young LLP

September 14, 2012

Statements of Net Assets Available for Benefits
At December 31
(Dollars in Thousands)

	2011		2010	
	AT&T Pension Benefit Plan	AT&T Puerto Rico Pension Benefit Plan	AT&T Pension Benefit Plan	AT&T Puerto Rico Pension Benefit Plan
Assets				
Investments, at fair value				
Plan interest in SBC Master Pension Trust	\$ 45,882,003	\$ 18,010	\$ 47,762,965	\$ 18,423
Contributions receivable	—	2,972	—	144
Net assets available for benefits	<u>\$ 45,882,003</u>	<u>\$ 20,982</u>	<u>\$ 47,762,965</u>	<u>\$ 18,567</u>

See accompanying notes.

Statements of Changes in Net Assets Available for Benefits
For the Years Ended December 31
(Dollars in Thousands)

	2011		2010	
	AT&T Pension Benefit Plan	AT&T Puerto Rico Pension Benefit Plan	AT&T Pension Benefit Plan	AT&T Puerto Rico Pension Benefit Plan
Additions				
Net investment gain from Plan's interest in:				
SBC Master Pension Trust	\$ 2,069,369	\$ 694	\$ 6,252,799	\$ 2,335
Contributions	1,000,000	2,972	—	144
Total additions, net of investment loss	3,069,369	3,666	6,252,799	2,479
Deductions				
Pension and death benefits	4,948,702	1,251	5,483,562	996
Total deductions	4,948,702	1,251	5,483,562	996
Net increase (decrease) before transfers	(1,879,333)	2,415	769,237	1,483
Transfers due to Mandatory Portability Agreement (<i>Note 1</i>)	(1,629)	—	3,059	—
Net assets available for benefits, beginning of year	47,762,965	18,567	46,990,669	17,084
Net assets available for benefits, end of year	\$ 45,882,003	\$ 20,982	\$ 47,762,965	\$ 18,567

See accompanying notes

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(dollars in thousands)

1. Plan Descriptions

This report includes the selected employee benefit plans (the Pension Plans) of AT&T Inc. (AT&T) and its wholly owned subsidiaries (collectively, the Company) that participate in the SBC Master Pension Trust (MPT). The following descriptions of the AT&T Pension Benefit Plan (AT&T Plan) and the AT&T Puerto Rico Pension Benefit Plan (PR Plan) provide general information. The Pension Plans are summarized in the Summary Plan Descriptions, which have been distributed to all participants. Specific details of the Pension Plans' provisions are contained in the official plan documents, which may be examined without charge, by participants or beneficiaries at the participant's benefit office. Plan participants or beneficiaries may obtain copies of the plan document by writing to the secretary of the employees' benefit committee. There is a charge for copying the document. The Pension Plans are subject to the provisions of the Employee Retirement Income Security Act of 1974 as amended (ERISA).

Pursuant to the Mandatory Portability Agreement (Agreement), participants covered by the Agreement may transfer their accumulated interest in the Pension Plans to and from other plans sponsored by companies outside of the AT&T-controlled group that were part of the Bell System before its divestiture in 1984.

AT&T Pension Benefit Plan

The AT&T Plan is a noncontributory qualified defined benefit pension plan covering substantially all U.S. bargained and nonbargained employees of the participating subsidiaries of AT&T. Employees of participating subsidiaries are eligible to participate in the AT&T Plan if they meet the eligibility requirements for the underlying applicable program, which are discussed below.

At December 31, 2011 and 2010, the AT&T Plan's assets are invested in the MPT (see Note 9).

The AT&T Plan maintains the following programs, under which participants' benefits are calculated based on the plan from which they were merged:

- The Bargained Cash Balance Program maintains benefits for various collective bargaining units that have negotiated for their members to receive this specific cash balance form of pension benefit, but excludes new hires from certain collective bargaining units beginning August 8, 2009.
- The Bargained Cash Balance Program #2 maintains benefits for various collective bargaining units that have negotiated for their members to receive this specific cash balance form of pension benefit and includes a substantial majority of bargained employees hired after August 8, 2009.
- The Southwest Program (formerly known as the "Bargained Program") maintains benefits for various collective bargaining units that have negotiated for their members to receive this pension benefit and covers participants employed by a Southwest Participating Company, as defined by the AT&T Plan, but excludes most new hires after various negotiated dates beginning August 8, 2009.
- The Nonbargained Program maintains benefits of certain nonbargained participants (with the exception of those programs mentioned below, which cover nonbargained participants) of the AT&T Plan who are employed by a Nonbargained Participating Company, as defined by the AT&T Plan, and who were hired prior to January 1, 2007.
- The West Program maintains benefits for various collective bargaining units that have negotiated for their members to receive this pension benefit and covers participants employed by a West Participating Company, as defined by the AT&T Plan, but excludes most new hires after various negotiated dates beginning August 8, 2009.
- The East Program maintains benefits for various collective bargaining units that have negotiated for their members to receive this pension benefit and covers participants employed by an East Participating Company, as defined by the AT&T Plan, effective January 1, 2011, but excludes most new hires after various negotiated dates beginning August 8, 2009.
- The Midwest Program maintains benefits for various collective bargaining units that have negotiated for their members to receive this pension benefit and covers participants employed by a Midwest Participating

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011 AND 2010

(dollars in thousands)

Company, as defined by the AT&T Plan, but excludes most new hires after various negotiated dates beginning August 8, 2009.

- The Mobility Program maintains benefits of (i) all U.S. nonbargained employees hired prior to January 1, 2006, employed by a Mobility Participating Company and (ii) bargained participants whose collective bargaining units have negotiated for their members to receive this pension benefit, and covers participants employed by a Mobility Participating Company, as defined by the AT&T Plan, but excludes most new hires after various negotiated dates beginning January 1, 2010.
- The AT&T Legacy Management Program maintains benefits of all U.S. nonbargained employees hired prior to January 1, 2007, employed by an AT&T Legacy Management Participating Company, as defined by the AT&T Plan.
- The Mobility Bargained Program maintains benefits for various collective bargaining units that have negotiated for their members to receive this pension benefit and covers participants employed by a Mobility Bargained Participating Company, as defined by the AT&T Plan, but excludes most new hires after various negotiated dates beginning January 1, 2010.
- The Midwest Publishing Ventures Program maintains benefits of individuals who were formerly employees of Ameritech Publishing Ventures, Inc. (APVI) and was frozen in 1992.
- The Management Cash Balance Program maintains benefits of specified management employees of the AT&T Controlled Group, as defined by the AT&T Plan, generally hired on or after January 1, 2007 (except for certain AT&T Mobility Services, LLC employees hired on or after January 1, 2006), and who are not residents of Puerto Rico.
- The Southeast Management Program maintains benefits for certain nonbargained employees of BellSouth Corporation and its subsidiaries hired prior to January 1, 2007.
- The Southeast Program maintains benefits for substantially all represented employees of BellSouth Corporation and its subsidiaries, effective January 1, 2011, but excludes most new hires after various negotiated dates beginning August 8, 2009.
- The AT&T Legacy Bargained Program maintains benefits for various collective bargaining units that have negotiated for their members to receive this pension benefit and covers participants employed by an AT&T Legacy Bargained Participating Company, as defined by the AT&T Plan, but excludes most new hires after various negotiated dates beginning August 8, 2009.

Bargained Cash Balance Program

Under the Bargained Cash Balance Program, employee pension benefits are generally calculated as a percentage of pay that is credited to a hypothetical account that accrues interest at a market rate based on the yield on 30-year U.S. Treasuries. Employees become eligible to participate in the Bargained Cash Balance Program if they have completed one year of service and are vested after five years of service (effective January 1, 2010, for active employees, three years of service). Once vested and following a termination of employment, employees may elect to receive their benefit in the form of a lump sum, life annuity, or joint and survivor annuity in accordance with the terms of the AT&T Plan.

Bargained Cash Balance Program #2

Under the Bargained Cash Balance Program #2, employee pension benefits are calculated as a percentage of pay based on age plus 2% supplemental credits of pay that exceeds the Social Security Wage Base, which is credited to a hypothetical account that accrues 4.5% interest. Employees become eligible to participate in the Bargained Cash Balance Program #2 if they have completed one year of service and are vested after three years of service. Once vested and following a termination of employment, employees may generally elect to receive their benefit in the form of an annuity or a joint and survivor annuity (and for certain bargained groups a lump sum) in accordance with the terms of the AT&T Plan.

Southwest Program

Under the Southwest Program, employee pension benefits for bargained employees are generally calculated using a pension benefit formula based on a flat dollar amount per year of service according to job classification. Employees

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011 AND 2010
(dollars in thousands)

become eligible to participate in the Southwest Program if they have completed one year of service and are vested after five years of service (effective January 1, 2010, for active employees represented by certain, but not all, collective bargaining agreements, three years of service). Once vested and following a termination of employment, employees may elect to receive their benefit in the form of a lump sum, life annuity, or joint and survivor annuity in accordance with the terms of the AT&T Plan.

Nonbargained Program

At December 31, 2004, the nonbargained employees' pension calculation formula was a cash balance plan formula, with a minimum benefit based upon a stated percentage of employees' adjusted career income. A nonbargained employee's pension benefit was the greater of the amount calculated under (i) the cash balance or defined lump sum formula or (ii) the traditional benefit formula. The Nonbargained Program was amended, effective January 15, 2005, to freeze benefit accruals under the cash balance and defined lump sum benefit formulas and to require that all future benefit accruals be based upon the plan's traditional pension formula (i.e., a stated percentage of an employee's adjusted career income). Each nonbargained employee's existing cash balance or defined lump sum will continue to earn interest at a variable annual market rate based on 30-year U.S. Treasuries. Employees become eligible to participate in the Nonbargained Program if they have completed one year of service and are vested after five years of service (effective January 1, 2010, for active employees, three years of service).

Once vested and following a termination of employment, employees may elect to receive the portion of their previous pension benefit derived under the cash balance or defined lump sum as a lump sum or an annuity. The remaining pension benefit, if any, will be paid as a joint and survivor annuity, or life annuity if its value exceeds a stated monthly amount in accordance with the terms of the AT&T Plan.

West Program

Under the West Program, employee pension benefits are generally calculated using a pension benefit formula based on a flat dollar amount per year of service according to job classification. Employees become eligible to participate in the West Program if they have completed one year of service and are vested after five years of service. Once vested and following a termination of employment, employees may elect to receive their benefit in the form of a lump sum, life annuity, or joint and survivor annuity in accordance with the terms of the AT&T Plan.

East Program

Under the East Program, employee pension benefits are generally calculated using a cash balance formula applying basic benefit credits determined based on pay and service category, which are credited to a hypothetical account that accrues interest determined based on a negotiated interest crediting rate 4% and for employees employed on or after August 8, 2009, the annual market rate based on 30-year U.S. Treasuries. Employees become eligible to participate in the East Program if they have completed one year of service and are vested after five years of service (effective January 1, 2010, for active employees, three years of service). Once vested and following a termination of employment, employees may elect to receive their benefit in the form of a lump sum, life annuity, joint and survivor annuity, life annuity with a lump sum to surviving spouse or estate, or a combination of lump sum and life annuity in accordance with the terms of the AT&T Plan.

Midwest Program

Under the Midwest Program, employee pension benefits are generally calculated using a pension benefit formula based on a flat dollar amount per year of service according to job classification. Employees become eligible to participate in the Midwest Program if they have completed one year of service after attaining age 21 and are vested after five years of service. Once vested and following a termination of employment, employees may elect to receive their benefit in the form of a lump sum, life annuity, or joint and survivor annuity in accordance with the terms of the AT&T Plan.

Mobility Program

Under the Mobility Program, employee pension benefits are generally calculated using a cash balance formula applying basic benefit credits determined based on pay, which are credited to a hypothetical account that accrues

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011 AND 2010
(dollars in thousands)

interest at a market rate based on the yield on 30-year Treasuries. Employees become eligible to participate in the Mobility Program if they have completed one year of service and are vested after five years of service (effective January 1, 2010, for active employees, three years of service). Once vested and following a termination of employment, employees may elect to receive their benefit in the form of a lump sum, life annuity, or joint and survivor annuity in accordance with the terms of the AT&T Plan.

AT&T Legacy Management Program

Under the AT&T Legacy Management Program, employee pension benefits are calculated under a cash balance formula calculated as basic credits as a percentage of pay based on an age credit factor plus supplemental credits of pay (again based on an age credit factor) that exceeds the Social Security Wage Base, which is credited to a hypothetical account that accrues interest at an annual rate of 4%. Participants on an active roll of a participating company at January 1, 1997, also participate in a frozen pension formula that provides for a minimum pension benefit based on a formula that included pensionable compensation and net credit service through July 31, 1997, or a formula based on an average annual pensionable compensation for a three-year pay base averaging period through December 1996. Participants with a greater annuity benefit from prior plan formulas will receive the greater amount. Employees become eligible to participate in the AT&T Legacy Management Program immediately upon the attainment of age 21, and are vested after five years of service (effective January 1, 2010, for active employees, three years of service). Once vested and following a termination of employment, employees may elect to receive their benefit in the form of a life annuity or joint and survivor annuity in accordance with the terms of the AT&T Plan. However, the participant can instead elect to receive a lump sum amount up to a certain threshold, with the remainder paid as an annuity.

Mobility Bargained Program

Under the Mobility Bargained Program, employee pension benefits are generally calculated using a pension benefit formula based on a flat dollar amount per year of service according to job classification. Employees become eligible to participate in the Mobility Bargained Program if they have completed one year of service and are vested after five years of service. Once vested and following a termination of employment, employees may elect to receive their benefit in the form of a life annuity or joint and survivor annuity, and in some limited cases a lump sum, in accordance with the terms of the AT&T Plan.

The Mobility Bargained Program also maintains benefits accrued under the Southern New England Telephone (SNET) bargaining units in the Communications Workers of America (CWA) District 1 and members of the Pacific Bell Wireless Facilities bargaining unit in the CWA District 9. Benefits accrued under District 1 ceased December 31, 2005, and benefits accrued under District 9 ceased December 31, 2002. Accrued benefits will be administered pursuant to the provisions of the AT&T Plan.

Midwest Publishing Ventures Program

Under the Midwest Publishing Ventures Program, employee pension benefits were frozen as of December 31, 1993, with no new participants added after that date. Participants in the Midwest Publishing Ventures Program are also participants in either the Nonbargained Program or the Midwest Program. Following a termination of employment, employees may elect to receive their Midwest Publishing Ventures Program benefit in the form of a lump sum, life annuity or joint and survivor annuity in accordance with the terms of the AT&T Plan.

Management Cash Balance Program

Under the Management Cash Balance Program, employee pension benefits are calculated as basic credits as a percentage of pay based on an age credit factor, plus 2% supplemental credits of pay that exceeds the Social Security Wage Base, which is credited to a hypothetical account that accrues 4.5% interest. Employees become eligible to participate in the Management Cash Balance Program if they have completed one year of service and are vested after three years of service. Once vested and following a termination of employment, employees may elect to receive their benefit in the form of a life annuity or joint and survivor annuity in accordance with the terms of the AT&T Plan.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011 AND 2010
(dollars in thousands)

Southeast Management Program

Under the Southeast Management Program, employee pension benefits are calculated under a cash balance formula calculated as basic credits as a percentage of pay based on service plus 3% supplemental credits of pay that exceeds the Social Security Wage Base, which is credited to a hypothetical account that accrues interest at a market rate based on the yield on 30-year Treasuries. Certain specified participants as of June 30, 1993, also participate in a frozen pension formula that provides a minimum pension benefit based on a formula that included pensionable compensation through June 30, 1993, and net credit service through December 31, 2005. Participants with an accrued benefit from the prior plan formula will receive the greater amount. Employees become eligible to participate in the Southeast Management Program immediately and are vested after three years of service. Once vested and following a termination of employment, employees may elect to receive their benefit in the form of a lump sum, life annuity or joint and survivor annuity in accordance with the terms of the AT&T Plan.

Southeast Program

Under the Southeast Program, employee pension benefits are calculated under a cash balance formula based on credits, determined by reference to pension bands that are credited to a hypothetical account that accrues interest at a market rate based on the yield on 30-year U.S. Treasuries. Benefits prior to January 1, 1999, remain under the traditional dollar per year of service annuity pension formula. Employees become eligible to participate in the Southeast Program immediately and are vested after five years of service (effective January 1, 2010, for active employees, three years of service). Once vested and following a termination of employment, employees may elect to receive their benefit in the form of a lump sum, life annuity, joint and survivor annuity, or a combination of lump sum and annuity in accordance with the terms of the AT&T Plan.

AT&T Legacy Bargained Program

Under the AT&T Legacy Bargained Program, employee pension benefits are calculated under a cash balance formula based on credits, determined by reference to pension bands that are credited to a hypothetical account that accrues interest at an annual rate of 4% or the annual market rate based on the yield of 30-year Treasuries, depending upon the provisions of the applicable bargaining agreement. Certain participants who met certain eligibility requirements as of September 30, 1998, are generally eligible for a traditional dollar per year of service annuity pension formula (and receive the greater of this traditional formula and the cash balance benefit).

Employees become eligible to participate in the AT&T Legacy Bargained Program immediately upon attainment of age 21 and are vested after five years of service (effective January 1, 2010, for active employees, three years of service). Once vested and following a termination of employment, employees may elect to receive their benefit in the form of a lump sum, life annuity, or joint and survivor annuity in accordance with the terms of the AT&T Plan.

AT&T Puerto Rico Pension Benefit Plan

The PR Plan is a noncontributory qualified defined benefit pension plan covering substantially all bargained and nonbargained employees of the participating subsidiaries of AT&T who reside in the Commonwealth of Puerto Rico. Employees of participating subsidiaries are eligible to participate in the PR Plan if they meet the eligibility requirements for the underlying applicable program, which are discussed below.

At December 31, 2011 and 2010 the PR Plan's assets are invested in the MPT (see Note 9).

The PR Plan maintains the following programs, under which participants' benefits are calculated based on the plan from which they merged:

- The AT&T Legacy Management Program maintains benefits for management employees who are residents of the Commonwealth of Puerto Rico. AT&T Corporation (ATTC) originally established the AT&T Management Pension Plan effective October 1, 1980, covering management employees of ATTC and its subsidiaries. Effective December 31, 2006, the participants in that plan, and their respective beneficiaries and alternate payees, who were residents of the Commonwealth of Puerto Rico were transferred to a new plan, which at the time was known as the AT&T Puerto Rican Pension Benefit Plan, AT&T Legacy

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011 AND 2010
(dollars in thousands)

Management Program, and AT&T became the Plan Sponsor. Effective January 1, 2009, this plan was renamed the AT&T Puerto Rico Pension Benefit Plan (PR Plan).

- The AT&T Legacy Bargained Program (formerly the AT&T Pension Plan) maintains benefits of specified non-management employees who are residents of the Commonwealth of Puerto Rico of participating companies as defined by the PR Plan.
- The Mobility Program (formerly the CWPP) maintains benefits of all employees on the Puerto Rico payroll of a subsidiary of AT&T Mobility Services, LLC, formerly Cingular Wireless Services, LLC (Mobility).

AT&T Legacy Management Program

Under the AT&T Legacy Management Program, employee pension benefits are calculated under a cash balance formula calculated as basic credits as a percentage of pay based on an age credit factor plus supplemental credits of pay (again based on an age credit factor) that exceeds the Social Security Wage Base, which is credited to a hypothetical account that accrues interest at an annual rate of 4%. Participants on an active roll of a participating company at January 1, 1997, also participate in a frozen pension formula that provides for a minimum pension benefit based on a formula that included pensionable compensation and net credit service through July 31, 1997, or a formula based on an average annual pensionable compensation for a three-year pay base averaging period through December 1996. Participants with a greater annuity benefit from prior plan formulas will receive the greater amount. Employees become eligible to participate in the PR AT&T Legacy Management Program immediately and are vested after five years of service (effective January 1, 2010, for active employees, three years of service). Once vested and following a termination of employment, employees may elect to receive their benefit in the form of a life annuity or joint and survivor annuity in accordance with the terms of the PR Plan. However, the participant can instead elect to receive a lump sum amount up to a certain threshold, with the remainder paid as an annuity.

AT&T Legacy Bargained Program

Under the AT&T Legacy Bargained Program, employee pension benefits are calculated under a cash balance formula based on credits, determined by reference to pension bands that are credited to a hypothetical account that accrues interest at an annual rate of 4%. Certain participants who met certain eligibility requirements as of September 30, 1998, are generally eligible for a traditional dollar per year of service annuity pension formula (and receive the greater of this traditional formula and the cash balance benefit).

Employees become eligible to participate in the AT&T Legacy Bargained Program immediately upon attainment of age 21 and are vested after five years of service (effective January 1, 2010, for active employees, three years of service). Once vested and following a termination of employment, employees may elect to receive their benefit in the form of a lump sum, life annuity, or joint and survivor annuity in accordance with the terms of the PR Plan.

Mobility Program

Under the Mobility Program employee pension benefits are generally calculated as a percentage of pay, which is credited to a hypothetical account that accrued interest at a market rate based on the yield on 30-year Treasuries. Employees are eligible to participate in the Mobility Program if they have completed one year of service and are vested after five years of service; however, effective January 1, 2010, for active employees, three years of service. If a participant reaches normal retirement age, dies or becomes disabled while still employed by Mobility and prior to attaining vested status, the participant would become fully vested at that time.

2. Summary of Significant Accounting Policies

Basis of Accounting and Use of Estimates

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP). GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011 AND 2010
(dollars in thousands)

Benefits are recorded when paid.

Investment Valuation

Investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for further discussion.

Investments in securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the year. If no sale was reported on that date, they are valued at the last reported bid price. Investments in securities not traded on a national securities exchange are valued using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Shares of registered investment companies are valued based on quoted market prices, which represent the net asset value of shares held at year-end. Over-the-counter (OTC) securities and government obligations are valued at the bid price or the average of the bid and asked price on the last business day of the year from published sources where available and, if not available, from other sources considered reliable. Depending on the types and contractual terms of OTC derivatives, fair value is measured using valuation techniques, such as the Black-Scholes option pricing model, simulation models or a combination of various models.

Common/collective trust funds, pooled separate accounts,, and other commingled (103-12) investment entities are valued at quoted redemption values that represent the net asset values of units held at year-end which management has determined approximates fair value.

Alternative investments, including investments in private equity, real estate, natural resources (included in real assets), mezzanine and distressed debt (included in partnerships/joint ventures), limited partnership interest, fixed income securities and hedge funds do not have readily available market values. These estimated fair values may differ significantly from the values that would have been used had a ready market for these investments existed, and such differences could be material. Alternative investments not having an established market are valued at fair value as determined by the investment managers. Private equity, mezzanine and distressed investments are often valued initially by the investment managers based upon cost. Thereafter, investment managers may use available market data to determine adjustments to carrying value based upon observations of the trading multiples of public companies considered comparable to the private companies being valued. Such market data used to determine adjustments to accounts for cash flows and company-specified issues include current operating performance and future expectations of the investments, changes in market outlook, and the third-party financing environment. Private equity partnership holdings may also include publicly held equity investments in liquid markets that are marked-to-market at quoted public values, subject to adjustments for large positions held. Real estate and natural resource direct investments are valued either at amounts based upon appraisal reports prepared by independent third-party appraisers or at amounts as determined by internal appraisals performed by the investment manager, which have been agreed to by an external valuation consultant. Fixed income securities valuation is based upon pricing provided by an external pricing service when such pricing is available. In the event a security is too thinly traded or narrowly held to be priced by such a pricing service, or the price furnished by such external pricing services is deemed inaccurate, the managers will then solicit broker/dealer quotes (spreads or prices). In cases where such quotes are available, fair value will be determined based solely upon such quotes provided. Managers will typically use a pricing matrix for determining fair value in cases where an approved pricing service or a broker/dealer is unable to provide a fair valuation for specific fixed-rate securities such as many private placements. New fixed-rate securities will be initially valued at cost at the time of purchase. Thereafter, each bond will be assigned a spread from a pricing matrix that will be added to current Treasury rates. The pricing matrix derives spreads for each bond based on external market data, including the current credit rating for the bonds, credit spreads to Treasuries for each credit rating, sector add-ons or credits, issue specific add-ons or credits as well as call or other options.

Purchases and sales of securities are recorded as of the trade date. Realized gains and losses on sales of securities are determined on the basis of average cost. Interest income is recognized on the accrual basis. Dividend income is recognized on the ex-dividend date.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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(dollars in thousands)

Non-interest bearing cash and overdrafts are valued at cost, which approximates fair value.

Change in Accounting Principle

Effective January 1, 2011, AT&T elected to change its basis of determining the rate of return being applied to the actuarial calculation of the accumulated plan benefits as disclosed in Note 4. Two approaches exist that can be used to select the rate of return under Financial Accounting Standard Board (FASB) Accounting Standards Codification (ASC) 960, *Plan Accounting – Defined Benefit Pension Plans*: 1) historic rate which reflects an insurance company's purchase rate as of the benefit information date (which the Plans have historically used) or 2) the adjusted rate which reflects the long-term expected rate of return on assets. AT&T believes that the long-term expected rate of return on assets is preferable because using this rate will result in a more stable rate from year-to-year, and it is the more commonly used approach. Comparative disclosures of the accumulated plan benefits of prior years have been adjusted to apply the new method retrospectively.

Recent Accounting Standards

Improving Disclosures about Fair Value Measurements In January 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2010-06, *Improving Disclosures about Fair Value Measurements*, (ASU 2010-06). ASU 2010-06 amended Accounting Standards Codification Topic 820 *Fair Value Measurements*, (ASC 820) to clarify certain existing fair value disclosures and require a number of additional disclosures. The requirement to present changes in Level 3 measurements on a gross basis is effective for reporting periods beginning after December 15, 2010. Since ASU 2010-06 only affects fair value measurement disclosures, adoption of ASU 2010-06 did not have an effect on the Plan's net assets available for benefits or its changes in net assets available for benefits.

Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRS In May 2011, the FASB issued Accounting Standards Update 2011-04, *Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRSs*, (ASU 2011-04). ASU 2011-04 amended ASC 820, *Fair Value Measurements*, to converge the fair value measurement guidance in US generally accepted accounting principles (GAAP) and International Financial Reporting Standards (IFRSs). Some of the amendments clarify the application of existing fair value measurement requirements, while other amendments change a particular principle in ASC 820. In addition, ASU 2011-04 requires additional fair value disclosures, although certain of these new disclosures will not be required for nonpublic entities. The amendments are to be applied prospectively and are effective for annual periods beginning after December 15, 2011. Plan management is currently evaluating the effect that the provisions of ASU 2011-04 will have on the Plan's financial statements.

Contributions and Actuarial Method

Contributions to the Pension Plans are determined on a going-concern basis by an actuarial cost method known as the unit credit method. Under this method, benefits are estimated at each decrement age using service and earnings as of the valuation date, such that accumulated net assets of the Pension Plans (including future investment earnings and contributions as estimated by the enrolled actuary) should be sufficient to pay all future benefits for current and former employees and their beneficiaries at the time those benefits become payable. The actual return on investments (when positive) of the Pension Plans serves to reduce future contributions that would otherwise be required to provide the defined level of benefits. The assumed valuation interest rate utilized for the calculation of contribution levels are presented below:

	2011	2010
Effective interest rate:		
AT&T Pension Benefit Plan	6.23%	6.64%
AT&T Puerto Rico Pension Benefit Plan	6.27%	6.67%

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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(dollars in thousands)

The Pension Plans have met the ERISA minimum funding requirements for 2011 and 2010.

Actuarial Present Values of Accumulated Plan Benefits

Accumulated plan benefits are those estimated future periodic payments, including lump sum distributions that are attributable under the Pension Plans' provisions to the service that employees have rendered to AT&T's participating subsidiaries as of the valuation date. Accumulated plan benefits include benefits expected to be paid to: (a) retired or terminated employees or their beneficiaries; (b) beneficiaries of deceased employees; and (c) present employees or their beneficiaries. The accumulated plan benefits for active employees are based on census data and the plan provisions in effect at the end of the plan year. Benefits payable upon retirement, death, disability, or withdrawal are included to the extent that they are deemed attributable to employee service rendered as of the valuation date.

The actuarial present value of accumulated plan benefits is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. The significant assumptions used to determine the actuarial present values of accumulated plan benefits as of December 31, 2011 and December 31, 2010 include (a) rates of retirement, withdrawal, and disability based on experience studies of participating subsidiary employees; (b) rates of mortality based on RP-00 Combined Healthy Projection AA Mortality Table (fully generational); (c) the following interest rates:

	<u>2011</u>	<u>2010</u>
Expected Return on Assets:		
AT&T Pension Benefit Plan	8.25%	8.25%
AT&T Puerto Rico Pension Benefit Plan	8.25%	8.25%

The foregoing actuarial assumptions are based on the presumption that the Pension Plans will continue. Were the Pension Plans to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

Effective January 1, 2011, AT&T elected to change the interest rate assumption used in the actuarial calculation of the accumulated plan benefits from its historic practice of using an alternative method of an interest rate¹ which reflected an insurance company's purchase rate to an interest rate that reflects the long-term expected rate of return on the Plans' assets. AT&T believes that the long-term expected rate of return on assets is preferable because using this rate will result in a more stable rate from year-to-year, and it is the more commonly used approach.

3. Fair Value Measurements

ASC Topic 820, *Fair Value Measurements and Disclosures* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

¹ Historically AT&T used interest rates of 5.8% and 6.5% as of December 31, 2010 and 2009, respectively, in the determination of accumulated plan benefits obligation for both the AT&T Pension Benefit Plan and the AT&T Puerto Rico Pension Benefit Plan.

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Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Pension Plans have the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets and liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted market prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

- Fair value is often based on internally developed models in which there are few, if any, external observations.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described in Note 2 may produce a fair value calculation that may not be indicative of net future realizable value or reflective of future fair values. Furthermore, while the Pension Plans' management believes that its valuation methods are appropriate and consistent with other market participants. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in the methodologies used at December 31, 2011 and 2010.

See Note 9 for the fair value hierarchy for the MPT investments.

4. Accumulated Plan Benefits

As previously discussed in Note 2, effective January 1, 2011, AT&T changed its interest rate assumption used in the Plans' determination of the actuarial present value of the accumulated benefits obligation from an interest rate reflective of an insurance company's purchase rate to the expected rate of return on plan assets. The Plans' actuarial present value of accumulated plan benefits as of December 31, 2011 and 2010 presented below were determined using 8.25% as of December 31, 2011 and 2010.

However, for reporting in the plan sponsor's financial statements, AT&T uses an interest rate that reflects the hypothetical rate at which the obligations could be effectively settled or paid to participants, which is based on a range of factors, including a yield curve composed of the rates of return on several hundred high-quality, fixed income corporate bonds and the related expected duration for the obligations. At December 31, 2011 the projected

NOTES TO FINANCIAL STATEMENTS (CONTINUED)**DECEMBER 31, 2011 AND 2010***(dollars in thousands)*

benefit obligation for the plan sponsor was determined using an interest rate of 5.30%, resulting in an obligation of \$56,083,727 for the AT&T Plan and \$26,003 for the PR Plan. At December 31, 2010 the projected benefit obligation for the plan sponsor was determined using an interest rate of 5.80%, resulting in an obligation of \$53,895,110 for the AT&T Plan and \$21,826 for the PR Plan.

The actuarial present values of the Pension Plans' accumulated plan benefits at December 31, 2011 and 2010 are presented below:

	AT&T Pension Benefit Plan	AT&T Puerto Rico Pension Benefit Plan
December 31, 2011		
Vested benefits:		
Participants currently receiving payments	\$21,102,356	\$5,475
Other participants	19,748,780	10,831
Nonvested benefits	1,335,184	430
Total	<u>\$42,186,320</u>	<u>\$16,736</u>

	AT&T Pension Benefit Plan	AT&T Puerto Rico Pension Benefit Plan
December 31, 2010		
Vested benefits:		
Participants currently receiving payments	\$21,258,883	\$4,903
Other participants	20,075,345	10,211
Nonvested benefits	1,301,499	356
Total	<u>\$42,635,727</u>	<u>\$15,470</u>

The major changes in the Pension Plans accumulated plan benefits between the December 31, 2010 and December 31, 2011 actuarial valuations are as follows:

	AT&T Pension Benefit Plan	AT&T Puerto Rico Pension Benefit Plan
Actuarial present value of accumulated plan benefits as of December 31, 2010	\$42,635,727	\$15,470
Increase (decrease) during the year attributable to:		
Increase for interest due to decrease in discount period	3,317,359	1,226
Additional benefits earned and experience gains/losses	747,544	1,865
Benefits paid	(4,948,700)	(1,251)
Assumption changes (see Note 2)	434,390	(574)
Net increase	<u>(449,407)</u>	<u>1,266</u>
Actuarial present value of accumulated plan benefits as of December 31, 2011	<u>\$42,186,320</u>	<u>\$16,736</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)**DECEMBER 31, 2011 AND 2010***(dollars in thousands)*

The major changes in the Pension Plans accumulated plan benefits between the December 31, 2009 and December 31, 2010 actuarial valuations are as follows:

	AT&T Pension Benefit Plan	AT&T Puerto Rico Pension Benefit Plan
Actuarial present value of accumulated plan benefits as of December 31, 2009	\$42,041,947	\$14,363
Increase (decrease) during the year attributable to:		
Increase for interest due to decrease in discount period	3,345,264	1,182
Additional benefits earned and experience gains/losses	1,197,762	1,086
Benefits paid	(5,483,614)	(944)
Plan amendments	2,107	-
Assumption changes (<i>see Note 2</i>)	1,532,261	(217)
Net increase	593,780	1,107
Actuarial present value of accumulated plan benefits as of December 31, 2010	\$42,635,727	\$15,470

The change due to plan amendments includes changes to the compensation averaging period used in benefit determination.

AT&T previously reported the total actuarial present value of accumulated plan benefits as of December 31, 2010 of \$51,895,090 for the AT&T Pension Benefit Plan and \$19,903 for the AT&T Puerto Rico Pension Benefit Plan based on an interest rate of 5.8%, used as of December 31, 2010. AT&T previously reported the total actuarial present value of accumulated plan benefits as of December 31, 2009 of \$49,104,781 for the AT&T Pension Benefit Plan and \$17,620 for the AT&T Puerto Rico Pension Benefit Plan based on an interest rate of 6.5% used as of December 31, 2009.

5. Voluntary Enhanced Pension and Retirement Benefit Programs

During 2011 and 2010, as part of AT&T's workforce-reduction program, an enhanced retirement program (ERB) was offered to eligible Pacific Telesis Group (PTG) nonmanagement employees. The ERB program offered eligible employees who voluntarily decided to terminate employment an enhanced pension benefit and increased eligibility for postretirement medical, dental and life insurance benefits. The AT&T Plan recognized \$82,746 during the year ended December 31, 2011, and \$374,992 during the year ended December 31, 2010 in pension benefit lump sum payments under this program.

6. Tax Status

The AT&T Plan has received a determination letter from the Internal Revenue Service (IRS), dated November 4, 1996 stating that the AT&T Plan is qualified under Section 401(a) of the Internal Revenue Code (IRC) and, therefore, that the related trusts are exempt from taxation. Subsequent to this determination by the IRS, this plan was amended and restated. Once qualified, the AT&T Plan is required to operate in conformity with the IRC to maintain its qualification. The plan administrator has indicated that it will take the necessary steps, if any to bring the AT&T Plan's operations into compliance with the IRC. The AT&T Plan and the PR Plan filed for a new determination letter on February 2, 2009, pursuant to the Internal Revenue Service Cycle C determination letter filing process, and those requests are pending.

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The PR Plan has also received a determination letter from the Commonwealth of Puerto Rico's Department of Treasury (Treasury) dated November 18, 2010 stating that the PR Plan is qualified under Section 1165(a) and 1165(e) of the Puerto Rico Internal Revenue Code of 1994 (PRIRC-94), and, therefore, that the related trust is exempt from taxation. The PRIRC-94 was replaced in January 31, 2011, by the Internal Revenue code for a New Puerto Rico (the Puerto Rico Code), and the retirement plan rules are now enacted as Puerto Rico Code Section 1081.01. Subsequent to this determination by the Treasury, this plan was amended. Once qualified, the PR Plan is required to operate in conformity with Puerto Rico Code to maintain its qualified status. The plan administrators believe that the PR Plan is being operated in compliance with the applicable requirements of the Puerto Rico Code and, therefore, believes that the PR Plan, as amended, is qualified and the related trust is tax-exempt.

Accounting principles generally accepted in the United States require plan management to evaluate uncertain tax positions taken by the Pension Plans. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS or Treasury. The plan administrator has analyzed the tax positions taken by the Pension Plans, and has concluded that as of December 31, 2011, there are no uncertain positions taken or expected to be taken. The Pension Plans have recognized no interest or penalties related to uncertain tax positions. The Pension Plans are subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes the Pension Plans are no longer subject to income tax examinations for years prior to 2008.

7. Risks and Uncertainties

The Pension Plans invests in various securities. Investment securities are exposed to various risks such as interest rate, liquidity, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for benefits. The Pension Plans' contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumption process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

8. Termination Priorities

Although it has not expressed any intention to do so, AT&T has the right under the Pension Plans to discontinue its contributions at any time and to terminate the Pension Plans subject to the provisions set forth by ERISA.

In the event that the Pension Plans are terminated, subject to conditions set forth by ERISA:

- a. the Pension Plans provide that the net assets available for plan benefits shall be allocated among the participants and beneficiaries of the Pension Plans in the order provided for by ERISA;
- b. to the extent unfunded vested benefits then exist, ERISA provides that such benefits are payable by the Pension Benefit Guaranty Corporation to participants, up to specified limitations, as described in ERISA; and
- c. to the extent that the net assets available for benefits exceed the amounts to be allocated as provided for by ERISA, the Pension Plans provide that such amounts will be used for any benefit purpose that does not contravene applicable law.

9. SBC Master Pension Trust

All assets of the Pension Plans are maintained in the MPT. The purpose of the MPT is the collective investment of the assets of participating plans sponsored by AT&T. The assets are allocated among the participating plans by assigning to each plan those transactions that can be specifically identified, and allocating among all plans the net investment income, gains and losses, and expenses of the MPT, in proportion to the market value of the assets

NOTES TO FINANCIAL STATEMENTS (CONTINUED)**DECEMBER 31, 2011 AND 2010***(dollars in thousands)*

assigned to each plan. The assets of the MPT are managed at the direction of AT&T in its capacity as fiduciary for the participating plans and at the discretion of investment managers appointed pursuant to ERISA.

At December 31, 2011 and 2010, JPMorgan Chase Bank N.A. was the trustee for the MPT, and the following plans were participants:

	2011	2010
Allocation of Master Trust Investments		
AT&T Pension Benefit Plan	99.96%	99.96%
AT&T Puerto Rico Pension Benefit Plan	.04%	.04%

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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Net Assets of the SBC Master Pension Trust

The net assets held under the MPT agreement as of December 31 are summarized below:

	2011	2010
Assets		
Non-interest bearing cash	\$ 526,707	\$ 433,489
Interest bearing investments	3,095,159	2,358,413
Pooled separate accounts	534,721	481,052
Common/collective trust funds	988,314	1,051,488
103-12 investments	1,630,218	1,968,243
U.S. Government and governmental agencies bonds and notes	5,949,686	4,964,625
U.S. Government and governmental agencies bonds and notes-loaned	2,175,518	2,237,254
Corporate and other bonds and notes	6,056,154	6,360,444
Corporate and other bonds and notes-loaned	680,264	831,535
Equities	13,060,021	15,069,996
Equities-loaned	1,254,655	2,505,195
Partnership/joint venture interests	7,504,145	6,465,600
Real estate	3,673,977	4,244,220
Registered investment companies	452,869	467,949
Purchased options	31	101
Collateral – securities lending*	4,176,969	5,644,162
Total investments	51,232,701	54,650,277
Receivable for securities sold	691,891	758,047
Receivable for investments sold short	286,137	123,872
Unrealized appreciation on foreign currency contracts	9,768	56,724
Variation margin receivable	–	2,772
Accrued income	132,602	135,254
Other receivables	7,209	13,293
Total assets	52,887,015	56,173,728
Liabilities		
Overdrafts	59,422	3,022
Payable securities lending	4,196,318	5,678,606
Payable for securities purchased	1,820,015	1,944,885
Investments sold short (proceeds of \$616,678 and \$360,022)	706,366	573,350
Written options payable (premiums of (\$215) and (\$745))	110	671
Unrealized depreciation on foreign currency contracts	9,836	56,685
Variation margin payable	3,592	–
Short sales payable	143,511	99,856
Accrued liabilities	47,832	35,266
Total liabilities	6,987,002	8,392,341
Net assets of the SBC Master Pension Trust	\$ 45,900,013	\$ 47,781,387

*includes noncash of \$1,745,890 and \$340,184 at December 31, 2011 and 2010.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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The following is the net change in the fair value of net assets for the MPT:

	Year Ended December 31,	
	2011	2010
Additions		
Net appreciation (depreciation) in fair value of investments:		
Interest-bearing cash	\$ 41,067	\$ 22,015
Pooled separate accounts	29,950	24,967
Common/collective trust funds	54,229	60,809
103-12 investments	(33,817)	290,051
U.S. Government and governmental agencies bonds and notes	1,093,884	314,046
Corporate and other bonds and notes	63,552	504,140
Equities	(1,204,925)	1,991,127
Partnership/joint venture interests	608,557	860,921
Real estate	312,121	557,365
Registered investment companies	(912)	128,016
Foreign currency contracts	(10,349)	31,362
Option contracts	864	5,420
Future contracts	204,086	586,587
Securities lending collateral	15,094	22,325
Total net appreciation in fair value of investments	1,173,401	5,399,151
Investment income	1,163,030	1,087,353
Employer contributions	1,000,144	404
Assets received from MPTII	—	1
Transfer of assets resulting from Mandatory Portability Agreement	(1,629)	3,059
Total additions	3,334,946	6,489,968
Deductions		
Pension and death benefits	4,949,952	5,484,558
Trustee and investment management fees and administrative expenses	266,368	231,372
Total deductions	5,216,320	5,715,930
Net increase (decrease)	(1,881,374)	774,038
Net assets of the SBC Master Pension Trust:		
Beginning of year	47,781,387	47,007,349
End of year	\$ 45,900,013	\$ 47,781,387

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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The following table sets forth by level, within the fair value hierarchy, the MPT's assets at fair value as of December 31, 2011:

SBC Master Pension Trust Assets and Liabilities at Fair Value				
	Level 1	Level 2	Level 3	Total
Non-interest bearing cash	\$ 526,707	\$ —	\$ —	\$ 526,707
Interest bearing cash	1,029	519	—	1,548
Foreign currency contracts	—	9,768	—	9,768
Equity securities:				
Domestic equities:*				
Large cap	4,786,634	—	—	4,786,634
Small cap	3,587,289	5,247	11	3,592,547
International equities:*				
Developed markets	4,889,414	55,776	2,948	4,948,138
Emerging markets	982,656	6,650	845	990,151
Fixed income securities:				
Asset-backed securities	—	412,708	7,978	420,686
Mortgage-backed securities	—	3,170,036	—	3,170,036
Collateralized mortgage-backed securities	—	316,105	—	316,105
Collateralized mortgage obligations/REMICS	—	489,967	—	489,967
Other Corporate and other bonds and notes:*				
Core	9,746	2,758,906	2,808	2,771,460
Long duration	—	2,421,366	—	2,421,366
U.S. Government and governmental agencies	61,416	4,413,507	—	4,474,923
Municipal bonds	—	280,728	—	280,728
Convertible and preferred securities	105,338	207,096	620	313,054
Fixed income funds	—	—	417,919	417,919
Private equity funds	—	—	5,926,912	5,926,912
Real assets:				
Real assets	—	3,700	2,509,984	2,513,684
Real estate funds	—	—	2,733,334	2,733,334
Commingled funds:				
Interest bearing investments	—	3,092,334	—	3,092,334
Hedge funds	—	945,332	8,881	954,213
Equities	—	1,112,926	—	1,112,926
Fixed income	—	942,789	384,247	1,327,036
Securities lending collateral	1,295,400	2,878,752	2,817	4,176,969
Purchased options	31	—	—	31
Receivable for investments sold short	286,137	—	—	286,137
Assets at fair value	16,531,797	23,524,212	11,999,304	52,055,313
Overdrafts	59,422	—	—	59,422
Unrealized depreciation on foreign currency contracts	—	9,836	—	9,836
Investments sold short	563,630	142,736	—	706,366
Variation margin payable	3,592	—	—	3,592
Written options payable	110	—	—	110
Liabilities at fair value	626,754	152,572	—	779,326
Net assets and liabilities at fair value	\$ 15,905,043	\$ 23,371,640	\$ 11,999,304	\$ 51,275,987

*Level 1 securities consist of actively traded stocks, while Level 2 securities consist of pooled funds and bonds. Management believes that the portfolio is well-diversified with no significant concentrations of risk.

Certain investments within the MPT have been disaggregated based on their nature of risk and are included in various classes of investments in the table above.

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Additional Disclosures Related to MPT Assets Measured at NAV as of December 31, 2011:

Investment Class-Sub Class		Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Fixed income:	Open-end funds ⁵	\$ 918,968	\$ –	Monthly, Quarterly	5-30 days
	Closed-end funds ⁶	417,919	252,872	No redemption rights	NA
Real assets:	Open-end funds ²	558,232	–	Quarterly	45-90 days
	Closed-end funds ³	2,175,102	879,495	No redemption rights	NA
Private equity	Closed-end funds ⁴	5,926,912	1,960,387	No redemption rights	NA
Commingled funds:	Interest bearing investments ⁹	3,092,334	–	Daily	NA
	Hedge funds ¹	954,213	–	Monthly, Annually	3-90 days
	Fixed income ⁷	408,068	–	Daily, Monthly	3-5 days
	Equities ⁸	1,112,926	–	Daily, Monthly, Quarterly, Annually	1-30 days
Total		<u>\$ 15,564,674</u>	<u>\$ 3,092,754</u>		

(1) This class includes both directional and nondirectional hedge fund strategies. The fair values of these investments have been estimated using the net asset value per share reported by the fund managers. These investments can be redeemed provided the funds have sufficient liquidity; otherwise, unredeemed amounts are rolled forward to the next period. It is estimated that the redemption from one fund, which the MPT has elected to exit, will occur over the next 1 to 3 years.

(2) This class includes four real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investments in this class have been estimated using the net asset values reported by the fund managers. These are open-ended funds with no final termination dates. These investments can be redeemed quarterly provided the funds have sufficient liquidity; otherwise, unredeemed amounts are rolled forward to the next quarter. It is estimated that the redemption from the one fund from which the MPT has elected to exit will occur over the next 3 to 5 years.

(3) This class includes real estate and natural resource investment funds that invest in U.S. and international real assets. The fair values of the investments in this class have been estimated using the net asset value of the MPT's ownership in partners' capital. These investments can never be redeemed with the funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of the funds will be liquidated over the next 7 to 10 years. There are no current plans to sell any of these funds.

(4) This class includes private equity funds that invest in U.S. and international companies. The fair values of the investments in this class have been estimated using the net asset value of the MPT's ownership in partners' capital. These investments can never be redeemed with the funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of the funds will be liquidated over the next 7 to 10 years. There are no current plans to sell any of these funds.

(5) This class includes several fixed income funds that invest primarily in U.S. fixed income securities. The fair values of the investments in this class have been estimated using the net asset values reported by the fund managers. These are open-ended funds with no final termination dates. These investments can be redeemed on a monthly or quarterly basis. Redemptions are subject to available cash in the funds. These funds do not make regular distributions. Unless redeemed, assets are reinvested as the investments of the funds are liquidated or mature. There are no current plans to sell any of these funds.

(6) This class includes several fixed income funds or funds of funds that invest primarily in mezzanine debt securities or distressed debt securities or funds. These funds invest primarily in U.S. fixed income securities but may also invest in non-U.S. securities. The fair values of the investments in this class have been estimated using the net asset value of the MPT's ownership in partners' capital. These investments can never be redeemed. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of the funds will be liquidated over the next 1 to 10 years. There are no current plans to sell any of these funds.

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- (7) This class includes fixed income commingled funds that invest primarily in publicly traded fixed income securities. These funds are either selected by AT&T, with AT&T determining the timing and amount of contributions/redemptions, or are approved by AT&T for a manager to utilize on a discretionary tactical basis as part of a broad fixed income mandate. These are open-ended funds with no final terminations dates.
- (8) This class includes equity commingled funds that invests primarily in publicly traded U.S. and non-U.S. equity securities. The fair values of the investments in this class have been estimated using the net asset value per share reported by the funds' managers. These funds are selected by AT&T, and AT&T determines the timing and amount of contributions/redemptions. These are open ended funds with no final termination dates.
- (9) This class includes funds that invest primarily in publicly traded short-term fixed income securities. The fair values of the investments in this class have been estimated using the net asset value per share reported by the fund managers. These funds are selected by AT&T, and AT&T determines the timing and amount of contributions/redemptions. These are open ended funds with no final termination dates.

The table below sets forth a summary of changes in the fair value of the MPT's Level 3 investment assets for the year ended December 31, 2011.

	Equities- Domestic	Fixed Income Funds	Hedge Funds	Private Equity Funds	Real Assets	Total
Balance, beginning of year	\$ 167	\$ 399,741	\$ 49,855	\$ 5,824,317	\$ 4,685,445	\$10,959,525
Realized gains (losses)	(1,416)	17,494	—	164,983	1,467	182,528
Unrealized gains (losses)	809	(14,460)	(14)	230,160	574,350	790,845
Transfers in	2,807	392,957	—	1,245	—	397,009
Transfers out	—	—	—	—	—	—
Purchases	1,445	95,292	190	848,069	865,635	1,810,631
Sales	(8)	(74,635)	(41,150)	(1,141,862)	(883,579)	(2,141,234)
Balance, end of year	<u>\$ 3,804</u>	<u>\$ 816,389</u>	<u>\$ 8,881</u>	<u>\$ 5,926,912</u>	<u>\$ 5,243,318</u>	<u>\$11,999,304</u>

The realized gains (losses) and unrealized gains (losses) on Level 3 investments are reflected in the net appreciation/depreciation in fair value of the MPT's investments and are included in each plan's Net Investment gain (loss) from Plan's Interest in SBC Master Pension Trust.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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The following table sets forth by level, within the fair value hierarchy, the MPT's assets at fair value as of December 31, 2010.

SBC Master Pension Trust Assets and Liabilities at Fair Value				
	Level 1	Level 2	Level 3	Total
Non-interest bearing cash	\$ 433,489	\$ 37	\$ —	\$ 433,526
Interest bearing cash	—	21,933	—	21,933
Foreign currency contracts	—	56,724	—	56,724
Equity securities:				
Domestic equities:*				
Large cap	6,697,731	—	—	6,697,731
Small cap	4,785,883	7,808	100	4,793,791
International equities:*				
Developed markets	5,398,864	1,888	20	5,400,772
Emerging markets	708,229	31,369	47	739,645
Fixed income securities:				
Asset-backed securities	—	709,049	3,493	712,542
Mortgage-backed securities	—	2,726,780	—	2,726,780
Collateralized mortgage-backed securities	—	413,787	—	413,787
Collateralized mortgage obligations/REMICS	—	657,498	—	657,498
Other Corporate and other bonds and notes:*				
Core	—	2,876,890	10,612	2,887,502
Long Duration	—	2,168,083	180	2,168,263
U.S. Government and governmental agencies	269,698	3,841,613	—	4,111,311
Municipal bonds	—	229,752	—	229,752
Convertible and preferred securities	63,124	228,302	2	291,428
Fixed income funds	—	—	385,454	385,454
Registered investment companies	1,387	—	—	1,387
Private equity funds	—	557	5,824,317	5,824,874
Real assets:				
Real assets	—	—	2,249,178	2,249,178
Real estate funds	—	—	2,436,267	2,436,267
Commingled funds:				
Interest bearing investments	2,002	2,351,009	—	2,353,011
Hedge funds	—	831,337	49,855	881,192
Equities	—	1,769,199	—	1,769,199
Fixed income	—	1,252,680	—	1,252,680
Securities lending collateral	2,740,305	2,903,857	—	5,644,162
Purchased options	101	—	—	101
Variation margin receivable	2,772	—	—	2,772
Receivable for investments sold short	123,872	—	—	123,872
Assets at fair value	21,227,457	23,080,152	10,959,525	55,267,134
Overdrafts	3,022	—	—	3,022
Unrealized depreciation on foreign currency contracts	56,685	—	—	56,685
Investments sold short	573,350	—	—	573,350
Written options payable	671	—	—	671
Liabilities at fair value	633,728	—	—	633,728
Net assets and liabilities at fair value	\$ 20,593,729	\$ 23,080,152	\$ 10,959,525	\$ 54,633,406

*Level 1 securities consist of actively traded stocks, while Level 2 securities consist of pooled funds and bonds. Management believes that the portfolio is well-diversified with no significant concentrations of risk.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011 AND 2010
(dollars in thousands)

Additional Disclosures Related to MPT Assets Measured at NAV as of December 31, 2010:

Investment Class-Sub Class		Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Fixed income:	Open-end funds ⁵	\$ 827,517	\$ –	Monthly, Quarterly	5-30 days
	Closed-end funds ⁶	385,454	–	No redemption rights	NA
Real assets:	Open-end funds ²	471,783	–	Quarterly	45-90 days
	Closed-end funds ³	1,964,484	767,379	No redemption rights	NA
Private equity	Closed-end funds ⁴	5,824,874	2,763,281	No redemption rights	NA
Commingled funds:	Interest bearing investments ⁹	2,353,011	–	Daily	NA
	Hedge funds ¹	881,192	–	Monthly, Annually	3-90 days
	Fixed income ⁷	425,163	119,381	Daily, Monthly	3-5 days
	Equities ⁸	1,769,199	–	Daily, Monthly, Quarterly, Annually	1-30 days
Total		<u>\$ 14,902,677</u>	<u>\$ 3,650,041</u>		

(1) This class includes both directional and nondirectional hedge fund strategies. The fair values of these investments have been estimated using the net asset value per share reported by the fund managers. These investments can be redeemed provided the funds have sufficient liquidity; otherwise, unredeemed amounts are rolled forward to the next period. It is estimated that the redemption from one fund, which the MPT has elected to exit, will occur over the next 1 to 3 years.

(2) This class includes four real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investments in this class have been estimated using the net asset values reported by the fund managers. These are open-ended funds with no final termination dates. These investments can be redeemed quarterly provided the funds have sufficient liquidity; otherwise, unredeemed amounts are rolled forward to the next quarter. It is estimated that the redemption from the one fund from which the MPT has elected to exit will occur over the next 3 to 5 years.

(3) This class includes real estate and natural resource investment funds that invest in U.S. and international real assets. The fair values of the investments in this class have been estimated using the net asset value of the MPT's ownership in partners' capital. These investments can never be redeemed with the funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of the funds will be liquidated over the next 7 to 10 years. There are no current plans to sell any of these funds.

(4) This class includes private equity funds that invest in U.S. and international companies. The fair values of the investments in this class have been estimated using the net asset value of the MPT's ownership in partners' capital. These investments can never be redeemed with the funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of the funds will be liquidated over the next 7 to 10 years. There are no current plans to sell any of these funds.

(5) This class includes several fixed income funds that invest primarily in U.S. fixed income securities. The fair values of the investments in this class have been estimated using the net asset values reported by the fund managers. These are open-ended funds with no final termination dates. These investments can be redeemed on a monthly or quarterly basis. Redemptions are subject to available cash in the funds. These funds do not make regular distributions. Unless redeemed, assets are reinvested as the investments of the funds are liquidated or mature. There are no current plans to sell any of these funds.

(6) This class includes several fixed income funds or funds of funds that invest primarily in mezzanine debt securities or distressed debt securities or funds. These funds invest primarily in U.S. fixed income securities but may also invest in non-U.S. securities. The fair values of the investments in this class have been estimated using the net asset value of the MPT's ownership in partners' capital. These investments can never be redeemed. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of the funds will be liquidated over the next 1 to 10 years. There are no current plans to sell any of these funds.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)**DECEMBER 31, 2011 AND 2010***(dollars in thousands)*

- (7) This class includes fixed income commingled funds that invest primarily in publicly traded fixed income securities. These funds are either selected by AT&T, with AT&T determining the timing and amount of contributions/redemptions, or are approved by AT&T for a manager to utilize on a discretionary tactical basis as part of a broad fixed income mandate. These are open-ended funds with no final terminations dates.
- (8) This class includes equity commingled funds that invests primarily in publicly traded U.S. and non-U.S. equity securities. The fair values of the investments in this class have been estimated using the net asset value per share reported by the funds' managers. These funds are selected by AT&T, and AT&T determines the timing and amount of contributions/redemptions. These are open ended funds with no final termination dates.
- (9) This class includes funds that invest primarily in publicly traded short-term fixed income securities. The fair values of the investments in this class have been estimated using the net asset value per share reported by the fund managers. These funds are selected by AT&T, and AT&T determines the timing and amount of contributions/redemptions. These are open ended funds with no final termination dates.

The table below sets forth a summary of changes in the fair value of the MPT's Level 3 investment assets for the year ended December 31, 2010.

	Equities- Domestic	Fixed Income Funds	Hedge Funds	Private Equity Funds	Real Assets	Total
Balance, beginning of year	\$ 1,061	\$ 355,293	\$ 102,411	\$ 4,937,913	\$ 3,471,208	\$ 8,867,886
Realized gains (losses)	(2,256)	40,411	–	434,433	135,361	607,949
Unrealized gains (losses)	(898)	7,151	(52,556)	925,043	1,169,048	2,047,788
Purchases, sales, issuances and settlements (net)	2,260	(3,114)	–	(473,072)	(90,172)	(564,098)
Balance, end of year	\$ 167	\$ 399,741	\$ 49,855	\$ 5,824,317	\$ 4,685,445	\$10,959,525

The realized gains (losses) and unrealized gains (losses) on Level 3 investments are reflected in the net appreciation/depreciation in fair value of the MPT's investments and are included in each plan's Net Investment gain (loss) from Plan's Interest in SBC Master Pension Trust.

Derivatives

In the normal course of operations, MPT assets and liabilities may include derivative financial instruments (futures, options, and foreign currency contracts). These instruments involve, in varying degrees, elements of credit and market volatility risks in excess of more traditional investment holdings, such as equity and debt instruments. The contract or notional amounts disclosed provide a measure of the MPT involvement in such instruments but are not indicative of potential loss. The intent is to use derivative financial instruments as an economic hedge to manage market volatility and foreign currency exchange rate risk associated with the MPT's investment assets. The MPT's fiduciaries do not anticipate any material adverse effect on the MPT's financial position resulting from its involvement in these instruments.

The following table presents the effect of gains and losses with respect to these derivative instruments, by type of derivative. The gains and losses are located on the Statement of Changes in Net Assets Available for Benefits as Net Investment gain (loss) from Plan's interest in SBC Master Pension Trust.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)**DECEMBER 31, 2011 AND 2010***(dollars in thousands)*

	Year Ended		Year Ended
	December 31, 2011		December 31, 2010
Futures contracts	\$ 204,086	\$	586,587
Option contracts	\$ 864	\$	5,420
Forward foreign currency exchange rate contracts	\$ (10,349)	\$	31,362

Futures Contracts

On behalf of the Pension Plans, investment managers for the MPT enter into various futures contracts to economically hedge investments in domestic equity, international equity and fixed income securities. The futures contracts held in the MPT are used primarily for two reasons: 1) a cost-effective way to manage the overall asset allocation of the MPT, and 2) a cost-effective way to implement and manage duration and yield curve strategy in the fixed income portfolio. The investments in the MPT are subject to equity price risk and interest rate risk, in the normal course of pursuing investment objectives.

Futures contracts, which are considered derivatives under ASC Topic 815, *Derivative and Hedging*, are agreements between two parties to buy or sell a security at a set price on a future date and are standardized and exchange-traded. Upon entering into such a contract on behalf of the Pension Plans, the investment managers are required to pledge to the broker an amount of cash or securities equal to the minimum “initial margin” requirements of the exchange on which the contract is traded. Pursuant to the contract, the investment managers agree to receive from or pay to the broker an amount of cash or securities equal to the daily fluctuation in the value of the contract. Such receipts or payments are known as variation margin and are recorded on a daily basis by the trustee as a realized gain or loss equal to the difference in the value of the contract between daily closing prices. Upon entering into such contracts, the MPT bears the risk of interest or exchange rates or securities prices moving unexpectedly, in which case the MPT may not achieve the anticipated benefits of the futures contracts and may realize a loss. With futures, there is minimal counterparty credit risk to the MPT because futures are exchange-traded and the exchange’s clearinghouse, as counterparty to all exchange-traded futures, guarantees the futures against default.

The fair value of the open futures contracts disclosed below, includes cumulative appreciation/ (depreciation) of futures contracts, but only the current day’s variation margin payable is reported separately in the net assets of the MPT and are included in the statements of net assets available for benefits to the extent of each plan’s ownership in the MPT. Similarly, the gains and losses on open futures contracts are reflected in the net change in fair value of net assets for the MPT and are included within each plan’s net investment gain (loss) from Plan’s interest in SBC Master Pension Trust.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011 AND 2010
(dollars in thousands)

At December 31, 2011, open futures contracts held in the MPT were as follows:

Risk Type	Type of Contract	Number of Contracts Buy/(Sell)	Expiration	Cost/Notional Value	Fair Value
Bond Index	US ULTRA Bonds CBT Future	(563)	Mar-12	\$ (89,939)	\$ (246)
Bond Index	US ULTRA Bonds CBT Future	2,249	Mar-12	355,456	4,806
Bond Index	US Long Bonds CBT Future	(1,305)	Mar-12	(187,073)	(1,907)
Bond Index	U.S. 10-Year Note Future	1,785	Mar-12	231,721	2,337
Bond Index	U.S. 2-Year Note Future	296	Mar-12	65,261	21
Bond Index	US Long Bonds CBT Future	1,820	Mar-12	263,241	318
Bond Index	U.S. 5-Year Note Future	1,264	Mar-12	155,268	530
Bond Index	U.S. 10 T Notes Future	(1,135)	Mar-12	(147,433)	(1,394)
Bond Index	2-Year Notes CBT Future	(1,679)	Mar-12	(370,108)	(190)
Bond Index	5-Year Notes CBT Future	(6,933)	Mar-12	(850,107)	(4,439)
Equity Index	Russell 1000 Mini Future	1,606	Mar-12	110,992	(33)
Equity Index	Russell 2000 Mini Future	2,914	Mar-12	213,128	2,158
Equity Index	SPI 200 Futures	279	Mar-12	29,279	(947)
Equity Index	S&P/TSX 60 IX Future	294	Mar-12	38,625	309
Equity Index	Amsterdam IDX Future	119	Jan-12	9,355	397
Equity Index	CAC40 10 EURO Future	771	Jan-12	31,281	727
Equity Index	FTSE 100 IDX Future	847	Mar-12	71,839	1,382
Equity Index	DAX Index Future	146	Mar-12	27,892	286
Equity Index	EURO STOXX 50 Future	1,176	Mar-12	35,287	437
Equity Index	FTSE/MIB IDX Future	83	Mar-12	8,176	28
Equity Index	IBEX 35 INDX Future	100	Jan-12	10,887	199
Equity Index	Hang Seng IDX Future	96	Jan-12	11,453	(63)
Equity Index	S&P 400 EMINI Future	2,327	Mar-12	205,233	(1,085)
Equity Index	S&P 500 Future	3,390	Mar-12	1,054,847	6,731
Equity Index	S&P 500 EMINI Future	19,812	Mar-12	1,232,800	8,025
Equity Index	TOPIX INDX Future	757	Mar-12	71,057	(301)
Equity Index	OMXS30 Index Future	683	Jan-12	9,543	264
Equity Index	SGX CNX Nifty Future	222	Jan-12	2,121	(67)
Equity Index	MSCI TAIWAN Future	85	Jan-12	2,163	(8)
Interest Rate	90 Day Eurodollar Future	214	Mar-12	53,121	(22)
Interest Rate	90 Day Eurodollar Future	142	Dec-13	35,156	44
Interest Rate	90 Day Eurodollar Future	171	Jun-12	42,504	(56)
Interest Rate	90 Day Eurodollar Future	996	Jun-13	246,031	1,064
Interest Rate	90 Day Eurodollar Future	65	Jun-14	16,070	6
Interest Rate	90 Day Eurodollar Future	747	Mar-13	184,990	360
Interest Rate	90 Day Eurodollar Future	284	Mar-14	69,869	471
Interest Rate	90 Day Eurodollar Future	329	Sep-13	81,148	452
Interest Rate	90 Day Eurodollar Future	(20)	Dec-12	(4,967)	4
Interest Rate	90 Day Eurodollar Future	(12)	Dec-13	(2,970)	(5)
Interest Rate	90 Day Eurodollar Future	(27)	Jun-12	(6,707)	5
Interest Rate	90 Day Eurodollar Future	(20)	Jun-13	(4,962)	1
Interest Rate	90 Day Eurodollar Future	(12)	Jun-14	(2,959)	(10)
Interest Rate	90 Day Eurodollar Future	(27)	Mar-12	(6,709)	3
Interest Rate	90 Day Eurodollar Future	(20)	Mar-13	(4,966)	3
Interest Rate	90 Day Eurodollar Future	(12)	Mar-14	(2,965)	(8)
Interest Rate	90 Day Eurodollar Future	(27)	Sep-12	(6,706)	6
Interest Rate	90 Day Eurodollar Future	(20)	Sep-13	(4,958)	(3)
Interest Rate	90 Day Eurodollar Future	(12)	Sep-14	(2,952)	(11)
Total				\$ 3,279,313	\$ 20,579

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011 AND 2010
(dollars in thousands)

At December 31, 2010, open futures contracts held in the MPT were as follows:

Risk Type	Type of Contract	Number of Contracts Buy/(Sell)	Expiration	Cost/Notional Value	Fair Value
Bond Index	AUST 10 YR	72	Mar-11	\$ 7,387	\$ 45
Bond Index	US ULTRA Bonds CBT Future	2,337	Mar-11	303,230	(6,212)
Bond Index	US Long Bonds CBT Future	2,477	Mar-11	311,401	(8,897)
Bond Index	U.S. 10-Year Note Future	6,053	Mar-11	743,794	(14,786)
Bond Index	U.S. 2-Year Note Future	2,917	Mar-11	639,191	(641)
Bond Index	US Long Bonds CBT Future	(1,589)	Mar-11	(199,859)	5,802
Bond Index	U.S. 5-Year Note Future	1,790	Mar-11	213,859	(3,143)
Bond Index	U.S. 10 T Notes Future	(1,074)	Mar-11	(133,801)	4,451
Bond Index	2-Year Notes CBT Future	(452)	Mar-11	(99,011)	65
Bond Index	5-Year Notes CBT Future	(8,464)	Mar-11	(1,011,511)	15,140
Equity Index	Russell 1000 Mini Future	940	Mar-11	63,849	1,434
Equity Index	Russell 2000 Mini Future	1,646	Mar-11	126,450	2,316
Equity Index	SPI 200 Futures	(195)	Mar-11	(23,362)	205
Equity Index	S&P/TSX 60 IX Future	(202)	Mar-11	(30,493)	(376)
Equity Index	Amsterdam IDX Future	(87)	Jan-11	(8,185)	(52)
Equity Index	CAC40 10 EURO Future	(518)	Jan-11	(26,909)	565
Equity Index	FTSE 100 IDX Future	(618)	Mar-11	(56,952)	(340)
Equity Index	DAX Index Future	(88)	Mar-11	(20,692)	332
Equity Index	EURO STOXX 50 Future	(766)	Mar-11	(29,129)	556
Equity Index	FTSE/MIB IDX Future	(56)	Mar-11	(7,709)	152
Equity Index	IBEX 35 INDX Future	(69)	Jan-11	(9,194)	168
Equity Index	Hang Seng IDX Future	(66)	Jan-11	(9,628)	(136)
Equity Index	S&P 400 EMINI Future	1,314	Mar-11	116,966	1,990
Equity Index	S&P 500 Future	3,777	Mar-11	1,154,619	28,528
Equity Index	S&P 500 EMINI Future	4,689	Mar-11	287,200	6,566
Equity Index	TOPIX INDX Future	(458)	Mar-11	(48,538)	(894)
Equity Index	OMXS30 Index Future	(497)	Jan-11	(8,398)	(33)
Interest Rate	90 Day Sterling Future	18	Dec-11	3,523	(8)
Interest Rate	90 Day Sterling Future	21	Jun-12	4,101	(18)
Interest Rate	90 Day Sterling Future	19	Mar-12	3,715	(12)
Interest Rate	90 Day Sterling Future	20	Sep-12	3,899	(22)
Interest Rate	ERFI P @98.75	160	Jan-11	14	(12)
Interest Rate	90 Day Eurodollar Future	254	Dec-11	63,058	(21)
Interest Rate	90 Day Eurodollar Future	116	Dec-12	28,712	(230)
Interest Rate	90 Day Eurodollar Future	1,471	Jun-11	365,685	447
Interest Rate	90 Day Eurodollar Future	324	Jun-12	80,234	(223)
Interest Rate	90 Day Eurodollar Future	12	Jun-13	2,957	(27)
Interest Rate	90 Day Eurodollar Future	643	Mar-11	160,090	73
Interest Rate	90 Day Eurodollar Future	364	Mar-12	90,274	(138)
Interest Rate	90 Day Eurodollar Future	78	Mar-13	19,275	(178)
Interest Rate	90 Day Eurodollar Future	214	Sep-11	53,106	97
Interest Rate	90 Day Eurodollar Future	297	Sep-12	73,603	(463)
Interest Rate	90 Day Eurodollar Future	45	Sep-13	11,078	(123)
Interest Rate	90 Day Eurodollar Future	(440)	Mar-12	(108,794)	(161)
	Total			\$ 3,099,105	\$ 31,786

NOTES TO FINANCIAL STATEMENTS (CONTINUED)**DECEMBER 31, 2011 AND 2010***(dollars in thousands)***Option Contracts**

The primary risk managed by the Pension Plans using option contracts is the price risk associated with investments. On behalf of the Pension Plans, investment managers for the MPT have purchased and written various option contracts, which are agreements between two parties giving the owner, under a purchased option, the right, but not the obligation, to buy or sell a specified item at a fixed price (exercise or strike) during a specified period, and under a written option the obligation to sell or buy a specified item at a fixed price. These option contracts are intended to economically hedge the MPT's investments in foreign and domestic securities. When the investment manager buys or writes an option contract, a nonrefundable fee (the premium) is paid or received by the MPT and is recorded as an asset or liability and is subsequently adjusted to the current market value of the option purchased or written. The premiums paid or received from buying or writing options are recorded as realized gains or losses when the options expire. The difference between the premium and the amount paid or received on effecting a closing purchase or sale transaction is also treated as a realized gain or loss. If an option is exercised, the premium paid or received is recorded as a realized gain or loss if sold or as an adjustment to the cost of the underlying security if acquired upon exercise.

The fair value of the written and purchased option contracts is disclosed below, and is separately listed in the net assets of the MPT and is included in the statements of net assets available for benefits to the extent of each plan's ownership in the MPT. Similarly, the gains and losses on written and purchased option contracts are reflected in the net change in fair value of net assets for the MPT and are included within each plan's net investment gain (loss) from Plan's interest in SBC Master Pension Trust.

As of December 31, 2011 the total number of written options held by the MPT was:

Risk Type	Type of Contract	Number of Contracts	Cost(Premium paid)	Notional Value	Fair Value
Interest Rate	Eurodollar Options	(289)	\$ (100)	\$ 70,793	\$ (23)
Interest Rate	U.S. Treasury Notes				
	Options	(243)	(115)	(32,368)	(87)
	Total	(532)	\$ (215)	\$ 38,425	\$ (110)

As of December 31, 2010, the total number of written options held by the MPT was:

Risk Type	Type of Contract	Number of Contracts	Cost(Premium paid)	Notional Value	Fair Value
Interest Rate	Eurodollar Options	(314)	\$ (166)	\$ –	\$ (208)
Interest Rate	U.S. Treasury Notes				
	Options	(926)	(551)	22,892	(442)
Interest Rate	S&P 500 Future	(4)	(9)	(43)	(6)
Inflation Floors	Inflation Floors	(1,500,000)	(19)	3,269	(15)
	Total	(1,501,244)	\$ (745)	\$ 26,118	\$ (671)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011 AND 2010

(dollars in thousands)

As of December 31, 2011, the total number of purchased options held by the MPT was:

Risk Type	Type of Contract	Number of Contracts	Cost(Premium received)	Notional Value	Fair Value
Currency	Foreign Exchange Option	55,555,000	\$ 405	\$ 1,351,922	\$ –
Interest Rate	Treasury note Option	514	243	(64,986)	20
Interest Rate	Eurodollar Option	196	40	(48,020)	11
	Total	55,555,710	\$ 688	\$ 1,238,916	\$ 31

As of December 31, 2010, the total number of purchased options held by the MPT was:

Risk Type	Type of Contract	Number of Contracts	Cost(Premium received)	Notional Value	Fair Value
Currency	Japanese Option	7,010,000	\$ 178	\$ (630,900)	\$ 101
Currency	Eurodollar Option	2,565,000	52	3,437	–
	Total	9,575,000	\$ 230	\$ (627,463)	\$ 101

Foreign Currency Contracts

The primary risk managed by the Pension Plans using foreign currency forward contracts is the foreign currency exchange rate risk associated with the Pension Plans' investments denominated in foreign currencies. On behalf of the Pension Plans, investment managers for the MPT entered into forward foreign currency contracts, which are agreements to exchange foreign currencies at a specified future date at a specified rate, the terms of which are not standardized on an exchange. These contracts are intended to minimize the impact of currency fluctuations on the performance of investments denominated in foreign currencies. All of the MPT's contracts address the currency risk of the U.S. dollar versus foreign currencies. Risk arises both from the possible inability of the counterparties to meet the terms of the contracts (credit risk) and from the movements in foreign currency exchange rates (market risk). Forward contracts are entered into only with major banks to minimize counterparty default risk. The contracts are recorded at fair value on the date the contract is entered into, which is typically zero.

The fair value presented in the table below is included in the net assets of the MPT as unrealized appreciation on foreign currency contracts (asset) for 2011, interest bearing cash (asset) for 2010 and unrealized depreciation on foreign currency contracts (liability). The gains and losses on foreign currency contracts are reflected in the net change in fair value of net assets for the MPT and are included within each plan's net investment gain (loss) from Plan's interest in SBC Master Pension Trust.

At December 31, 2011 and 2010, the foreign currency contracts held by the MPT were:

	Notional Value		Fair Value	
	2011	2010	2011	2010
Derivative assets	\$ 1,098,529	\$ 1,369,591	\$ 9,768	\$ 56,724
Derivative liabilities	\$ (1,098,529)	\$ (1,369,591)	\$ (9,836)	\$ (56,685)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011 AND 2010
(dollars in thousands)

Securities Lending

During 2011 and 2010, the MPT was authorized to engage in the lending of certain MPT assets. Securities lending is an investment management enhancement that utilizes the existing securities (domestic and international equities and fixed income investments) of the MPT to earn additional income. Securities lending involves the loaning of securities to a selected group of approved banks and broker-dealers. In return for the loaned securities, the trustee, prior to or simultaneous with delivery of the loaned securities to the borrower, receives collateral in the form of cash or U.S. Government securities as a safeguard against possible default of any borrower on the return of the loan. Each loan is initially collateralized, in the case of: (a) loaned securities denominated in U.S. dollars or whose primary trading market is located in the U.S. or sovereign debt issued by foreign governments to the extent of 102% of the market value of the loaned securities, or (b) loaned securities not denominated in U.S. dollars or whose primary trading market is not located in the U.S. to the extent of 105% of the market value of the loaned securities. The collateral is marked to market on a daily basis. Securities on loan and collateral held under this program at December 31, 2011 and 2010 are reported on the accompanying MPT statements of net assets available for benefits at December 31, 2011 and 2010. The fair value of securities on loan was \$4,110,437 and \$5,573,984 as of December 31, 2011 and 2010, and the value of collateral held was \$4,176,969 and \$5,644,162 at December 31, 2011 and 2010. The reported collateral includes noncash holdings of \$1,745,890 and \$340,184 at December 31, 2011 and 2010. The amount of income earned for the years ended December 31, 2011 and 2010 was \$23,276 and \$26,393.

Related-Party Transactions

At December 31, 2011 and 2010, the MPT held \$41,152 and \$70,109 in AT&T common stock and \$27,182 and \$26,566 of bonds guaranteed by AT&T. These investments qualify as party-in-interest transactions, which are exempt from the prohibited transactions rules of ERISA.

10. Subsequent Events

In June 2012, AT&T was notified of transactions occurring within an investment account in which the AT&T Master Pension Trust and the AT&T Umbrella Benefit Plan No. 1 are the sole investors. The size of the account is approximately \$500,000. The nature of the transactions involves a possible impermissible payment of fees in the amount of approximately \$1,500 to an entity related to the investment manager during 2006 and 2007, which was subsequently returned to the account, with interest. AT&T is currently working with the investment manager and conducting a full review of the situation. AT&T will fully comply with the reporting requirements of ERISA upon final determination. This potential breach does not affect the benefits provided to or accounts of participants.

In June 2012, as a result of the sale of AT&T's Advertising Solutions and Interactive businesses, approximately \$151,000 of retirement obligations related to active bargained participants were transferred from the AT&T Plan to a successor plan sponsored by the acquirer. As provided in the purchase agreement, upon the final valuation of the obligations, the Master Trust will transfer assets covering 100% of the obligation.

Management evaluated subsequent events for the Pension Plans through September 14, 2012, the date the financial statements were available to be issued.



AT&T Inc.

Summary of plan provisions AT&T Pension Benefit Plan

Effective date

The original effective date of the Plan was January 1, 1984 as a successor to the Bell System Management Pension Plan. The Plan was last restated effective January 1, 2011. The provisions reflected in this report were used to value the Plan and may, in some instances, differ from the Plan.

Definitions

Merger

All assets and liabilities for participants of the SBC Pension Plan (SBCPP) were merged into the SBC Pension Benefit Plan (SBCBPB) as of July 1, 1994. As of January 1, 1999, all assets and liabilities for participants of the PTG Cash Balance Pension Plan for Salaried Employees were merged into the SBC Pension Benefit Plan (SBCBPB). As of January 1, 2000, all assets and liabilities for participants of the SNET Management Pension Plan (SNET MPP) were merged into the SBC PBP. As of December 31, 2004, all assets and liabilities for participants of the PTG Pension Plan (PTG PP), SNET Pension Plan (SNET PP), Ameritech Pension Plan (APP), and Ameritech Management Pension Plan (AMPP) were merged into the SBC PBP. The plan was renamed the AT&T Pension Benefit Plan (ATT PBP) after the merger with AT&T Corp. As of December 31, 2006, assets and liabilities for the US domestic participants in the Cingular Wireless Pension Plan and the AT&T Management Pension Plan were merged into the ATT PBP. As of December 31, 2007, all assets and liabilities for participants of the Cingular Wireless Bargained Pension Plan (CWBPP) and the Employee's Pension Plan of Ameritech Publishing Ventures, Inc. (APVI) were merged into the ATT PBP. As of November 1, 2008 all assets and liabilities for participants in the BellSouth Pension Plan and BellSouth Personal Retirement Account Pension plan and assets and liabilities for US domestic plan participants in the AT&T Pension Plan were merged into the ATT PBP.

Plan year

January 1 through December 31.

Contributions

The Company will pay to the Trustee such sums of money as the enrolled actuary shall certify as the amounts necessary to provide the retirement income benefits specified by the Plan and to prevent the Plan from having an accumulated funding deficiency within the meaning of IRC Section 430. The Company may also provide, from time to time, additional sums of money to the Trustee as deemed appropriate.

Employee contributions are neither required nor permitted under the Plan.

Expenses

All expenses incurred in connection with the administration of the Plan and the Trust are paid by the fund to the extent they are not paid by the Company.



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Changes from prior plan year

- Effective June 1, 2011, Southwestern Bell Yellow Pages will be vested after three years and have their final average salary calculated as the highest 3 out of the last 5 years.
- Effective January 1, 2012, for Southwestern Bell Yellow Pages, Pacific Bell Directory North, Ameritech Publishing, the applicable mortality table used for lump sum conversion will be the 417(e)(3) PPA mortality. The applicable interest rate used for conversion for most programs will be the 417(e)(3) PPA Interest Rate phased-in at 25% per year over four years beginning January 1, 2012.
- The monthly pension bands for the Southeast Program, Southwestern Bell Yellow Pages, Pacific Bell Directory North, and Ameritech Publishing will increase 2% on 6/1/2011, 6/1/2012, and 6/1/2013.
- The monthly pension bands for SBC Global Services (IBEW Local 21, 58, and 134) will increase 2% on 4/1/2010, 4/1/2011, and 4/1/2012.
- Effective December 1, 2010, the East Program will have an interest crediting rate equal to the 30 year treasury rate from the November preceding the plan year.
- Effective January 1, 2011, the East Program has a new cash balance service crediting table.
- Southeast Utility Ops and National Directory Customer Assistants are vested after 5 years unless part of their accrued benefit is a cash balance.
- Lump sums are allowed for certain contracts in the BCB2 Program.
- Many bargained programs are closed to new hires as of various effective dates and new hires / rehires of these contracts will participate in the BCB2.
- Target Incentive Compensation and/or Success Sharing Plan payments become pensionable compensation as of various effective dates for certain programs and bargaining units.



AT&T Inc.

Summary of plan provisions The Nonbargained Program of the AT&T Pension Benefit Plan

Employees eligible for participation

Any nonbargained employee who was regularly employed by a former SBC Communications Inc. Participating Company before January 1, 2007 will become a participant the day after completing one year of Participation Service. Benefits in excess of the IRC Section 415 limits and IRC Section 401(a)(17) limits are provided under the unfunded Pension Benefit Makeup Plan. This program was closed to new hires and rehires hired on or after January 1, 2007.

Definitions

Vesting service

Vesting service is computed on an elapsed time basis. For actives on January 1, 2010, accrued benefits will now be vested after three years.

Pension calculation service

For purposes of determining the participant's Accrued Benefit, Pension Calculation Service shall include employment with a Participating Company and effective January 1, 1994 includes employment with Bell Communications Research, Inc. during a rotational assignment. Under Interchange Agreements, service with certain Interchange Companies is also credited.

Pension eligibility service

For determining eligibility for benefits, Pension Eligibility Service is Pension Calculation Service including employment with any non-participating member of the AT&T controlled group and employment with companies which are subsequently acquired by or merged with any company that is a member of the AT&T controlled group, provided the employee was employed by the acquired or merged company at any time within the 90 days immediately prior to the acquisition and the employee is hired by a member of the AT&T controlled group within 90 days after the date of acquisition or merger. Prior service with PTG, SNET or AIT is included in Pension Eligibility Service.

Pension compensation

The sum of a participant's base wages, group incentive award (i.e. Team Award aka Annual Bonus), Key Contributor Award (fka individual discretionary award), and nondiscretionary incentive compensation (i.e. commissions and "SPA" pay). Pension Compensation also includes any nonqualified deferred compensation or Stock Savings plan deferrals. (Prior to cash balance implementation, nonqualified deferred compensation and Stock Savings plan deferrals were excluded from pension compensation.) Also includes Lump Sum Special Payment effective January 1, 2004. Pension Compensation is limited to the IRC Section 401(a)(17) compensation limits. Payments under the Short Term Incentive Plan paid on or after January 1, 2010 are eligible pay for participants promoted to officer level on or after January 1, 2009.



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Adjusted career income (SBC Participants)

Adjusted Career Income is the sum of the following for the averaging period that produces the highest benefit: (1) the product of average annual compensation earned in the averaging period and Pension Calculation Service as of the end of the averaging period and (2) the sum of all Pension

Compensation earned after the end of the averaging period. The most recent averaging period is the five year period beginning on January 1, 1995 and ending on December 31, 1999.

Grandfathered accrued benefit (SBC Participants)

Equal to the greater of the following:

- A monthly benefit of one-twelfth of 1.6% of the Adjusted Career Income, or
- For SBC company employees eligible for the Enhanced Management Pension (EMP), a monthly benefit determined as of December 30, 1991 based on five additional years of age and service and a 5-year averaging period from January 1, 1986 to December 31, 1990.

Grandfathered benefit accruals ceased on May 31, 2002, at which point the Grandfathered Accrued Benefit was frozen. Employees hired after June 1, 1997, are not eligible for the Grandfathered Accrued Benefit.

Updated career average minimum (CAM)

The monthly CAM is equal to one-twelfth of 1.6% of the Adjusted Career Income. The excess of the CAM benefit over the lump sum benefit expressed as an annuity will be paid as an annuity if greater than \$400 per month.

For a Participant eligible for a Service Pension, the CAM is reduced for commencement prior to age 55. With less than 30 years of service, the reduction is $\frac{1}{2}\%$ for each month that the distribution precedes age 55; with 30 or more years of service, the reduction is $\frac{1}{4}\%$ for each month prior to age 55. For a Participant not eligible for a Service Pension, the CAM is actuarially reduced for commencement prior to age 65, based on factors contained in the plan document.

Pension Band Minimum (PBM)

Employees eligible for the Pension Benefit Minimum Benefit must be promoted into the Nonbargained Program on or after June 13, 2001 and be a former participant in the Southwest Program, West Program, or Midwest Program participating companies.

The benefit is equal to the greater of the following:

- Benefit calculated as if the participant remained in the Bargained Program using the same Pension Band in effect on the transfer date plus the supplement benefit accrued to the date of transfer, or
- Accrued benefit from Bargained Program as of the transfer date plus 1.2% of Pension Compensation in the Nonbargained Program.



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Adjusted monthly compensation (PTG Participants)

The sum of a Participant's monthly base salary before IRC Section 401(k) deferrals and bonuses paid under the Short Term Incentive Plan (STIP). The Adjusted Monthly Compensation for each year is limited by law to the IRC Section 401(a)(17) compensation limit.

Adjusted average annual compensation (PTG Participants)

The average of Adjusted Monthly Compensation for the sixty-month period ending June 30, 1996. Adjusted Average Annual Compensation is limited by law to the IRC Section 401(a)(17) compensation.

Cash balance account

As of June 1, 1997 for SBC participants, July 1, 1996 for PTG participants and January 1, 1996 for SNET participants the Cash Balance Account is set equal to the account opening balance of the respective predecessor plans. As of January 14, 2005, all future accruals for nonbargained participants are eliminated. The Cash Balance Account earns interest credits, pay credits and transition credits (if applicable) as follows:

- **Interest credits**
Interest is credited to the Cash Balance Account monthly, based on the average 30-year Treasury bond yield for the middle month of the prior quarter.
- **Pay credits**
Pay credits equal to 5% of a participant's Pension Compensation are credited monthly to the Cash Balance Account. As of January 14, 2005, pay credits are eliminated.
- **Transition credits (SBC participants)**
The transition account (if any) is credited to the Cash Balance Account on a monthly basis. The amount of the monthly credit is equal to the remaining value of the Transition Benefit Account divided by the number of months remaining in the transition period. The transition period ended on June 1, 2002.

Special ATB account balance (PTG Participants)

The Special ATB Account Balance is equal to the Special ATB Opening Balance with interest until December 31, 2001 at which time it was frozen. Interest is credited to the Special ATB Opening Balance monthly, based on the average 30-year Treasury bond yield for the middle month of the prior quarter. The Special ATB Opening Balance is equal to the lump sum value of the Accelerated Transition Benefit with reductions as of January 1, 1999. The Accelerated Transition Benefit is converted to a lump sum based on GATT mortality (IRS Applicable Mortality Table pursuant to IRS RR2001-62) and an interest rate equal to the average 30-year Treasury bond yield for November 1998.

Additional cash balance credits for promotions

For all participants hired prior to January 1, 1997 and promoted on or after April 1, 1997, Additional Cash Balance Credits equal to a percentage of a participant's Pension Compensation based on pension eligibility service are credited to the Cash Balance Account. The contribution is credited to the participant's account 50% on the latter of January 1, 1999 or date of promotion and the remaining 50% on the one-year anniversary of the date of promotion. As of January 14, 2005, Additional Cash Balance Credits are eliminated.



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Basic account opening balance (SBC participants)

Equal to the product of the following (1) 1.6% times Pension Calculation Service as of May 31, 1997 times 1996 Cash Balance Conversion Pay and (2) an age 65 deferred lump sum factor computed using 6.69% interest and the GAM83 (50/50) mortality table (the GATT mortality table as of June 1, 1997).

Transition benefit account (SBC Participants)

The initial value of the Transition Benefit Account is equal to the excess (if any) of the Cash Balance Conversion Pay times an enhanced opening balance factor (described below) over the Basic Account Opening Balance. Cash Balance Conversion Pay is 1996 Pension Compensation modified to include.

Basic Rate of Pay amounts deferred as a result of participation in nonqualified deferred compensation plans and to credit full-time Basic Rate of Pay for part-time service. The enhanced opening balance factor is equal to the sum of the following:

- A factor representing the hypothetical account balance the employee would have accumulated since date of hire based on the following assumptions: 5% of pay credits, 8% interest credits and a 4% salary increase assumption.
- A transition factor based on points (i.e., age + service) at June 1, 1997. The factor is .01 for each point in excess of 25, plus an additional .02 for each point in excess of 40, plus an additional .02 for each point in excess of 50. The maximum transition factor is 1.25.

Each month, the Transition Benefit Account is credited with interest and is decreased by the amount of transition credit transferred to the Cash Balance Account.

Opening account balance (PTG participants)

The percentage factor from the Accumulation Table in Appendix A of the Plan based on service as of June 30, 1996 multiplied by a Participant's Adjusted Monthly Compensation for the 12 month period ending June 30, 1996.

Accelerated transition benefit (PTG participants)

- **Eligibility**
A Participant who was employed on March 22, 1996.
- **Benefit**
A monthly pension equal to 2% of the sum of the Participant's Adjusted Average Annual Compensation determined as of June 30, 1996 multiplied by Years of Credited Service as of June 30, 1996.
- **Reductions**
The Accelerated Transition Benefit (ATB) is reduced for a Participant who is neither age 55 with 20 years of Pension Eligibility Service nor age 65 with 5 years of Pension Eligibility Service at Termination of Employment. The reduction for early commencement is 2% per year from Termination of Employment to age 50, 4% per year from age 50 to age 45 and 8% per year prior to age 45.



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■ **Special pension account (SPA)**

Effective December 31, 1999, a special pension account (SPA) was created for all SBC participants eligible to retire. The SPA was set equal to the lump sum value of the participant's December 31, 1999 retirement benefit assuming they retire on that date. Most participants accrued the SPA with interest to December 31, 2000.

■ **Enhanced pension benefit (former SNET participants)**

A minimum lump sum benefit provided to employees who were participants in the SNET Pension Plan on July 1, 1995 equal to the sum of the following: (1) annualized core pension benefit as of July 1, 1995 increased by 10%, reduced for commencement prior to age 55, times an immediate lump sum factor, and (2) the cash balance account with interest credits under plan provisions as of July 1, 1995, increased by 10%.

Pension compensation (former AIT participants)

The sum of a Participant's base wages, shift differentials, lump sum merit wage payments, Management Team Incentive Compensation incentive awards, and sales commissions determined without regard to any deferrals made. Pension Compensation is limited to the IRC Section 401(a)(17) compensation limit (\$230,000 in 2008), subject to annual increases and in accordance with EGTRRA provisions.

Final average compensation (former AIT participants)

Highest consecutive 36 months of Pension Compensation earned during the most recent 60 months, divided by three. For purposes of calculating the Transition Benefit, the Final Average Compensation is equal to the highest consecutive 60 months of Pension Compensation earned during the most recent 120 months, divided by five.

Excess final average compensation (former AIT participants)

Portion of the Final Average Compensation that exceeds the average of the Social Security wage bases during the last five completed calendar years of Service.

Special pension account (former AIT participants)

Effective December 31, 1999, a special pension account (SPA) was created for all participants eligible to retire. The SPA was set equal to the lump sum value of the participant's December 31, 1999 retirement benefit assuming they retire on that date. Most participants accrued the SPA with interest to December 31, 2000 as of January 1, 2001. Interest was credited during 2000 based on the plan's lump sum conversion rate. Effective January 1, 2001, AMPP participants accrued the SPA with interest to December 31, 2001 based on the plan's lump sum conversion rate. As of December 31, 2001, the SPA lump sum was frozen.



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Aggregate lump sum percentage (former AIT participants)

Equal to the sum, for each month, of the product of the following:

- the monthly Benefit Service Fraction,
- 1/12, and
- the Applicable Service Percentage.

Benefit service fraction (former AIT participants)

Equal to the total monthly hours of service, divided by 170.

Applicable service percentage (former AIT participants)

The following table presents the Applicable Service Percentage used in the calculation of the Defined Lump Sum.

Ages at which benefit service is earned	Applicable percentage
Under 30	6%
30 to 34	7%
35 to 39	8%
40 to 44	10%
45 to 49	12%
50 to 54	15%
55 and Over	20%

Defined lump sum account (former AIT participants)

Final Average Compensation multiplied by the Aggregate Lump Sum Percentage. As of January 14, 2005, all future accruals are eliminated. The Defined Lump Sum Account will receive interest credits monthly, based on the average 30-year Treasury bond yield for the middle month of the prior quarter.



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Transition benefit (former AIT participants)

Available to Participants who were within 5 years of Service Pension Eligibility on May 1, 1995. Single life annuity calculated as the sum of the following, multiplied by years of Service:

- 1.4% of the Final Average Compensation, and
- 0.1% of the Excess Final Average Compensation.

Service pension eligibility (for transition benefit and SPA only): Termination of employment after attaining age 65 with 10 years of Service, age 55 with 20 years of Service, age 50 with 25 years of Service or 30 years of Service.

Service pension

Eligibility

Termination of employment after attaining age 65 with 10 years of Pension Eligibility Service, age 55 with 20 years of Pension Eligibility Service, age 50 with 25 years of Pension Eligibility Service or 30 years of Pension Eligibility Service.

Lump sum benefit

A lump sum benefit is available equal to the greater of the following, as applicable:

- the Cash Balance Account.
- the Defined Lump Sum Account.
- the Grandfathered Accrued Benefit or the AIT Transition Benefit, reduced for distribution prior to age 55, times an immediate lump sum factor. For a participant with less than 30 years of service, the reduction for distribution prior to age 55 is $\frac{1}{2}\%$ for each month which distribution precedes age 55; with 30 or more years of service, the reduction is $\frac{1}{4}\%$ for each month prior to age 55.
- the SPA.
- the ATB, times an immediate lump sum factor.
- the Special ATB.
- the Enhanced Pension Benefit.

Annuity benefit

The excess of the greater of the CAM benefit or PBM benefit, over the lump sum benefit expressed as an annuity will be paid as an annuity if it is greater than \$400 per month. If the excess is less than \$400 per month, then the greater of the CAM benefit or PBM benefit, is available as a lump sum.

A participant may receive an immediate monthly pension, payable for life, equal to the greater of the Grandfathered Accrued Benefit or the AIT Transition Benefit, reduced for commencement prior to age 55, the SPA, the ATB, the Special ATB, the Cash Balance Account, and the Defined Lump Sum Account converted to an annuity.



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Date payments begin

If a monthly pension is elected, the benefit commences on the first day of the month following the date of retirement, or a later date elected by the participant, not later than age 65. If a lump sum benefit is elected, payment is made upon retirement, or a later date elected by the participant, not later than age 65.

Disability pension

Eligibility

A Disability Pension is no longer offered effective June 1, 1997. An employee who terminates due to disability will be paid either a Service Pension or a Deferred Vested Pension, depending on which benefit the employee is eligible for upon disability.

Deferred vested pension

Eligibility

Effective January 1, 2010, a Deferred Vested Pension is payable upon termination of employment after completing at least 3 years of Vesting Service and before reaching Service Pension Eligibility. All SBC non-bargained employees hired prior to April 1, 1997 are considered fully vested. All PTG nonbargained employees hired prior to January 1, 1999 are considered fully vested. All SNET participants hired prior to January 1, 2000 are considered fully vested. All Ameritech non-bargained employees hired prior to January 15, 2005 and those rehired after January 15, 2005 without five one year breaks in service are considered fully vested. Notwithstanding the preceding, all participants are fully vested as of the date of a qualified IRC Section 420 transfer.

Lump sum benefit

A lump sum benefit is available equal to the greater of the following, as applicable:

- the Cash Balance Account.
- the Defined Lump Sum Account.
- the Grandfathered Accrued Benefit or the AIT Transition Benefit times a deferred to age 65 lump sum factor.
- the ATB, times an immediate lump sum factor.
- the Special ATB.
- the Enhanced Pension Benefit.

Annuity benefit

The excess of the greater of the CAM benefit or PBM benefit, over the lump sum benefit expressed as an annuity will be paid as an annuity if it is greater than \$400 per month. If the excess is less than \$400 per month, then the greater of the CAM benefit or PBM benefit, is available as a lump sum.



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A participant may receive an immediate monthly pension, payable for life, equal to the greater of the Grandfathered Accrued Benefit or the AIT Transition Benefit, actuarially reduced for commencement prior to age 65, the ATB, the Special ATB, the Cash Balance Account, and the Defined Lump Sum Account converted to an annuity.

Date payments begin

If a monthly pension is elected, the benefit commences on the first day of the month following the date of termination, or a later date elected by the participant, not later than age 65. If a lump sum benefit is elected, payment is made upon termination, or a later date elected by the participant, not later than age 65. However, for PTG participants, if the ATB is the greater benefit, a lump sum election must be made within 90 days of termination.

Surviving spouse's benefit

Eligibility

Surviving spouse of an active vested or deferred vested participant in the event of the participant's death.

Lump sum benefit

The eligible spouse of an active participant who dies prior to Normal Retirement Age and before benefit payments commence is entitled to one of the following benefits:

A vested participant with less than 15 years of pension eligibility service and not eligible for a service person

A lump sum benefit equal to the greater of the following, as applicable:

- the Cash Balance Account or the Defined Lump Sum Account.
- the lump sum value of 45% of the Grandfathered Accrued Benefit or the AIT Transition Benefit, assuming commencement would have occurred on the date the participant would have reached eligibility for a Service Pension.
- 45% of the Special ATB.
- the lump sum value of 45% of the ATB, assuming commencement would have occurred on the date of the participant's death.

With 15 years of pension eligibility service and eligible for a service person

A lump sum benefit equal to the greater of the following, as applicable:

- the Cash Balance Account or the Defined Lump Sum Account.
- 45% of the Special ATB.
- the lump sum value of 45% of the Grandfathered Accrued Benefit, the AIT Transition Benefit or ATB, assuming commencement would have occurred on the first date of the month following the participant's date of death (without reductions for early commencement).
- 45% of the SPA.



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Annuity benefit

An eligible spouse may receive a monthly pension equal to the greater of 1) the Cash Balance Account, the Defined Lump Sum Account, 45% of the Special ATB, or 45% of the SPA, converted to a monthly annuity, or 2) 45% of the Grandfathered Accrued Benefit, the AIT Transition Benefit, or ATB commencing as described above.

CAM or PBM benefit

As an additional annuity benefit, 45% of the excess of the greater of the CAM benefit or PBM benefit, over the lump sum benefit expressed as an annuity will be paid as an annuity.

Death benefit if no surviving spouse

Eligibility

Death of an active vested or deferred vested participant that does not have a surviving spouse.

Lump sum benefit

A lump sum actuarially equivalent to the Surviving Spouse Benefit, based on the employee's date of birth

Lump sum death benefit

A frozen lump sum death benefit is payable to an "Eligible Beneficiary" (spouse, dependent child, dependent parent, or registered domestic partner) upon the death of certain eligible active employees who die due to sickness or non-job-related injury, or upon the death of certain Disability or Service Pensioners. In some cases, this lump sum death benefit will be eliminated. The eligible groups and benefits are as follows.

For participants of the ATTPBP on January 1, 1990

Lump sum benefit equal to the wages earned in the 12 month period ending on December 31, 1989, or date of termination if earlier. This benefit expired on June 1, 2002 if the participant was active as of June 1, 1997.

For participants of the PTG Cash balance pension plan on January 1, 1998

Lump sum benefit equal to the wages earned in the 12 month period ending on December 31, 1997, or date of termination if earlier. This benefit expired on June 1, 2002 if the participant was active as of December 31, 1997.

For participants of the SNET MPP on September 17, 1989 that do not elect to receive any portion of their benefit as a lump sum

Lump sum benefit equal to the Basic Rate of Pay as of the earlier of January 1, 1992 or the date of termination. This benefit expires on December 31, 2004 if the participant was active as of December 31, 1999.

For participants of the Ameritech Management pension plan who retired or became disabled prior to May 1, 1995

Lump Sum Death Benefit equal to the wages earned in the 12 month period ending on the date of termination.



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Forms of payment

The normal form of payment for a Participant who is married at the benefit commencement date is a reduced qualified joint and survivor annuity equal to 90% of the Accrued Benefit, with 45% of the Accrued Benefit continuing to the surviving spouse upon the earlier death of the Participant. If the spouse predeceases the participant that retired from the plan, the 10% reduction factor is removed for future payments. The normal form with respect to all other participants is a single life annuity. Cash Balance Accounts, Defined Lump Sum Accounts, the Special ATB, or the SPA will be converted to an annuity based on GATT mortality (IRS Applicable Mortality Table pursuant to IRS RR2001-62) and the average 30-year Treasury bond yield for the middle month of the quarter preceding commencement. Effective January 1, 2012, the applicable mortality table used for conversion will be the 417(e)(3) PPA mortality. The applicable interest rate used for conversion will be the 417(e)(3) PPA Interest Rate phased-in at 25% per year over four years beginning January 1, 2012. The applicable interest rate lookback month will be the middle month of the quarter preceding distribution.

In lieu of the normal form of retirement benefit, a married Participant may elect, with the proper spousal consent, to waive the qualified joint and survivor annuity and to receive an actuarial equivalent retirement benefit in the form of single life annuity, a 75% joint and survivor annuity, or a 100% joint and survivor annuity. J&S options are with pop-up if service pension eligible.

A Participant may also elect to receive a lump sum. Grandfathered Accrued Benefits, the AIT Transition Benefit, or the ATB will be converted to lump sums based on GATT mortality and an interest rate equal to the average 30-year Treasury bond yield for the middle month of the quarter preceding distribution. Effective January 1, 2012, the applicable mortality table used for conversion will be the 417(e)(3) PPA mortality. The applicable interest rate used for conversion will be the 417(e)(3) PPA Interest Rate phased-in at 25% per year over four years beginning January 1, 2012. The applicable interest rate lookback month will be the middle month of the quarter preceding distribution.

Benefits not valued

No benefits are excluded that would materially affect the liabilities.



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Summary of plan provisions The Southwest Program of the AT&T Pension Benefit Plan

Employees eligible for participation

Any bargained employee who is regularly employed by a Southwestern Bell region Participating Company will become a participant on the day after completing one year of Participation Service. Effective April 1, 2010 this program was closed to new hires and rehires in the CWA District 6 (Southwest Core and AT&T Messaging) contracts hired on or after August 9, 2009. Effective June 1, 2011 this program was closed to new hires and rehires in the CWA Southwestern Bell Yellow Pages contract hired on or after June 1, 2011.

Definitions

Vesting service

Vesting Service is calculated on an elapsed time basis. For actives on January 1, 2010 of Southwest Core, AT&T Operations – CWA District 6, and AT&T Messaging – CWA District 6, accrued benefits will now be vested after three years. For actives on June 1, 2011 of Southwestern Bell Yellow Pages – CWA, accrued benefits will now be vested after three years. For all other participants, effective January 1, 2010, if any part of the accrued benefit is determined as a Cash Balance Account or DLS Account then the participant is vested after 3 years.

Pension calculation service

For purposes of determining the participant's Accrued Benefit, Pension Calculation Service shall include employment with a Participating Company. Under Interchange Agreements, service with certain Interchange Companies is also credited.

Pension eligibility service

For determining eligibility for benefits, Pension Eligibility Service is Pension Calculation Service including employment with any non-participating member of the AT&T controlled group. Prior service with PTG, SNET or AIT is included in Pension Eligibility Service.

Average monthly compensation (applicable to yellow pages commission employees only)

The sum of a Participant's basic compensation and nondiscretionary incentive compensation averaged over the highest 3 years out of the 5 year period ending on the date of termination. Average Monthly Compensation for each year is limited by law to the IRC Section 401(a)(17) compensation limit.

Supplemental pay

The sum of a Participant's in charge allowances, extra payments for temporary promotions, shift differentials and job differentials, including bonus payments of \$250 in 2006, \$375 in 2007, and \$375 in 2008. Effective June 1, 2010 and November 1, 2010 respectively, target incentive compensation and success sharing plan payments are also eligible compensation,



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Special pension account (SPA)

Effective December 31, 1999, a special pension account (SPA) was created for all participants eligible to retire. The SPA was set equal to the lump sum value of the participant's December 31, 1999 retirement benefit assuming they retire on that date. Most participants accrued the SPA with interest to December 31, 2000 as of January 1, 2001. Interest was credited during 2000 based on the plan's lump sum conversion rate. Effective December 31, 2000, the SPA was set equal to the greater of the participant's SPA balance at December 31, 2000 and the lump sum value of the participant's December 31, 2000 retirement benefit assuming they retire on that date. During 2001, bargained participants accrued the SPA with interest to December 31, 2001 based on the plan's lump sum conversion rate. As of December 31, 2001, the SPA lump sum balance is frozen.

Service pension

Eligibility

Termination of employment after attaining age 65 with 10 years of Pension Eligibility Service, age 55 with 20 years of Pension Eligibility Service, age 50 with 25 years of Pension Eligibility Service or 30 years of Pension Eligibility Service.

Accrued benefit

Yellow Pages Commission Employees, the sum of the following

- a monthly benefit equal to 1.22% of Average Monthly Compensation times Pension Calculation Service as of the date of termination, but not less than pension band accrued benefit frozen as of 5/31/2005.
- the Supplemental Monthly Pension.

All Other Participants

A monthly benefit equal to the greater of the SPA, converted to an annuity, and the sum of the following:

- the Pension Band Amount shown in the tables for the pension band which applies to the participant's job title times Pension Calculation Service.
- the Supplemental Monthly Pension.

Supplemental monthly pension

The product of .001 times Supplemental Pay during the last 36 months of employment divided by 36, times Pension Calculation Service.

Reduction

After meeting eligibility for a Service Pension, a participant receives an immediate monthly pension, payable for life, equal to the Accrued Benefit, reduced for commencement prior to age 55. The reduction is ½% for each month prior to age 55 with less than 30 years of service and is unreduced with 30 or more years of service.



AT&T Inc.

Lump sum benefit

A lump sum benefit is available equal to the Accrued Benefit, converted to a lump sum.

Date payments begin

The monthly pension commences on the first day of the month coinciding with or next following the date of retirement, subject to the provisions of IRC Section 411(a)(11) and notice and election requirements under IRC Section 417.

Disability pension

Eligibility

An employee who has at least 15 years of Pension Eligibility Service and who becomes totally disabled prior to age 65.

Benefit

The participant receives an immediate monthly pension, payable for life, equal to the Accrued Benefit based on service and compensation as of the date of termination, without reduction for commencement prior to age 65.

Date payments begin

Benefits begin immediately following termination of employment due to total disability. If disability occurs after attaining service pension eligibility, the benefit is paid from the qualified trust. If disability occurs prior to attaining service pension eligibility, the benefit is paid from company operating funds until the participant turns age 65, at which time the benefit is converted to a service pension and paid from the qualified trust.

Deferred vested pension

Eligibility

Termination of employment after completing at least 3 years of Vesting Service, and before reaching eligibility for Service Pension. Notwithstanding the preceding, all participants are fully vested as of the date of a qualified IRC Section 420 transfer.

Benefit

The monthly benefit, payable as a straight life annuity starting on the participant's Normal Retirement Age (the later of age 65 or the third anniversary of plan participation), equals the participant's Accrued Benefit on the date of termination. The benefit is actuarially reduced if commenced prior to Normal Retirement Age.

Date payments begin

A participant who terminates employment with three or more years of Vesting Service receives a Deferred Vested Pension commencing at Normal Retirement Age or at termination of service, if later. If the participant has sufficient service for early retirement eligibility, the Deferred Vested Pension may commence early when the participant later meets the age requirements. The amount payable upon early retirement is equal to the Accrued Benefit, actuarially reduced based on commencement prior to age 65. A table of actuarial reduction factors is in the plan document.



AT&T Inc.

Surviving spouse's benefit

Eligibility

Surviving spouse of an active vested or deferred vested participant in the event of the participant's death.

Benefit

The eligible spouse of an active participant who dies prior to Normal Retirement Age and before benefit payments commence is entitled to one of the following benefits:

- If a vested participant dies with less than 15 years of Pension Eligibility Service, and is not eligible for a Service Pension, the eligible spouse receives a deferred monthly survivor benefit for life beginning on the date the participant would have reached earliest eligibility to commence a Deferred Vested Pension. The benefit is computed as though the participant had left service on the date of death, survived until the earliest eligibility to commence a Deferred Vested Pension, retired at that time with the qualified survivor annuity option, and died the next day. In lieu of the monthly survivor benefit, a surviving spouse of a Participant employed by Southwest Core, Southwestern Bell Yellow Pages, or AT&T Messaging may elect to receive a lump sum equivalent to the deferred monthly survivor benefit.
- If the participant dies eligible for a Service Pension or with 15 years of Pension Eligibility Service, a surviving spouse receives a monthly survivor pension payable for life equal to 45% of the Accrued Benefit. The spouse's benefit will commence on the first day of the month following the participant's date of death. In lieu of the monthly survivor benefit, a surviving spouse of a Participant employed by Southwest Core, Southwestern Bell Yellow Pages, or AT&T Messaging may elect to receive a lump sum equivalent to the monthly survivor benefit.

The surviving spouse of a participant who was receiving a nonqualified disability benefit and who dies before age 65 will receive a survivor annuity beginning at the time the participant would have attained earliest retirement age, unless the spouse elects to delay payments until the time the participant would have attained age 65.

Death benefit if no surviving spouse

Eligibility

Death of an active vested or deferred vested participant employed by SWBT, SYP, SMSG, SOPS, SASI, STCOM, or SS that does not have a surviving spouse.

Lump sum benefit

A lump sum actuarially equivalent to the surviving spouse benefit based on the employee's date of birth.



AT&T Inc.

Lump sum death benefit

For participants hired prior to January 1, 1990, the Plan provides a Lump Sum Death Benefit equal to the wages earned in the 12 month period ending on December 31, 1989, or date of termination if earlier. This benefit is paid if an eligible active employee dies due to sickness or non-job-related injury and is survived by an "Eligible Beneficiary" (spouse, dependent child, dependent parent, or registered domestic partner). The benefit is also paid if an eligible Disability or Service Pensioner dies and is survived by an Eligible Beneficiary.

Forms of payment

The normal form of payment for a participant who is married at the benefit commencement date is a reduced qualified joint and survivor annuity equal to 90% of the Accrued Benefit, with 45% of the accrued benefit continuing to the surviving spouse upon the earlier death of the participant. If the spouse predeceases the participant that retired from the plan, the 10% reduction factor is removed for the future payments. The normal form with respect to all other participants is a single life annuity.

In lieu of the normal form of retirement benefit, a married participant may elect, with the proper spousal consent, to waive the qualified joint and survivor annuity and to receive an actuarial equivalent retirement benefit in the form of a single life annuity, a 75% joint and survivor annuity or a 100% joint and survivor annuity. J&S options are with pop-up if service pension eligible.

For the Southwest Core bargaining group, Southwestern Bell Yellow Pages, and AT&T Messaging, a lump sum benefit option is available for those service pension eligible effective January 1, 2010. Accrued benefits will be converted to lump sums based on GATT mortality (IRS Applicable Mortality Table pursuant to IRS RR2001-62) and an interest rate equal to the average 30-year Treasury bond yield for the November of the prior year. Effective January 1, 2012, the applicable mortality table used for conversion will be the 417(e)(3) PPA mortality. The applicable interest rate used for conversion will be the 417(e)(3) PPA Interest Rate phased-in at 25% per year over four years beginning January 1, 2012. The applicable interest rate lookback month will be the November of the prior year. For certain contracts, including the core contract, conversion based on the prior lump basis will be available for retirement eligible employees with payment commencing prior to March 31, 2012.

Benefits not valued

No benefits are excluded that would materially affect the liabilities

Pension band amounts

The tables on the following pages present Pension Band Amounts for various band numbers, dates of termination and ages of termination.



AT&T Inc.

**Monthly pension band amounts
Southwest Program*
(bands 94 to 135)**

Pension Band	Terminations				Pension Band	Terminations			
	On or after 1/1/2010 and before 1/1/2011	On or after 1/1/2011 and before 1/1/2012	On or after 1/1/2012 and before 1/1/2013	On or after 1/1/2013 **		On or after 1/1/2010 and before 1/1/2011	On or after 1/1/2011 and before 1/1/2012	On or after 1/1/2012 and before 1/1/2013	On or after 1/1/2013 **
94	\$24.45	\$24.94	\$25.44	\$25.95	115	\$55.10	\$56.20	\$57.32	\$58.47
95	25.91	26.43	26.96	27.50	116	56.59	57.72	58.87	60.05
96	27.37	27.92	28.48	29.05	117	58.02	59.18	60.36	61.57
97	28.80	29.38	29.97	30.57	118	59.52	60.71	61.92	63.16
98	30.27	30.88	31.50	32.13	119	60.96	62.18	63.42	64.69
99	31.72	32.35	33.00	33.66	120	62.44	63.69	64.96	66.26
100	33.19	33.85	34.53	35.22	121	63.89	65.17	66.47	67.80
101	34.64	35.33	36.04	36.76	122	65.38	66.69	68.02	69.38
102	36.10	36.82	37.56	38.31	123	66.81	68.15	69.51	70.90
103	37.60	38.35	39.12	39.90	124	68.29	69.66	71.05	72.47
104	39.06	39.84	40.64	41.45	125	69.75	71.15	72.57	74.02
105	40.49	41.30	42.13	42.97	126	71.19	72.61	74.06	75.54
106	41.93	42.77	43.63	44.50	127	72.69	74.14	75.62	77.13
107	43.44	44.31	45.20	46.10	128	74.13	75.61	77.12	78.66
108	44.92	45.82	46.74	47.67	129	75.61	77.12	78.66	80.23
109	46.37	47.30	48.25	49.22	130	77.03	78.57	80.14	81.74
110	47.81	48.77	49.75	50.75	131	78.55	80.12	81.72	83.35
111	49.29	50.28	51.29	52.32	132	79.97	81.57	83.20	84.86
112	50.71	51.72	52.75	53.81	133	81.42	83.05	84.71	86.40
113	52.24	53.28	54.35	55.44	134	82.90	84.56	86.25	87.98
114	53.67	54.74	55.83	56.95	135	84.34	86.03	87.75	89.51

* Note: Table applies to the core bargaining group excluding AT&T Operations.

** Subject to COLA



AT&T Inc.

**Monthly pension band amounts
AT&T Video Services, Inc.
(bands 200 to 299)**

Pension Band	Terminations			Pension Band	Terminations		
	On or after 1/1/2009 and before 1/1/2010	On or after 1/1/2010 and before 1/1/2011	On or after 1/1/2011		On or after 1/1/2009 and before 1/1/2010	On or after 1/1/2010 and before 1/1/2011	On or after 1/1/2011
289	\$11.39	\$11.67	\$11.96	210	\$32.92	\$33.74	\$34.58
290	12.36	12.67	12.99	211	33.88	34.73	35.60
291	13.42	13.76	14.10	212	34.93	35.80	36.70
292	14.39	14.75	15.12	213	36.01	36.91	37.83
293	15.43	15.82	16.22	214	37.05	37.98	38.93
294	16.45	16.86	17.28	215	38.15	39.10	40.08
295	17.46	17.90	18.35	216	39.14	40.12	41.12
296	18.45	18.91	19.38	217	40.18	41.18	42.21
297	19.44	19.93	20.43	218	41.14	42.17	43.22
298	20.42	20.93	21.45	219	42.28	43.34	44.42
299	21.55	22.09	22.64	220	43.34	44.42	45.53
200	22.53	23.09	23.67	221	44.35	45.46	46.60
201	23.59	24.18	24.78	222	45.41	46.55	47.71
202	24.60	25.22	25.85	223	46.50	47.66	48.85
203	25.61	26.25	26.91	224	47.45	48.64	49.86
204	26.63	27.30	27.98	225	48.54	49.75	50.99
205	27.70	28.39	29.10	226	49.62	50.86	52.13
206	28.78	29.50	30.24	227	50.63	51.90	53.20
207	29.80	30.55	31.31	228	51.59	52.88	54.20
208	30.81	31.58	32.37	229	52.67	53.99	55.34
209	31.93	32.73	33.55				



AT&T Inc.

**Monthly pension band amounts
Southwestern Bell Yellow Pages, Inc.
(bands 301 to 335)**

Pension Band	Terminations				Pension Band	Terminations			
	On or after 6/1/2009 and before 6/1/2011	On or after 6/1/2011 and before 6/1/2012	On or after 6/1/2012 and before 6/1/2013	On or after 6/1/2013		On or after 6/1/2009 and before 6/1/2011	On or after 6/1/2011 and before 6/1/2012	On or after 6/1/2012 and before 6/1/2013	On or after 6/1/2013
301	\$31.78	\$32.42	\$33.07	\$33.73	319	\$55.92	\$57.04	\$58.18	\$59.34
302	33.15	33.81	34.49	35.18	320	57.31	58.46	59.63	60.82
303	34.48	35.17	35.87	36.59	321	58.62	59.79	60.99	62.21
304	35.84	36.56	37.29	38.04	322	59.99	61.19	62.41	63.66
305	37.15	37.89	38.65	39.42	323	61.29	62.52	63.77	65.05
306	38.50	39.27	40.06	40.86	324	62.65	63.90	65.18	66.48
307	39.86	40.66	41.47	42.30	325	63.98	65.26	66.57	67.90
308	41.19	42.01	42.85	43.71	326	65.33	66.64	67.97	69.33
309	42.55	43.40	44.27	45.16	327	66.67	68.00	69.36	70.75
310	43.88	44.76	45.66	46.57	328	68.01	69.37	70.76	72.18
311	45.22	46.12	47.04	47.98	329	69.35	70.74	72.15	73.59
312	46.55	47.48	48.43	49.40	330	70.67	72.08	73.52	74.99
313	47.91	48.87	49.85	50.85	331	72.10	73.54	75.01	76.51
314	49.25	50.24	51.24	52.26	332	73.40	74.87	76.37	77.90
315	50.55	51.56	52.59	53.64	333	74.76	76.26	77.79	79.35
316	51.93	52.97	54.03	55.11	334	76.10	77.62	79.17	80.75
317	53.24	54.30	55.39	56.50	335	77.39	78.94	80.52	82.13
318	54.60	55.69	56.80	57.94					



AT&T Inc.

**Monthly pension band amounts
 AT&T Operations, Inc.
 (bands 7A8 to 712)**

Pension Band	Terminations			
	On or after 1/1/2010 and before 1/1/2011	On or after 1/1/2011 and before 1/1/2012	On or after 1/1/2012 and before 1/1/2013	On or after 1/1/2013 **
7A8	\$30.27	\$30.88	\$31.50	\$32.13
7A9	31.72	32.35	33.00	33.66
700	33.19	33.85	34.53	35.22
701	34.64	35.33	36.04	36.76
702	36.10	36.82	37.56	38.31
703	37.60	38.35	39.12	39.90
704	39.06	39.84	40.64	41.45
705	40.49	41.30	42.13	42.97
706	41.93	42.77	43.63	44.50
707	43.44	44.31	45.20	46.10
708	44.92	45.82	46.74	47.67
709	46.37	47.30	48.25	49.22
710	47.81	48.77	49.75	50.75
711	49.29	50.28	51.29	52.32
712	50.71	51.72	52.75	53.81



AT&T Inc.

**Monthly pension band amounts
AT&T Messaging Services, Inc.
(bands 1394 to 1335)**

Pension Band	Terminations				Pension Band	Terminations			
	On or after 1/1/2010 and before 1/1/2011	On or after 1/1/2011 and before 1/1/2012	On or after 1/1/2012 and before 1/1/2013	On or after 1/1/2013 **		On or after 1/1/2010 and before 1/1/2011	On or after 1/1/2011 and before 1/1/2012	On or after 1/1/2012 and before 1/1/2013	On or after 1/1/2013 **
1394	\$22.57	\$23.02	\$23.48	\$23.95	1315	\$50.89	\$51.91	\$52.95	\$54.01
1395	23.93	24.41	24.90	25.40	1316	52.29	53.34	54.41	55.50
1396	25.29	25.80	26.32	26.85	1317	53.58	54.65	55.74	56.85
1397	26.60	27.13	27.67	28.22	1318	54.98	56.08	57.20	58.34
1398	27.97	28.53	29.10	29.68	1319	56.29	57.42	58.57	59.74
1399	29.28	29.87	30.47	31.08	1320	57.67	58.82	60.00	61.20
1300	30.65	31.26	31.89	32.53	1321	59.00	60.18	61.38	62.61
1301	31.98	32.62	33.27	33.94	1322	60.38	61.59	62.82	64.08
1302	33.35	34.02	34.70	35.39	1323	61.70	62.93	64.19	65.47
1303	34.71	35.40	36.11	36.83	1324	63.07	64.33	65.62	66.93
1304	36.07	36.79	37.53	38.28	1325	64.41	65.70	67.01	68.35
1305	37.39	38.14	38.90	39.68	1326	65.76	67.08	68.42	69.79
1306	38.74	39.51	40.30	41.11	1327	67.11	68.45	69.82	71.22
1307	40.13	40.93	41.75	42.59	1328	68.45	69.82	71.22	72.64
1308	41.48	42.31	43.16	44.02	1329	69.83	71.23	72.65	74.10
1309	42.82	43.68	44.55	45.44	1330	71.15	72.57	74.02	75.50
1310	44.16	45.04	45.94	46.86	1331	72.53	73.98	75.46	76.97
1311	45.53	46.44	47.37	48.32	1332	73.84	75.32	76.83	78.37
1312	46.85	47.79	48.75	49.73	1333	75.20	76.70	78.23	79.79
1313	48.24	49.20	50.18	51.18	1334	76.55	78.08	79.64	81.23
1314	49.56	50.55	51.56	52.59	1335	77.90	79.46	81.05	82.67



AT&T Inc.

Summary of plan provisions The West Program of the AT&T Pension Benefit Plan

Employees eligible for participation

Any bargained employee who is regularly employed by a Pacific Telesis region Participating Company will become a Participant on the day after completing one year of Participation Service. Effective January 1, 2009 this program was closed to new hires and rehires in the IBEW Local 2139 (Pacific Bell Directory South) contract. Effective January 1, 2010 this program was closed to new hires and rehires in the West Core CWA, TIU, and IBEW Local 1269 (Pacific Bell Telephone Company) contracts hired on or after August 9, 2009. Effective June 1, 2011 this program was closed to new hires and rehires in the IBEW Local 1269 (Pacific Bell Directory North) contract hired after January 1, 2011.

Definitions

Vesting service

Vesting Service is calculated on an elapsed time basis. Effective January 1, 2010, for active employees if any part of the accrued benefit is determined as a Cash Balance Account or DLS Account then the participant is vested after 3 years.

Pension calculation service

For purposes of determining the Participant's Accrued Benefit, Pension Calculation Service shall include employment with a Participating Company. Under Interchange Agreements, service with certain Interchange Companies is also credited. However, Pension Calculation Service shall not include any period of employment for which benefits accrue under the PTG Cash Balance Pension Plan for Salaried Employees or a similar plan.

Pension eligibility service

For determining eligibility for benefits, Pension Eligibility Service is Pension Calculation Service including employment with any non-participating member of the AT&T controlled group. Prior service with SBC, SNET or AIT is included in Pension Eligibility Service.

Average monthly compensation (applicable to commission directory advertising salespersons only)

The sum of a Participant's basic wages, commissions and Success Sharing payments averaged over the 36 month period ending on the date of termination. Average Monthly Compensation for each year is limited by law to the IRC Section 401(a)(17) compensation limit.

Average annual differentials

The sum of a Participant's in charge allowances, extra payments for temporary promotions, shift differentials and job differentials averaged over the most recent 36-month period, including bonus payments of \$250 in 2006, \$375 in 2007, \$375 in 2008, and 2.5% of pay in 2008, 3.0% of pay in 2009, and 3.0% of pay plus \$250 in 2010 for PacBell Directory South employees effective September 1, 2008. Effective June 1, 2010 and November 1, 2010 respectively, target incentive compensation and success sharing plan payments are also eligible compensation,



AT&T Inc.

Special pension account (SPA)

Effective December 31, 1999, a special pension account (SPA) was created for all participants eligible to retire. The SPA was set equal to the lump sum value of the participant's December 31, 1999 retirement benefit assuming they retire on that date. Most participants accrued the SPA with interest to December 31, 2000 as of January 1, 2001. Interest was credited during 2000 based on the plan's lump sum conversion rate. Effective December 31, 2000, the SPA was set equal to the greater of the participant's SPA balance at December 31, 2000 and the lump sum value of the participant's December 31, 2000 retirement benefit assuming they retire on that date. During 2001, bargained participants accrued the SPA with interest to December 31, 2001. Interest was credited during 2001 based on the plan's lump sum conversion rate. As of December 31, 2001, the SPA lump sum was frozen.

Early retirement benefit (ERB)

Additional early retirement supplements offered from time to time to eligible Participants who voluntarily retire during a specified window of time. The benefits typically include an additional four years of age and four years of service used in determination of the Service Pension, plus an additional temporary annuity equal to 10% to 30% of pay until age 62. This benefit is not valued until elected for ASC 715-30 (FAS 87), ASC 960 (FAS 35) and contribution purposes.

Service pension

Eligibility

Termination of employment after attaining age 65 with 10 years of Pension Eligibility Service, age 55 with 20 years of Pension Eligibility Service, age 50 with 25 years of Pension Eligibility Service or 30 years of Pension Eligibility Service.

Accrued benefit

Commission Directory Advertising Salespersons

The sum of the following:

- a monthly benefit equal to 1.22% of Average Monthly Compensation times Pension Calculation Service as of the date of termination.
- the Supplemental Monthly Pension.

All Other Participants

A monthly benefit equal to the greater of the SPA (if eligible), converted to an annuity, and the sum of the following:

- the Pension Band Amount shown in the tables for the pension band which applies to the Participant's job title times Pension Calculation Service.
- the Supplemental Monthly Pension.

Supplemental monthly pension

The product of .001 times Average Annual Differentials during the last 36 months of employment divided by 36, times Pension Calculation Service.



AT&T Inc.

Reduction

After meeting eligibility for a Service Pension, a Participant receives an immediate monthly pension, payable for life, equal to the Accrued Benefit, reduced for commencement prior to age 55. The reduction is ½% for each month prior to age 55 with less than 30 years of service and is unreduced with 30 or more years of service.

Lump sum benefit

A lump sum benefit is available equal to the Accrued Benefit, converted to a lump sum.

Date payments begin

The monthly pension shall commence on the day following a Participant's retirement.

Disability pension

Eligibility

An employee who has at least 15 years of Pension Eligibility Service who becomes totally disabled prior to age 65.

Benefit

The Participant receives an immediate monthly pension, payable for life, equal to the Accrued Benefit based on service and compensation as of the date of termination, without reduction for commencement prior to age 65.

Date payments begin

Benefits begin immediately following termination of employment due to total disability. If disability occurs after attaining service pension eligibility, the benefit is paid from the qualified trust. If disability occurs prior to attaining service pension eligibility, the benefit is paid from company operating funds until the Participant turns age 65, at which time the benefit is converted to a service pension and paid from the qualified trust.

Deferred vested pension

Eligibility

Termination of employment after completing at least 5 years of Vesting Service, and before reaching eligibility for Service Pension. However, effective January 1, 2010, if any part of the accrued benefit is determined as a Cash Balance Account or DLS Account then the Participant is eligible after 3 years of Vesting Service.

Benefit

The monthly benefit, payable as a straight life annuity starting on the Participant's Normal Retirement Age (the later of age 65 or the fifth anniversary of plan participation), equals the Participant's Accrued Benefit on the date of termination. The benefit is actuarially reduced if commenced prior to Normal Retirement Age.



AT&T Inc.

Date payments begin

A Participant who terminates employment eligible for a Deferred Vested Pension receives a benefit commencing at Normal Retirement Age or at termination of service, if later. If the Participant has sufficient service for early retirement eligibility, the Deferred Vested Pension may commence early when the Participant later meets the age requirements.

Surviving spouse's benefit

Eligibility

Surviving spouse of an active vested or deferred vested Participant in the event of the Participant's death.

Benefit

The eligible spouse of an active Participant who dies prior to Normal Retirement Age and before benefit payments commence is entitled to one of the following benefits:

- If the Participant dies with 3 or more years of Vesting Service, has less than 15 years of Pension Eligibility Service, and is not eligible for a Service Pension, the eligible spouse receives a deferred monthly survivor benefit for life beginning on the date the Participant would have reached earliest eligibility to commence a Deferred Vested Pension. The benefit is computed as though the Participant had left service on the date of death, survived until the earliest eligibility to commence a Deferred Vested Pension, retired at that time with the qualified survivor annuity option, and died the next day.
- If the Participant dies eligible for a Service Pension or with 15 years of Pension Eligibility Service, a surviving spouse receives a monthly survivor pension payable for life equal to 45% of the Accrued Benefit. The spouse's benefit will commence on the first day following the Participant's date of death.

Death benefit if no surviving spouse

Eligibility

Death of an active vested or deferred vested participant employed by PB, NB, SASI, STCOM, SS, PBIS, or PDIR that does not have a surviving spouse.

Lump sum benefit

A lump sum actuarially equivalent to the Surviving Spouse Benefit, based on the employee's date of birth.

Lump sum death benefit

The Plan provides a Lump Sum Death Benefit equal to the wages earned in the 12-month period ending on the date of death. This benefit is paid if an eligible active employee dies due to sickness or job-related injury and is survived by an "Eligible Beneficiary" (spouse, dependent child, dependent parent, or registered domestic partner). The benefit is also paid if a Disability or Service Pensioner who was eligible or had already retired as of January 1, 1987, dies and is survived by an Eligible Beneficiary.



AT&T Inc.

Forms of payment

The normal form of payment for a Participant who is married at the benefit commencement date is a reduced qualified joint and survivor annuity equal to 90% of the Accrued Benefit, with 45% of the Accrued Benefit continuing to the surviving spouse upon the earlier death of the Participant. If the spouse predeceases the Participant that retired from the plan, the 10% reduction factor is removed for the future payments. The normal form with respect to all other Participants is a single life annuity.

In lieu of the normal form of retirement benefit, a married Participant may elect, with the proper spousal consent, to waive the qualified joint and survivor annuity and to receive an actuarial equivalent retirement benefit in the form of a single life annuity, a 75% joint and survivor annuity, or a 100% joint and survivor annuity. J&S options are with pop-up if service pension eligible.

A Participant may also elect to receive a lump sum. Benefits will be converted to lump sums based on GATT mortality (IRS Applicable Mortality Table pursuant to IRS RR2001-62) and an interest rate equal to the average 30-year Treasury bond yield for the November of the prior year. Effective January 1, 2012, the applicable mortality table used for conversion will be the 417(e)(3) PPA mortality. The applicable interest rate used for conversion will be the 417(e)(3) PPA Interest Rate phased-in at 25% per year over four years beginning January 1, 2012. The applicable interest rate lookback month will be the November of the prior year. For Pacific Bell Directory South, the applicable interest rate after the current contract will be the 417(e)(3) PPA Interest Rate phased-in at the minimum required rate. For certain contracts, including the core contract, conversion based on the prior lump basis will be available for retirement eligible employees with payment commencing prior to March 31, 2012.

Benefits not valued

No benefits are excluded that would materially affect the liabilities

Pension band amounts

The tables on the following pages present Pension Band Amounts for various band numbers.



AT&T Inc.

**Monthly pension band amounts
West Program*
(bands 104 to 125)**

Pension Band	Terminations		
	On or after 1/1/2010 and before 1/1/2011	On or after 1/1/2011 and before 1/1/2012	On or after 1/1/2012 **
104	\$41.68	\$42.51	\$43.36
105	43.22	44.08	44.96
106	44.81	45.71	46.62
107	46.41	47.34	48.29
108	47.91	48.87	49.85
109	49.50	50.49	51.50
110	51.06	52.08	53.12
111	52.64	53.69	54.76
112	54.14	55.22	56.32
113	55.74	56.85	57.99
114	57.27	58.42	59.59
115	58.85	60.03	61.23
116	60.42	61.63	62.86
117	61.95	63.19	64.45
118	63.55	64.82	66.12
119	65.11	66.41	67.74
120	66.63	67.96	69.32
121	68.20	69.56	70.95
122	69.76	71.16	72.58
123	71.34	72.77	74.23
124	72.89	74.35	75.84
125	74.49	75.98	77.50

* Table applies to West Program core bargaining group, IBEW 1269 – Pacific Bell Telephone Company, and TIU – Pacific Bell Telephone Company.

** Subject to COLA



AT&T Inc.

**Monthly pension band amounts
Pacific Bell Directory South
(bands 311 to 322)**

Pension Band	Terminations
	On or after 1/1/2009
311	\$46.25
312	47.58
315	51.73
320	58.57
322	61.31



AT&T Inc.

**Monthly pension band amounts
 Pacific Bell Directory North
 (bands 400 to 422)**

Pension Band	Terminations			
	On or after 1/1/2010 and before 6/1/2011	On or after 6/1/2011 and before 6/1/2012	On or after 6/1/2012 and before 6/1/2013	On or after 6/1/2013
411	\$47.64	\$48.59	\$49.56	\$50.55
412	49.01	49.99	50.99	52.01
415	53.28	54.35	55.44	56.55
420	60.33	61.54	62.77	64.03
422	63.15	64.41	65.70	67.01



AT&T Inc.

Summary of plan provisions The East Program of the AT&T Pension Benefit Plan

Employees eligible for participation

Any bargaining unit employee who is regularly employed by SNET will become a participant on the day after completing one year of Participation Service. Effective January 1, 2011 this program was closed to new hires and rehires hired on or after August 9, 2009.

Definitions

Participation service

Participation Service is calculated on an elapsed time basis

Vesting service

Vesting Service is calculated on an elapsed time basis. For actives on January 1, 2010, accrued benefits will now be vested after three years.

Credited service

For purposes of determining the participant's accrued benefit, Credited Service is computed based on elapsed time since date of hire and includes employment with a Participating Company. Under Interchange Agreements, service with certain Interchange Companies is also credited.

Pay

The sum of a participant's annualized base wage rate, differential pay, and commissions as of October of the previous Plan Year (or date of hire/rehire if later) during the current contract. The Eligible Pay for each year is limited by law to the IRC Section 401(a)(17) compensation limit. Lump sum awards added in 2004, 2006, 2007, 2008, and 2009 are Eligible Pay. Target incentive compensation and success sharing plan payments are eligible pay effective November 1, 2010.

Accrued benefit

A monthly benefit, commencing at Normal Retirement Age, which is the actuarial equivalent of the Participant's Cash Balance Plan Account (CBPA).

Cash balance plan account (CBPA)

As of July 1, 1995, the Cash Balance Plan Account is set equal to the Opening Cash Balance Plan Account. Thereafter, the Cash Balance Plan Account earns interest credits, service credits and pay credits as follows:



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■ **Interest credits**

Interest is credited to the Cash Balance Plan Account monthly. Prior to April 30, 2009, interest credits were based on the greater of i) an effective annual rate of 7% and ii) the GATT rate plus 150 basis points. For periods after April 30, 2009 and before December 1, 2010, the interest crediting rate was 4%. For periods after December 1, 2010, the interest crediting rate will be the average 30-year Treasury bond yield for the month of November preceding the plan year.

■ **Service credits**

Service credits based on applicable Pay and Service Category are credited at the end of each month to the Cash Balance Plan Account. The Service Category is determined as of the beginning of each month. The Credited Service is only adjusted at year-end to reflect any additional service credited under the service bridging provisions of the Plan. For purposes of determining service credits, the determination is made by calculating actual years, months and days and raising any fractional days to a month.

Opening cash balance plan account

Equal to the sum of the cash balance account under prior plan provisions and the product of the following: (1) annualized core pension benefit as of July 1, 1995 and (2) an early retirement factor, if less than 30 years service and (3) the applicable Cash Balance Plan Account conversion factor based on the participant's age as of July 1, 1995.

Enhanced pension benefit

Equal to the sum of the following: (1) annualized core pension benefit as of July 1, 1995 increased by 10% and (2) the cash balance account with interest credits under plan provisions as of July 1, 1995, increased by 10% and converted to an annuity. For a non-disabled participant with less than 30 years of service, the core pension benefit is reduced for commencement prior to age 55.

Service pension

Eligibility

Termination of employment after attaining age 65 with 10 years of Pension Eligibility Service, age 55 with 20 years of Pension Eligibility Service, age 50 with 25 years of Pension Eligibility Service or 30 years of Pension Eligibility Service, if terminated after September 17, 1998, otherwise termination of employment after attaining 90 age and service points. For purposes of determining benefit eligibility, the determination is made by summing actual years, months and days and raising any fractional days of the sum to a month.



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Benefit

A lump sum benefit equal to the greatest of the Enhanced Pension Benefit times an immediate lump sum factor, the Cash Balance Plan Account, and the actuarial present value of the Accrued Benefit. In lieu of a lump sum benefit, a participant may receive an immediate monthly pension, payable for life, equal to the greater of the Enhanced Pension Benefit and the Accrued Benefit, reduced for commencement prior to Normal Retirement Age.

The Enhanced Pension Benefit is converted to a lump sum based on GATT mortality (IRS Applicable Mortality Table pursuant to IRS RR2001-62) and an interest rate equal to the average 30 year Treasury bond yield for the month of November of the preceding calendar year, not to exceed 7.5%. The minimum lump sum benefit is the Enhanced Pension Benefit calculated as of July 1, 2001 based on an interest rate of 5.78%, GATT mortality, and the employee's age as of July 1, 2001.

For an employee who has completed either 30 years of service or is age 55 or older with 20 or more years of service, the immediate single life annuity monthly pension benefit is to be equal to the greater of the Enhanced Pension Benefit and the Cash Balance Plan Account converted to a lifetime annuity commencing at the participants Normal Retirement Age using the applicable plan factor at age 65. This provision was made permanent with the collectively bargained contract that was agreed to in 2004.

Date payments begin

The benefit commences no later than the 60th day following the end of the plan year of retirement, unless the participant elects otherwise.

Deferred vested pension

Eligibility

A Deferred Vested Pension is payable upon termination of employment after completing at least 3 years of Vesting Service, and before reaching eligibility for Service Pension.

Benefit

A lump sum benefit equal to the greatest of the Enhanced Pension Benefit times a deferred to age 65 lump sum factor, the Cash Balance Plan Account, and the actuarial present value of the Accrued Benefit. In lieu of a lump sum benefit, a participant may receive an immediate monthly pension, payable for life, equal to the greater of the Enhanced Pension Benefit, reduced for commencement prior to age 65 and the Accrued Benefit, reduced for commencement prior to Normal Retirement Age.

Date payments begin

Unless the participant elects otherwise, the benefit commences no later than the 60th day following the end of the plan year in which the participant reaches Normal Retirement Age or termination of service, if later.



AT&T Inc.

Survivor spouse's benefit

Eligibility

Surviving spouse of an active vested participant in the event of the participant's death.

Benefit

The eligible spouse of an active participant who dies prior to Normal Retirement Age and before benefit payments commence is entitled to a lump sum benefit equal to the Cash Balance Account or the Enhanced Pension Benefit. Effective July 1, 2001, the Enhanced Pension Benefit will be converted to a lump sum based on GATT mortality and an interest rate equal to the average 30 year Treasury bond yield for the month of November of the preceding calendar year, not to exceed 7.5%. The minimum lump sum benefit will be the Enhanced Pension Benefit calculated as of July 1, 2001 based on an interest rate of 5.78%, GATT mortality, and the employee's age as of July 1, 2001.

In lieu of a lump sum, the eligible spouse may elect a life annuity equal to the greater of the following:

- a monthly pension equal to 45% of the Accrued Benefit or the Enhanced Pension Benefit as of March 31, 1995, reduced for commencement prior to the participant's Normal Retirement Age, or
- the actuarial equivalent of the Cash Balance Plan Account paid as a monthly annuity, based on the surviving spouse's age as of the date of death.

Death benefit if no surviving spouse

Eligibility

Death of an active vested participant that does not have a surviving spouse.

Benefit

The participant's estate is paid a lump sum death benefit equal to the Cash Balance Plan Account.

Lump sum death benefit

For participants hired prior to September 17, 1989, the Plan provides a Lump Sum Death Benefit equal to the annual basic rate of pay earned in the 12 month period ending on December 31, 1991, or date of retirement if earlier. This benefit is paid if an eligible active employee dies due to sickness or injury and is survived by an "Eligible Beneficiary" (spouse, dependent child, dependent parent, or registered domestic partner). The benefit is also paid if an eligible Disability or Service Pensioner dies and is survived by an Eligible Beneficiary. The benefit is not paid, however, if the eligible Disability or Service Pensioner has elected any portion of the pension benefit payable in the form of a lump sum.



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Forms of payment

The normal form of payment for a participant who is married at the benefit commencement date is a reduced qualified joint and survivor annuity equal to 90% of the Accrued Benefit, with 45% of the Accrued Benefit continuing to the surviving spouse upon the earlier death of the Participant. If the spouse predeceases the participant that retired from the plan, the 10% reduction factor is removed for the future payments. The normal form with respect to all other participants is a single life annuity. Cash Balance Plan Accounts are converted to an annuity using the applicable plan factors.

In lieu of the normal form of retirement benefit, a married Participant may elect, with the proper spousal consent, to waive the qualified joint and survivor annuity and to receive a single life annuity or a 75% joint and survivor annuity. J&S options are with pop-up if service pension eligible.

In addition, in lieu of the normal form of retirement benefit, a participant may elect to receive a lump sum, partial lump sum or lump sum certain benefit.

Benefits not valued

No benefits are excluded that would materially affect the liabilities

Service credit

The table on the following page present annual Service Credit for various wage brackets.



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Cash balance plan service credit

Pay Bracket	Years of Service							
	0-4	5-9	10-13	14-18	19-23	24-28	29-33	34+
Less Than \$20,000	\$500	\$600	\$700	\$850	\$1,050	\$1,400	\$1,500	\$1,600
20,000 to \$22,500	525	625	725	875	1,100	1,475	1,575	1,675
22,500 to \$25,000	600	700	825	1,000	1,225	1,650	1,775	1,875
\$25,000 to \$27,500	650	775	900	1,100	1,375	1,825	1,950	2,075
27,500 to \$30,000	725	850	975	1,200	1,500	2,000	2,150	2,300
\$30,000 to \$32,500	775	925	1,075	1,300	1,625	2,175	2,325	2,475
\$32,500 to \$35,000	850	1,000	1,150	1,400	1,750	2,350	2,525	2,700
\$35,000 to \$37,500	925	1,100	1,300	1,575	1,925	2,625	2,800	2,975
\$37,500 to \$40,000	1,050	1,250	1,450	1,775	2,200	2,975	3,175	3,375
\$40,000 to \$42,500	1,175	1,400	1,625	1,975	2,450	3,325	3,550	3,775
\$42,500 to \$45,000	1,300	1,550	1,800	2,200	2,725	3,675	3,925	4,200
\$45,000 to \$47,500	1,425	1,700	1,975	2,400	2,975	4,025	4,300	4,600
\$47,500 to \$50,000	1,550	1,825	2,150	2,600	3,250	4,375	4,675	5,000
\$50,000 to \$52,500	1,675	1,975	2,325	2,825	3,500	4,725	5,050	5,400
\$52,500 to \$55,000	1,800	2,125	2,475	3,025	3,775	5,075	5,425	5,800
\$55,000 to \$57,500	1,925	2,225	2,600	3,175	3,950	5,325	5,675	6,050
\$57,500 to \$60,000	1,975	2,325	2,725	3,325	4,125	5,575	5,950	6,350
\$60,000 to \$62,500	2,075	2,450	2,875	3,475	4,325	5,850	6,225	6,650
\$62,500 to \$65,000	2,175	2,550	2,975	3,625	4,500	6,075	6,500	6,950
\$65,000 to \$67,500	2,275	2,625	3,075	3,750	4,675	6,300	6,750	7,200
\$67,500 to \$70,000	2,375	2,750	3,200	3,900	4,875	6,550	7,025	7,500
\$70,000 to \$72,500	2,475	2,850	3,325	4,050	5,075	6,800	7,300	7,800
\$72,500 to \$75,000	2,575	2,950	3,450	4,200	5,250	7,050	7,550	8,075
\$75,000 to \$77,500	2,650	3,050	3,575	4,350	5,425	7,300	7,825	8,350



AT&T Inc.

Cash balance plan service credit

Pay Bracket	Years of Service							
	0-4	5-9	10-13	14-18	19-23	24-28	29-33	34+
\$77,500 to \$80,000	\$2,750	\$3,150	\$3,675	\$4,475	\$5,600	\$7,525	\$8,075	\$8,625
\$80,000 to \$82,500	2,825	3,250	3,800	4,625	5,800	7,775	8,350	8,925
\$82,500 to \$85,000	2,925	3,350	3,925	4,775	5,975	8,025	8,600	9,200
\$85,000 to \$87,500	3,000	3,450	4,025	4,900	6,150	8,250	8,850	9,450
\$87,500 to \$90,000	3,100	3,550	4,150	5,050	6,325	8,500	9,125	9,750
\$90,000 to \$92,500	3,175	3,650	4,275	5,200	6,500	8,750	9,375	10,025
\$92,500 to \$95,000	3,275	3,750	4,400	5,350	6,700	9,000	9,650	10,325
\$95,000 to \$97,500	3,350	3,850	4,500	5,475	6,875	9,225	9,900	10,575
\$97,500 to \$100,000	3,450	3,950	4,625	5,625	7,050	9,475	10,150	10,850
\$100,000 to \$102,500	3,525	4,050	4,750	5,775	7,225	9,725	10,425	11,150
\$102,500 to \$105,000	3,625	4,150	4,850	5,900	7,425	9,950	10,675	11,400
\$105,000 to \$107,500	3,700	4,250	4,975	6,050	7,600	10,200	10,950	11,700
\$107,500 to \$110,000	3,800	4,375	5,100	6,200	7,775	10,450	11,200	11,975
\$110,000 to \$112,500	3,875	4,450	5,225	6,350	7,950	10,675	11,450	12,250
\$112,500 to \$115,000	3,975	4,550	5,325	6,500	8,125	10,925	11,725	12,525
\$115,000 to \$117,500	4,050	4,675	5,450	6,625	8,325	11,175	11,975	12,800
\$117,500 to \$120,000	4,150	4,775	5,575	6,775	8,500	11,425	12,250	13,100
\$120,000 to \$122,500	4,225	4,875	5,700	6,925	8,675	11,650	12,500	13,375
\$122,500 to \$125,000	4,325	4,975	5,800	7,075	8,850	11,900	12,750	13,625
\$125,000 to \$127,500	4,400	5,075	5,925	7,225	9,050	12,150	13,025	13,925
\$127,500 to \$130,000	4,500	5,175	6,050	7,350	9,225	12,375	13,275	14,200
\$130,000 to \$132,500	4,575	5,275	6,175	7,500	9,400	12,625	13,550	14,475
\$132,500 to \$135,000	4,675	5,375	6,275	7,650	9,575	12,875	13,800	14,750
\$135,000 to \$137,500	4,750	5,475	6,400	7,775	9,750	13,100	14,050	15,025
\$137,500 & Over	4,850	5,575	6,525	7,925	9,950	13,350	14,325	15,325



AT&T Inc.

Summary of plan provisions The Midwest Program of the AT&T Pension Benefit Plan

Employees eligible for participation

Any bargained employee who is regularly employed by Ameritech will become a Participant on the latter of attaining age 21 or the day after completing one year of Service. Effective January 1, 2010 this program was closed to new hires and rehires in the Midwest Core CWA, Midwest Core IBEW, and CWA Global Services contracts hired on or after August 9, 2009. Effective April 1, 2010 this program was closed to new hires and rehires in the IBEW Global Services (Local 21, 58, 134) contracts hired on or after August 9, 2009. Effective June 1, 2011 this program was closed to new hires and rehires in the CWA Ameritech Publishing contract hired after January 1, 2011.

Definitions

Year of service

A Participant who completes 1,000 or more hours of service during a plan year, or during the first twelve months of employment, will be credited with a year of Service. Years of Service are used for determining participation and eligibility for benefits. Effective January 1, 2010, for active employees if any part of the accrued benefit is determined as a Cash Balance Account or DLS Account then the participant is vested after 3 years.

Years and months of service

For purposes of determining the Participant's Accrued Benefit, Years and Months of Service shall include employment with a Participating Company. Under Interchange Agreements, service with certain Interchange Companies is also credited.

Basic monthly pension benefit

Dollar amount corresponding to the Pension Band number shown in the Monthly Benefit Table for the pension band which applies to the Participant's job title, multiplied by the Participant's Years and Months of Service.

For Commission Directory Advertising Sales Personnel, the Basic Monthly Pension Benefit is calculated as the product of the following:

- the Compensation Ratio,
- the monthly benefit amount from pension band 135, and
- the Participant's years and months of Service.

As of June 1, 2006, the pension band formula was changed to greater of the basic monthly pension benefit frozen as of May 31, 2010 and a 1.22% of final 3 year average pay multiplied by service.



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Compensation ratio

Equal to highest average compensation of 3 out of the last 5 years, divided by the ratio of the following:

- the dollar amount of pension band 135 times 480, divided by.
- the Target Income Replacement Amount.

Target income replacement amount

Average income replacement of a 40-year service retiree for all jobs in Pension Bands 101-134, based on monthly benefit amounts, multiplied by the fraction of July Consumer Price Index (CPI) for year of retirement to 3-year average July CPI.

Supplemental pay

Bonus payments of \$250 in 2006, \$375 in 2007, and \$375 in 2008 will be included effective January 1, 2005.

Supplemental monthly pension benefit

Equal to the product of the following:

- average annual differentials, Supplemental Pay, Target incentive compensation (effective June 1, 2010), Success sharing plan payments (for Ameritech Publishing effective June 1, 2011), and special payment for the last 36 months (include in charge allowances, extra payments for temporary assignments or temporary promotions, evening and night differentials, job differentials, and commissions for final account collection specialists),
- 0.001, and
- the employee's Years and Months of Service.

Special pension account (SPA)

Effective December 31, 1999, a special pension account (SPA) was created for all participants eligible to retire. The SPA was set equal to the lump sum value of the participant's December 31, 1999 retirement benefit assuming they retire on that date. Most participants accrued the SPA with interest to December 31, 2000 as of January 1, 2001. Interest was credited during 2000 based on the plan's lump sum conversion rate. Effective December 31, 2000, the SPA was set equal to the greater of the participant's SPA balance at December 31, 2000 and the lump sum value of the participant's December 31, 2000 retirement benefit assuming they retire on that date. During 2001, bargained participants accrued the SPA with interest to December 31, 2001 based on the plan's lump sum conversion rate. As of December 31, 2001, the SPA lump sum was frozen.

Service pension

Eligibility

Termination of employment after attaining age 65 with 10 years of Service, age 55 with 20 years of Service, age 50 with 25 years of Service or 30 years of Service.



AT&T Inc.

Accrued benefit

A monthly benefit equal to the greater of the SPA, converted to an annuity, and the sum of the following:

- the Basic Monthly Pension Benefit, and
- the Supplemental Monthly Pension Benefit.

If the Participant was eligible for a Service Pension on December 31, 2000, the value of the Special Pension Account (SPA) is a minimum benefit.

Reduction

After meeting eligibility for a Service Pension, a Participant receives an immediate monthly pension, payable for life, equal to the Accrued Benefit, reduced for commencement prior to age 55. The reduction is ½% for each month prior to age 55 with less than 30 years of Service and is unreduced with 30 or more years of Service.

Lump sum benefit

A lump sum benefit is available equal to the Accrued Benefit, converted to a lump sum.

Date payments begin

The monthly pension commences on the first day of the month coinciding with or next following the date of retirement, unless the Participant elects otherwise, but no later than the month he turns 65.

Disability pension

Eligibility

An employee who has at least 15 years of Service and who becomes totally disabled prior to age 65.

Benefit

The Participant receives an immediate monthly pension, payable for life, equal to the Accrued Benefit based on Service and compensation as of the date of termination, without reduction for commencement prior to age 65

Date payments begin

Benefits begin immediately following termination of employment due to total disability. If disability occurs, after attaining Service Pension eligibility, the benefit is paid from the qualified trust. If disability occurs prior to attaining Service Pension eligibility, the benefit is paid from company operating funds until the Participant turns age 65, at which time the benefit is converted to a Service Pension and paid from the qualified Trust.



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Deferred vested pension

Eligibility

Termination of employment after completing at least 5 years of Service, and before reaching eligibility for Service Pension. However, effective January 1, 2010, if any part of the accrued benefit is determined as a Cash Balance Account or DLS Account then the Participant is eligible after 3 years of Vesting Service.

Benefit

The monthly benefit, payable as a straight life annuity starting on the Participant's Normal Retirement Age (the later of age 65 or the fourth anniversary of plan participation), equals the Participant's Accrued Benefit on the date of termination. The benefit is actuarially reduced if commenced prior to Normal Retirement Age.

Date payments begin

A Participant who terminates employment eligible for a Deferred Vested Pension receives a benefit commencing at Normal retirement Age or at termination of service, if later. If the Participant has sufficient Service for early retirement eligibility, the Deferred Vested Pension may commence early when the Participant later meets the age requirements.

Surviving spouse's benefit

Eligibility

Surviving spouse of an active vested or deferred vested Participant in the event of the Participant's death.

Benefit

The eligible spouse of an active participant who dies prior to Normal Retirement Age and before benefit payments commence is entitled to one of the following benefits:

- If the participant dies with 3 or more years of Vesting Service, has less than 15 years of Pension Eligibility Service, and is not eligible for a Service Pension, the eligible spouse receives a deferred monthly survivor benefit for life beginning on the date the participant would have reached earliest eligibility to commence a Deferred Vested Pension. The benefit is computed as though the participant had left service on the date of death, survived until the earliest eligibility to commence a Deferred Vested Pension, retired at that time with the qualified survivor annuity option, and died the next day. In lieu of the monthly survivor benefit, a surviving spouse will have the option of electing to receive a lump sum actuarially equivalent to the deferred monthly survivor benefit.
- If the participant dies eligible for a Service Pension or with 15 years of Pension Eligibility Service, a surviving spouse receives a monthly survivor pension payable for life equal to 45% of the Accrued Benefit. The spouse's benefit will commence on the first day of the month following the



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participant's date of death. In lieu of the monthly survivor benefit, a surviving spouse will have the option of electing to receive a lump sum actuarially equivalent to the monthly survivor benefit.

Death benefit if no surviving spouse

Eligibility

For CWA or IBEW members under the core contracts and API and APIL bargaining units, death of an active vested or deferred vested Participant that does not have a surviving spouse.

Lump sum benefit

A lump sum actuarially equivalent to the surviving spouse benefit based on the employee's date of birth.

Lump sum death benefit

The Plan provides a Lump Sum Death Benefit equal to the wages earned in the 12-month period ending on the month of death. This benefit is paid if an eligible active employee dies due to sickness or non-job-related injury and is survived by an "Eligible Beneficiary" (spouse, dependent child, dependent parent, or registered domestic partner). The benefit is also paid if an eligible Disability or Service Pensioner dies and is survived by an Eligible Beneficiary. API employees hired on or after January 1, 1991 will not be entitled to any death benefits while active or upon retirement. All other company employees hired on or after January 1, 1993 will not be entitled to any death benefits upon retirement.

Forms of payment

The normal form of payment for a Participant who is married at the benefit commencement date is a reduced qualified joint and survivor annuity equal to 90% of the Accrued Benefit, with 45% of the Accrued Benefit continuing to the surviving spouse upon the earlier death of the Participant. If the spouse predeceases the Participant that retired from the plan, the 10% reduction factor is removed for the future payments. The normal form with respect to all other Participants is a single life annuity.

In lieu of the normal form of retirement benefit, a married Participant may elect, with the proper spousal consent, to waive the qualified joint and survivor annuity and to receive an actuarial equivalent retirement benefit in the form of a single life annuity, a 75% joint and survivor annuity, or a 100% joint and survivor annuity. J&S options are with pop-up if service pension eligible.

A Participant may also elect to receive a lump sum. Benefits will be converted to lump sums based on GATT mortality (IRS Applicable Mortality Table pursuant to IRS RR2001-62) and an interest rate equal to the average 30-year Treasury bond yield for the month of November of the preceding year. Effective January 1, 2012, the applicable mortality table used for conversion will be the 417(e)(3) PPA mortality. The applicable interest rate used for conversion will be the 417(e)(3) PPA Interest Rate phased-in at 25% per year over four years beginning January 1, 2012. The applicable interest rate lookback month will be the November of the prior year. For certain contracts, including the core contract, conversion based on the prior lump basis will be available for retirement eligible employees with payment commencing prior to March 31, 2012.



AT&T Inc.

Benefits not valued

No benefits are excluded that would materially affect the liabilities.

Pension band amounts

The table on the following page presents Pension Band Amounts for various band numbers.



AT&T Inc.

**Monthly pension band amounts
Midwest Program*
(bands 200 to 233)**

Pension Band	Terminations			Pension Bands	Terminations		
	On or after 1/1/2010 and before 1/1/2011	On or after 1/1/2011 and before 1/1/2012	On or after 1/1/2012 **		On or after 1/1/2010 and before 1/1/2011	On or after 1/1/2011 and before 1/1/2012	On or after 1/1/2012 **
200A	\$27.47	\$28.02	\$28.58	216	\$61.43	\$62.66	\$63.91
200B	29.37	29.96	30.56	217	63.20	64.46	65.75
200C	31.25	31.88	32.52	218	64.96	66.26	67.59
201	33.17	33.83	34.51	219	66.73	68.06	69.42
202	35.04	35.74	36.45	220	68.45	69.82	71.22
203	36.92	37.66	38.41	221	70.20	71.60	73.03
204	38.83	39.61	40.40	222	71.90	73.34	74.81
205	40.72	41.53	42.36	223	73.63	75.10	76.60
206	42.64	43.49	44.36	224	75.35	76.86	78.40
207	44.53	45.42	46.33	225	77.02	78.56	80.13
208	46.42	47.35	48.30	226	78.90	80.48	82.09
209	48.31	49.28	50.27	227	80.74	82.35	84.00
210	50.16	51.16	52.18	228	82.63	84.28	85.97
211	52.08	53.12	54.18	229	84.46	86.15	87.87
212	54.00	55.08	56.18	230	86.33	88.06	89.82
213	55.90	57.02	58.16	231	88.19	89.95	91.75
214	57.78	58.94	60.12	232	90.04	91.84	93.68
215	59.67	60.86	62.08	233	91.89	93.73	95.60

* Table only applies to members of the CWA or IBEW under the Midwest core contracts.

** Subject to COLA



AT&T Inc.

**Monthly pension band amounts
Ameritech Publishing, Inc.
(bands 97 to 135)**

Pension Band	Terminations				Pension Bands	Terminations			
	On or after 6/1/2010 and before 6/1/2011	On or after 6/1/2011 and before 6/1/2012	On or after 6/1/2012 and before 6/1/2013	On or after 6/1/2013		On or after 6/1/2010 and before 6/1/2011	On or after 6/1/2011 and before 6/1/2012	On or after 6/1/2012 and before 6/1/2013	On or after 6/1/2013
97	\$28.18	\$28.74	\$29.31	\$29.90	115	\$53.95	\$55.03	\$56.13	\$57.25
98	29.61	30.20	30.80	31.42	116	55.41	56.52	57.65	58.80
99	31.06	31.68	32.31	32.96	117	56.81	57.95	59.11	60.29
100	32.49	33.14	33.80	34.48	118	58.24	59.40	60.59	61.80
101	33.90	34.58	35.27	35.98	119	59.68	60.87	62.09	63.33
102	35.35	36.06	36.78	37.52	120	61.14	62.36	63.61	64.88
103	36.78	37.52	38.27	39.04	121	62.51	63.76	65.04	66.34
104	38.20	38.96	39.74	40.53	122	63.98	65.26	66.57	67.90
105	39.62	40.41	41.22	42.04	123	65.39	66.70	68.03	69.39
106	41.08	41.90	42.74	43.59	124	66.82	68.16	69.52	70.91
106A	41.79	42.63	43.48	44.35	125	68.25	69.62	71.01	72.43
107	42.51	43.36	44.23	45.11	126	69.67	71.06	72.48	73.93
107A	43.24	44.10	44.98	45.88	127	71.13	72.55	74.00	75.48
108	43.92	44.80	45.70	46.61	128	72.53	73.98	75.46	76.97
108A	44.68	45.57	46.48	47.41	129	73.99	75.47	76.98	78.52
109	45.38	46.29	47.22	48.16	130	75.39	76.90	78.44	80.01
110	46.81	47.75	48.71	49.68	131	76.88	78.42	79.99	81.59
111	48.26	49.23	50.21	51.21	132	78.25	79.82	81.42	83.05
112	49.66	50.65	51.66	52.69	133	79.70	81.29	82.92	84.58
113	51.08	52.10	53.14	54.20	134	81.15	82.77	84.43	86.12
114	52.52	53.57	54.64	55.73	135	77.01	78.55	80.12	81.72



AT&T Inc.

**Monthly pension band amounts
SBC Global Services, Inc.*
(bands 306 to 322)**

Pension Band	Terminations		
	On or after 4/1/2010 and before 4/1/2011	On or after 4/1/2011 and before 4/1/2012	On or after 4/1/2012 **
306	\$37.78	\$38.54	\$39.31
316	54.46	55.55	56.66
318	57.58	58.73	59.90
319	59.13	60.31	61.52
322	63.72	64.99	66.29

*Table applies to IBEW Local 58

** Subject to COLA

**Monthly pension band amounts
SBC Global Services, Inc.*
(band 528)**

Pension Band	Terminations		
	On or after 4/1/2010 and before 4/1/2011	On or after 4/1/2011 and before 4/1/2012	On or after 4/1/2012 **
528	\$67.71	\$69.06	\$70.44

*Table applies to IBEW Local 134

** Subject to COLA



AT&T Inc.

**Monthly pension band amounts
SBC Global Services, Inc.*
(bands 601 to 633)**

Pension Band	Terminations			Pension Bands	Terminations		
	On or after 4/1/2010 and before 4/1/2011	On or after 4/1/2011 and before 4/1/2012	On or after 4/1/2012 **		On or after 4/1/2010 and before 4/1/2011	On or after 4/1/2011 and before 4/1/2012	On or after 4/1/2012 **
601	\$28.33	\$28.90	\$29.48	618	\$55.50	\$56.61	\$57.74
602	29.94	30.54	31.15	619	56.99	58.13	59.29
603	31.55	32.18	32.82	620	58.48	59.65	60.84
604	33.17	33.83	34.51	621	59.97	61.17	62.39
605	34.79	35.49	36.20	622	61.41	62.64	63.89
606	36.41	37.14	37.88	623	62.89	64.15	65.43
607	38.04	38.80	39.58	624	64.35	65.64	66.95
608	39.66	40.45	41.26	625	65.81	67.13	68.47
609	41.26	42.09	42.93	626	67.40	68.75	70.13
610	42.88	43.74	44.61	627	68.97	70.35	71.76
611	44.50	45.39	46.30	628	70.58	71.99	73.43
612	46.11	47.03	47.97	629	72.14	73.58	75.05
613	47.74	48.69	49.66	630	73.74	75.21	76.71
614	49.36	50.35	51.36	631	75.33	76.84	78.38
615	50.98	52.00	53.04	632	76.90	78.44	80.01
616	52.49	53.54	54.61	633	78.50	80.07	81.67
617	53.99	55.07	56.17				

*Table applies to IBEW Local 21

** Subject to COLA



AT&T Inc.

**Monthly pension band amounts
SBC Global Services, Inc.*
(bands 701 to 733)**

Pension Band	Terminations			Pension Band	Terminations		
	On or after 1/1/2010 and before 1/1/2011	On or after 1/1/2011 and before 1/1/2012	On or after 1/1/2012 **		On or after 1/1/2010 and before 1/1/2011	On or after 1/1/2011 and before 1/1/2012	On or after 1/1/2012 **
701	\$36.13	\$36.85	\$37.59	718	\$70.79	\$72.21	\$73.65
702	38.18	38.94	39.72	719	72.70	74.15	75.63
703	40.23	41.03	41.85	720	74.59	76.08	77.60
704	42.31	43.16	44.02	721	76.49	78.02	79.58
705	44.38	45.27	46.18	722	78.33	79.90	81.50
706	46.43	47.36	48.31	723	80.21	81.81	83.45
707	48.51	49.48	50.47	724	82.06	83.70	85.37
708	50.56	51.57	52.60	725	83.93	85.61	87.32
709	52.62	53.67	54.74	726	85.96	87.68	89.43
710	54.65	55.74	56.85	727	87.99	89.75	91.55
711	56.76	57.90	59.06	728	90.00	91.80	93.64
712	58.82	60.00	61.20	729	91.99	93.83	95.71
713	60.88	62.10	63.34	730	94.04	95.92	97.84
714	62.96	64.22	65.50	731	96.06	97.98	99.94
715	65.00	66.30	67.63	732	98.07	100.03	102.03
716	66.92	68.26	69.63	733	100.11	102.11	104.15
717	68.86	70.24	71.64				

*Table applies to CWA District 4

** Subject to COLA



AT&T Inc.

**Monthly pension band amounts
 SBC Long Distance, LLC.
 (bands 401 to 433)**

Pension Band	Terminations On or After 6/1/2008 and Before 6/1/2009	Terminations On or After 6/1/2009 and Before 6/1/2010	Terminations On or After 6/1/2010	Pension Band	Terminations On or After 6/1/2008 and Before 6/1/2009	Terminations On or After 6/1/2009 and Before 6/1/2010	Terminations On or After 6/1/2010
401	\$30.25	\$30.93	\$31.70	418	\$59.25	\$60.58	\$62.09
402	31.96	32.68	33.50	419	60.85	62.22	63.78
403	33.67	34.43	35.29	420	62.44	63.84	65.44
404	35.41	36.21	37.12	421	64.03	65.47	67.11
405	37.16	38.00	38.95	422	65.57	67.05	68.73
406	38.89	39.77	40.76	423	67.16	68.67	70.39
407	40.61	41.52	42.56	424	68.71	70.26	72.02
408	42.33	43.28	44.36	425	70.27	71.85	73.65
409	44.04	45.03	46.16	426	71.97	73.59	75.43
410	45.78	46.81	47.98	427	73.65	75.31	77.19
411	47.52	48.59	49.80	428	75.36	77.06	78.99
412	49.23	50.34	51.60	429	77.02	78.75	80.72
413	50.97	52.12	53.42	430	78.73	80.50	82.51
414	52.71	53.90	55.25	431	80.41	82.22	84.28
415	54.43	55.65	57.04	432	82.11	83.96	86.06
416	56.04	57.30	58.73	433	83.82	85.71	87.85
417	57.63	58.93	60.40				



AT&T Inc.

Summary of plan provisions The AT&T Legacy Bargained Program of the AT&T Pension Benefit Plan

Employees eligible for participation

Any (i) U.S. employee represented by a union which agrees to the pension plan, (ii) U.S. nonsalaried employee whose position is subject to wage progression or who is paid weekly or biweekly, (iii) U.S. nonsalaried employee temporarily promoted to a salaried management position, (iv) salaried-graded employee, or (v) occupational employee in a sales commission plan, who is employed by an AT&T Corp. Participating Company becomes a participant immediately upon attaining at least age 21. Effective January 1, 2010 this program was closed to new hires and rehires in the IBEW AT&T Core Contract hired on or after August 9, 2009. Effective April 1, 2010 this program was closed to new hires and rehires in the CWA AT&T Core Contract hired on or after August 9, 2009.

Definitions

Vesting service

A year of Vesting Service is earned for every calendar year in which an employee is credited with 1,000 hours of service. Vesting Service does not begin until the year of the employee's 18th birthday. An employee is credited with 50 hours of service for any week in which the employee completes at least one hour. For actives on January 1, 2010, accrued benefits will be vested after three years.

Net credited service

Net Credited Service (NCS) includes years, months and days of employment with a Participating Company. Under Interchange Agreements, service with certain Interchange Companies is also credited.

Service pension eligible

Attainment of age 65 with 10 years of Net Credited Service, attainment of age 55 with 20 years of Net Credited Service, attainment of age 50 with 25 years of Net Credited Service, or attainment of any age with 30 years of Net Credited Service.

Pension band formula

Under the pension band formula, the benefit is frozen as of September 30, 1998 unless a participant has 15 or more years of Net Credited Service on June 30, 1998 and was on the active roll of a Participating Company on May 10, 1998. The pension band formula benefit is the sum of a basic monthly pension benefit and a supplemental monthly pension benefit, if applicable. The basic monthly pension benefit is the monthly benefit factor from the Pension Band Amount shown in the tables for the pension band which applies to the participant's job title multiplied by Net Credited Service. Special rules apply for certain promotions and demotions. The supplemental monthly pension benefit is (i) x (ii) x (iii), where (i) is average annual supplemental pay for the final three years prior to termination or freeze, (ii) is 0.001, and (iii) Net Credited Service at termination or freeze.



AT&T Inc.

Crediting period

Under the Cash Balance formula, the crediting period is the calendar year commencing January 1, 2000. The initial crediting period was July 1, 1998 through June 30, 1999. The six-month period July 1, 1999 through December 31, 1999 was used as a crediting period. When a pension begins, the last crediting period ends the last day of the month prior to benefit commencement.

Cash balance account

For active participants on both May 10, 1998 and July 1, 1999, the conversion credit is equal to $\{[(i) \times (ii)] + (iii)\} \times (iv)$, where (i) is the pension band amount as of July 1, 1998, (ii) is Net Credited Service as of June 30, 1998, (iii) is any supplemental pension benefit as of June 30, 1998, and (iv) is the conversion factor. The Cash Balance Account as of July 1, 1999 is the conversion credit plus an interest credit of 7% for July 1, 1998 through June 30, 1999 and the pension band credit and differential pay credit, if any, for July 1, 1998 through June 30, 1999. The Cash Balance Account earns interest credits, pension band credits, differential pay credits (if applicable), and special promotion credits (if applicable) as follows:

■ **Interest credits**

Effective January 1, 2010 for CWA employees (and CWA NMNUs) active on August 8, 2009, interest is to be credited to the Cash Balance Account at the 30-year Treasury annual rate as of the November preceding the plan year. For July 1, 1998 through December 31, 2002, the interest crediting rate was 7%, for 2003 the interest crediting rate was 5.5%, for 2004 through 2005 the interest crediting rate was 4.5%, and for 2005 through 2009 the interest crediting rate was 4%. IBEW employees continue to earn 4% interest.

■ **Pension band credits**

The Pension Band Credit is based on the pension band credit amounts shown in the tables and Net Credited Service (in whole years) as of the end of the crediting period. The pension band credit will be adjusted for part-time work, less than 12 months of work or changes in pension band during a crediting period.

■ **Differential pay credits**

The Differential Pay Credit equals a credit for each \$100 of differential pay, if any, received during a crediting period. Effective June 1, 2010 target incentive compensation is included. The credit is shown in the following table:



AT&T Inc.

NCS (in whole years)	Differential pay credit
0-4	\$3.00
5-9	\$3.50
10-14	\$4.00
15-19	\$5.00
20-24	\$6.00
25-29	\$7.00
30-34	\$8.50
35 & over	\$10.00

■ **Special promotion credits**

The Special Promotion Credit is added to an account on June 30 or December 31 (special promotion crediting date) for promotions if the participant works in the higher pension band until the next special promotion crediting date that is at least six months after the promotion. The credit is the difference between the higher pension band credit and the lower pension band credit multiplied by Net Credited Service on the special promotion crediting date.

Pension benefit

The pension benefit is, in general, determined under the Cash Balance formula. For participants with a Pension Band formula benefit, the pension benefit is the greater of this benefit or the Cash Balance formula benefit, based on age at commencement and the form of benefit elected.

Cash balance formula benefit

The Cash Balance formula monthly accrued benefit is calculated by projecting the current Cash Balance Account to the Normal Retirement Date using the current schedule of Interest Crediting Rates and then dividing by the applicable Simplified Monthly Payment Factor at the Normal Retirement Age. For benefit commencement prior to Normal Retirement Age, early retirement factors based on benefit commencement age and calendar year of commencement from the plan document are applied.

■ **Eligibility**

Upon termination if vested.

■ **Date payments begin**

At or after termination but not later than Normal Retirement Date. Any annuity form must commence at the same time the Cash Payment option is elected.



AT&T Inc.

Pension band formula benefit

The Pension Band Formula monthly benefit is unreduced if it commences at or after age 55. Prior to age 55, it is reduced 0.5% each month commencement is prior to age 55 if Net Credited Service is less than 30 years. There is no reduction if commencement is prior to age 55 if Net Credited Service is at least 30 years.

- **Eligibility**

Upon termination if vested.

- **Date payments begin**

At or after termination but not later than Normal Retirement Age.

Surviving spouse's benefit

Eligibility

Surviving spouse of an active vested or deferred vested participant in the event of the participant's death.

Annuity benefit if participant active at death

Greatest of (i) Single life annuity derived from the Cash Balance Account, (ii) 50% of the greater of the Pension Band Formula Benefit reduced as though the participant had terminated on the date of death and elected the 50% J&S or (iii) the same as (ii) without reduction if active participant as of May 10, 1998 and as of June 30, 1999 had at least 15 years of Net Credited Service or was Service Pension Eligible.

Annuity benefit if participant not active at death

Greater of (i) Single life annuity derived from the Cash Balance Account or (ii) 50% of the greater of the Pension Band Benefit reduced as though the participant had terminated on the date of death and elected the 50% J&S.

Death benefit if no surviving spouse

Eligibility

Death of an active vested or deferred vested participant that does not have a surviving spouse.

Lump sum benefit

The full balance of the Cash Balance Account is paid to the estate.

Pensioner death benefit

Eligibility

Death of a former employee who was active as of May 10, 1998, who retires prior to January 1, 2008 and is Service Pension Eligible, who has at least 15 years of Net Credited Service, who has an Eligible Beneficiary, and who is receiving monthly benefits at death. Special rules apply to transfers and rehires.



AT&T Inc.

Lump sum benefit

One times base pay plus pension-includable differentials in effect as of June 30, 1999.

Forms of payment

The normal form of payment for a Participant who is married at the benefit commencement date is a reduced qualified joint and survivor annuity equal to 92% of the Accrued Benefit, with 46% of the Accrued Benefit continuing to the surviving spouse upon the earlier death of the Participant. If the spouse predeceases the Participant that retired from the plan, the 8% reduction factor is removed for the future payments. The normal form with respect to all other Participants is a single life annuity.

In lieu of the normal form of retirement benefit, a married Participant may elect, with the proper spousal consent, to waive the qualified joint and survivor annuity and to receive an actuarial equivalent retirement benefit in the form of a single life annuity, a 75% or 100% joint and survivor annuity or single life annuity with 10-years certain. J&S options are with pop-up.

The cash balance account can also be received as a lump sum, subject to IRC Section 417(e).

Benefits not valued

No benefits are excluded that would materially affect the liabilities.



AT&T Inc.

**Monthly pension band amounts
AT&T Legacy Bargained Program
(bands 101 to 135)**

Pension Band	Terminations			Pension Band	Terminations		
	On or after 1/1/2010 and before 1/1/2011	On or after 1/1/2011 and before 1/1/2012	On or after 1/1/2012 **		On or after 1/1/2010 and before 1/1/2011	On or after 1/1/2011 and before 1/1/2012	On or after 1/1/2012 **
101	\$36.16	\$36.88	\$37.62	119	\$63.65	\$64.92	\$66.22
102	37.68	38.43	39.20	120	65.15	66.45	67.78
103	39.22	40.00	40.80	121	66.67	68.00	69.36
104	40.72	41.53	42.36	122	68.23	69.59	70.98
105	42.26	43.11	43.97	123	69.71	71.10	72.52
106	43.79	44.67	45.56	124	71.26	72.69	74.14
107	45.36	46.27	47.20	125	72.80	74.26	75.75
108	46.86	47.80	48.76	126	74.30	75.79	77.31
109	48.41	49.38	50.37	127	75.83	77.35	78.90
110	49.91	50.91	51.93	128	77.35	78.90	80.48
111	51.45	52.48	53.53	129	78.88	80.46	82.07
112	52.95	54.01	55.09	130	80.40	82.01	83.65
113	54.50	55.59	56.70	131	81.95	83.59	85.26
114	56.00	57.12	58.26	132	83.46	85.13	86.83
115	57.54	58.69	59.86	133	84.98	86.68	88.41
116	59.08	60.26	61.47	134	86.55	88.28	90.05
117	60.58	61.79	63.03	135	88.02	89.78	91.58
118	62.12	63.36	64.63				

** Subject to COLA



AT&T Inc.

**Pension band credits
AT&T Legacy Bargained Program
(bands 101 to 118)**

Pension Band	On or after 1/1/2010 and before 1/1/2011 Years of service in whole years at end of crediting period							
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35+
101	\$1,020	\$1,192	\$1,359	\$1,698	\$2,039	\$2,384	\$2,891	\$3,399
102	1,055	1,234	1,413	1,764	2,117	2,475	2,998	3,528
103	1,102	1,287	1,468	1,836	2,199	2,569	3,123	3,671
104	1,143	1,335	1,526	1,907	2,284	2,664	3,236	3,809
105	1,186	1,383	1,586	1,979	2,365	2,765	3,362	3,953
106	1,222	1,431	1,633	2,039	2,444	2,861	3,469	4,083
107	1,269	1,478	1,687	2,111	2,540	2,956	3,594	4,220
108	1,306	1,526	1,746	2,182	2,622	3,058	3,708	4,364
109	1,354	1,579	1,800	2,253	2,706	3,153	3,833	4,505
110	1,388	1,622	1,854	2,318	2,784	3,242	3,939	4,638
111	1,436	1,675	1,913	2,390	2,867	3,344	4,060	4,774
112	1,473	1,717	1,968	2,461	2,951	3,446	4,178	4,917
113	1,520	1,771	2,021	2,528	3,041	3,540	4,297	5,059
114	1,556	1,818	2,075	2,593	3,118	3,629	4,410	5,186
115	1,597	1,866	2,127	2,664	3,200	3,731	4,529	5,330
116	1,640	1,920	2,188	2,737	3,284	3,833	4,654	5,471
117	1,687	1,961	2,247	2,807	3,367	3,928	4,769	5,615
118	1,722	2,008	2,301	2,873	3,446	4,018	4,882	5,740



AT&T Inc.

**Pension band credits
AT&T Legacy Bargained Program
(bands 119 to 135)**

Pension Band	On or after 1/1/2010 and before 1/1/2011 Years of service in whole years at end of crediting period							
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35+
119	\$1,764	\$2,062	\$2,354	\$2,946	\$3,528	\$4,119	\$5,000	\$5,883
120	1,805	2,111	2,407	3,010	3,618	4,215	5,126	6,025
121	1,848	2,158	2,467	3,081	3,702	4,321	5,240	6,169
122	1,884	2,199	2,515	3,147	3,779	4,410	5,347	6,294
123	1,931	2,253	2,574	3,218	3,862	4,505	5,471	6,437
124	1,979	2,307	2,635	3,291	3,946	4,601	5,597	6,580
125	2,016	2,349	2,689	3,362	4,029	4,703	5,711	6,723
126	2,056	2,397	2,742	3,427	4,107	4,798	5,817	6,848
127	2,103	2,461	2,807	3,511	4,208	4,911	5,966	7,016
128	2,151	2,503	2,867	3,576	4,291	5,007	6,085	7,157
129	2,182	2,551	2,909	3,636	4,364	5,091	6,187	7,271
130	2,223	2,593	2,962	3,702	4,440	5,180	6,294	7,403
131	2,265	2,641	3,022	3,772	4,524	5,282	6,413	7,546
132	2,307	2,689	3,076	3,843	4,606	5,382	6,532	7,689
133	2,349	2,742	3,128	3,916	4,696	5,478	6,658	7,825
134	2,390	2,789	3,183	3,976	4,774	5,567	6,766	7,958
135	2,426	2,832	3,236	4,047	4,858	5,669	6,884	8,100



AT&T Inc.

**Pension band credits
AT&T Legacy Bargained Program
(bands 101 to 118)**

Pension Band	On or after 1/1/2011 and before 1/1/2012 Years of service in whole years at end of crediting period							
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35+
101	\$1,040	\$1,216	\$1,386	\$1,732	\$2,080	\$2,432	\$2,949	\$3,467
102	1,076	1,259	1,441	1,799	2,159	2,525	3,058	3,599
103	1,124	1,313	1,497	1,873	2,243	2,620	3,185	3,744
104	1,166	1,362	1,557	1,945	2,330	2,717	3,301	3,885
105	1,210	1,411	1,618	2,019	2,412	2,820	3,429	4,032
106	1,246	1,460	1,666	2,080	2,493	2,918	3,538	4,165
107	1,294	1,508	1,721	2,153	2,591	3,015	3,666	4,304
108	1,332	1,557	1,781	2,226	2,674	3,119	3,782	4,451
109	1,381	1,611	1,836	2,298	2,760	3,216	3,910	4,595
110	1,416	1,654	1,891	2,364	2,840	3,307	4,018	4,731
111	1,465	1,709	1,951	2,438	2,924	3,411	4,141	4,869
112	1,502	1,751	2,007	2,510	3,010	3,515	4,262	5,015
113	1,550	1,806	2,061	2,579	3,102	3,611	4,383	5,160
114	1,587	1,854	2,117	2,645	3,180	3,702	4,498	5,290
115	1,629	1,903	2,170	2,717	3,264	3,806	4,620	5,437
116	1,673	1,958	2,232	2,792	3,350	3,910	4,747	5,580
117	1,721	2,000	2,292	2,863	3,434	4,007	4,864	5,727
118	1,756	2,048	2,347	2,930	3,515	4,098	4,980	5,855



AT&T Inc.

**Pension band credits
AT&T Legacy Bargained Program
(bands 119 to 135)**

Pension Band	On or after 1/1/2011 and before 1/1/2012 Years of service in whole years at end of crediting period							
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35+
119	\$1,799	\$2,103	\$2,401	\$3,005	\$3,599	\$4,201	\$5,100	\$6,001
120	1,841	2,153	2,455	3,070	3,690	4,299	5,229	6,146
121	1,885	2,201	2,516	3,143	3,776	4,407	5,345	6,292
122	1,922	2,243	2,565	3,210	3,855	4,498	5,454	6,420
123	1,970	2,298	2,625	3,282	3,939	4,595	5,580	6,566
124	2,019	2,353	2,688	3,357	4,025	4,693	5,709	6,712
125	2,056	2,396	2,743	3,429	4,110	4,797	5,825	6,857
126	2,097	2,445	2,797	3,496	4,189	4,894	5,933	6,985
127	2,145	2,510	2,863	3,581	4,292	5,009	6,085	7,156
128	2,194	2,553	2,924	3,648	4,377	5,107	6,207	7,300
129	2,226	2,602	2,967	3,709	4,451	5,193	6,311	7,416
130	2,267	2,645	3,021	3,776	4,529	5,284	6,420	7,551
131	2,310	2,694	3,082	3,847	4,614	5,388	6,541	7,697
132	2,353	2,743	3,138	3,920	4,698	5,490	6,663	7,843
133	2,396	2,797	3,191	3,994	4,790	5,588	6,791	7,982
134	2,438	2,845	3,247	4,056	4,869	5,678	6,901	8,117
135	2,475	2,889	3,301	4,128	4,955	5,782	7,022	8,262



AT&T Inc.

**Pension band credits
AT&T Legacy Bargained Program
(bands 101 to 118)**

Pension Band	On or after 1/1/2012 and before 1/1/2013 ** Years of service in whole years at end of crediting period							
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35+
101	\$1,061	\$1,240	\$1,414	\$1,767	\$2,122	\$2,481	\$3,008	\$3,536
102	1,098	1,284	1,470	1,835	2,202	2,576	3,119	3,671
103	1,146	1,339	1,527	1,910	2,288	2,672	3,249	3,819
104	1,189	1,389	1,588	1,984	2,377	2,771	3,367	3,963
105	1,234	1,439	1,650	2,059	2,460	2,876	3,498	4,113
106	1,271	1,489	1,699	2,122	2,543	2,976	3,609	4,248
107	1,320	1,538	1,755	2,196	2,643	3,075	3,739	4,390
108	1,359	1,588	1,817	2,271	2,727	3,181	3,858	4,540
109	1,409	1,643	1,873	2,344	2,815	3,280	3,988	4,687
110	1,444	1,687	1,929	2,411	2,897	3,373	4,098	4,826
111	1,494	1,743	1,990	2,487	2,982	3,479	4,224	4,966
112	1,532	1,786	2,047	2,560	3,070	3,585	4,347	5,115
113	1,581	1,842	2,102	2,631	3,164	3,683	4,471	5,263
114	1,619	1,891	2,159	2,698	3,244	3,776	4,588	5,396
115	1,662	1,941	2,213	2,771	3,329	3,882	4,712	5,546
116	1,706	1,997	2,277	2,848	3,417	3,988	4,842	5,692
117	1,755	2,040	2,338	2,920	3,503	4,087	4,961	5,842
118	1,791	2,089	2,394	2,989	3,585	4,180	5,080	5,972

** Subject to COLA



AT&T Inc.

**Pension band credits
AT&T Legacy Bargained Program
(bands 119 to 135)**

Pension Band	On or after 1/1/2012 and before 1/1/2013 ** Years of service in whole years at end of crediting period							
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35+
119	\$1,835	\$2,145	\$2,449	\$3,065	\$3,671	\$4,285	\$5,202	\$6,121
120	1,878	2,196	2,504	3,131	3,764	4,385	5,334	6,269
121	1,923	2,245	2,566	3,206	3,852	4,495	5,452	6,418
122	1,960	2,288	2,616	3,274	3,932	4,588	5,563	6,548
123	2,009	2,344	2,678	3,348	4,018	4,687	5,692	6,697
124	2,059	2,400	2,742	3,424	4,106	4,787	5,823	6,846
125	2,097	2,444	2,798	3,498	4,192	4,893	5,942	6,994
126	2,139	2,494	2,853	3,566	4,273	4,992	6,052	7,125
127	2,188	2,560	2,920	3,653	4,378	5,109	6,207	7,299
128	2,238	2,604	2,982	3,721	4,465	5,209	6,331	7,446
129	2,271	2,654	3,026	3,783	4,540	5,297	6,437	7,564
130	2,312	2,698	3,081	3,852	4,620	5,390	6,548	7,702
131	2,356	2,748	3,144	3,924	4,706	5,496	6,672	7,851
132	2,400	2,798	3,201	3,998	4,792	5,600	6,796	8,000
133	2,444	2,853	3,255	4,074	4,886	5,700	6,927	8,142
134	2,487	2,902	3,312	4,137	4,966	5,792	7,039	8,279
135	2,525	2,947	3,367	4,211	5,054	5,898	7,162	8,427

** Subject to COLA



AT&T Inc.

Summary of plan provisions The Southeast Program of the AT&T Pension Benefit Plan

Eligibility

Any bargained employee who is regularly employed by a BellSouth Participating Company is eligible to participate in the Plan provided the employee is not younger than age 18. Effective January 1, 2011 this program is closed to new hires and rehires in any non-NDCA contract hired on or after August 9, 2009.

Definitions

Hour of service

An hour for which an employee is paid or entitled to payment.

Vesting service

A participant who completes 1,000 or more Hours of Service during a plan year will be credited with a year of Vesting Service. For actives (except NDCA and Utility Ops) on January 1, 2010, accrued benefits will now be vested after three years. For NDCA and Utility Ops employees, accrued benefits are vested after five years unless a part of their accrued benefit is a cash balance.

Net credited service

For purposes of determining the participant's Accrued Benefit, Net Credited Service shall include continuous employment with a participating Company. Under Interchange Agreements, service with certain Interchange Companies is also credited.

Pre-99 pension band benefit

The Pre-99 Pension Band Benefit is equal to the sum of the following:

- **Basic monthly pension benefit**

Dollar amount corresponding to the Pension Band number shown in the Pension Band table, for the Pension Band that such participant has been assigned as of the date of the calculation, multiplied by the participant's Net Credited Service as of December 31, 1998. The band amounts are scheduled to increase July 1, 2008 by 2.0% and July 1, 2009 by 2.0%.

Supplemental monthly pension benefit

- Equal to the product of the following:
 - Average annual amount of differential pay for the last 36 months,
 - .001, and
 - Such participant's Net Credited Service as of December 31, 1998.



AT&T Inc.

Cash balance account

As of January 1, 1999 the opening Cash Balance Account was equal to the greater of (i) such participant's Cash Balance Account under the Plan as of December 31, 1998, or (ii) \$3,000. Thereafter, the Cash Balance Account earns Pension Band Credits and Interest Credits as follows:

- **Pension band credit**

A Pension Band Credit is credited to the Cash Balance Account on an annual basis. The amount of the annual credit is equal to 60 times the pension band amount. The band amounts are scheduled to increase July 1, 2008 by 2.0% and July 1, 2009 by 2.0%.

- **Interest credit**

Interest is credited to the Cash Balance Account, based on the average 30-year Treasury bond yield for the month of November preceding the plan year. The historical interest credits are shown on the interest credits table.

Accrued benefit

A monthly benefit, payable at age 65, equal to the sum of the following:

- Pre-99 Pension Band Benefit multiplied by 1.06, and
- The Actuarial Equivalent of the Cash Balance Account, based on the average 30-year Treasury bond yield for the month of November preceding the plan year.

The cash balance account portion of the accrued benefit is the cash balance account, effective January 1, 2010.

Special provisions apply to certain employees of BellSouth Advertising and Publishing Company.

Special provisions apply to employees classified as Utility Operations Employee, Cable Placing Operations Employee or National Directory and Customer Assistance Employee.

Service pension benefit

Eligibility

Termination of employment after age 65 with 10 years of Net Credited Service, age 55 with 20 years of Net Credited Service, age 50 with 25 years of Net Credited Service, or any age with 30 years of Net Credited Service.

Benefit

A participant may elect to have the Accrued Benefit payable in reduced amounts upon meeting eligibility for a Service Pension. The Pre-99 Service Pension Benefit is reduced for commencement prior to age 62 using the factor shown in the early retirement factors table. The Cash Balance portion is actuarially reduced if commenced prior to age 65.



AT&T Inc.

Date payments begin

The monthly pension commences on the first day of the month coinciding with or next following the date of retirement, unless the participant elects otherwise, but no later than the month the participant turns age 65.

Deferred vested pension benefit

Eligibility

Termination of employment after completing at least 3 years of Vesting Service (5 years for NDCA and Utility Ops unless they have a cash balance account), and before reaching eligibility for Service Pension.

Benefit

A participant may elect to have the Accrued Benefit payable in reduced amounts upon attaining age 55 with more than 20 years of Net Credited Service, or upon attaining age 50 with 25 or more years of Net Credited Service. The Pre-99 Deferred Vested Pension Benefit is reduced using early retirement reduction factors shown in the deferred vested early retirement factors table, if commenced prior to age 65. The Cash Balance portion is actuarially reduced if commenced prior to age 65.

Date payments begin

A participant with 25 or more years of Net Credited Service may commence monthly pension payments upon attainment of age 50. A participant with 20, but less than 25, years of Net Credited Service may commence monthly pension payments upon attainment of age 55. A participant with less than 20 years of Net Credited Service will commence pension payments upon attainment of age 65.

Survivor benefit

Eligibility

Surviving beneficiary of a vested participant not yet receiving payments.

Benefit

The eligible beneficiary of a participant who dies before benefit payments commence is entitled to receive one of the following benefits:

- In the case of death of a deferred vested participant or an active participant eligible for a Deferred Vested Pension, the eligible beneficiary is entitled to receive a deferred or immediate benefit. The immediate benefit is the sum of the current Cash Balance Account converted to an immediate annuity based on the participant's age at death, plus the actuarially reduced Pre-99 Benefit calculated as if the participant had terminated and elected a life annuity payable at age 65 then adjusted to the actuarial equivalent life annuity payable immediately, based on the participant's age at death. The deferred benefit is the sum of the Cash Balance Account grown with interest to the date the participant would have obtained age 65 and converted to an immediate annuity based on the participant's age 65, plus the Pre-99 Benefit calculated as if the participant had terminated and elected a life annuity payable at age 65.



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- In the case of death of a Service Pension eligible participant who has not commenced receipt of payments, the eligible beneficiary is entitled to receive an immediate benefit. The immediate benefit is the sum of the current Cash Balance Account converted to an immediate annuity based on the participant's age at death plus the reduced Pre-99 Benefit calculated as if the participant had retired and elected a life annuity. The pre-retirement survivor benefit was payable to eligible beneficiaries upon the participant's death prior to 2005. For deaths occurring on or after January 1, 2005, the pre-retirement survivor benefit will be payable to (1) an eligible spouse, or (2) if there is no eligible spouse, the participant's estate in the form of a lump sum.

Date payments begin

The beneficiary of a deceased participant may elect to commence pension payments on the first day of the month following the participant's death. Absent such an election, the payments shall commence on the date on which the participant would have attained age 65 had he or she survived.

Disability pension benefit

Eligibility

An employee who becomes totally disabled and who has at least 15 years of Net Credited Service prior to age 65.

Benefit

The Pre-99 Pension Band Benefit is not reduced for early commencement. The Cash Balance Account is projected to age 62 and divided by an age 62 immediate annuity factor.

Date payments begin

Benefits may commence at date of disability.

Death benefits

The Plan provides a single sum Death Benefit equal to the wages earned in the 12-month period ending on the month of death, not less than \$500. This benefit is paid if an eligible active employee dies due to sickness or accidental injury and is survived by a beneficiary (spouse, dependent child, or dependent parent). The beneficiary may elect to receive this benefit in monthly installments in lieu of a lump sum.

The sickness or accidental death benefit became a frozen benefit for all active participants as of December 31, 2004. Any employee hired or rehired on or after January 1, 2005 will not have a sickness or accidental death benefit payable upon death.



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A Death Benefit is also paid if a Service Pensioner, with at least 10 years of Net Credited Service as of December 31, 1989, dies and is survived by a beneficiary. The Death Benefit for a Service Pensioner with 10 to 19 years of Net Credited Service is a single sum equal to 50% of the wages earned in the 12-month period ending on December 31, 1989. The Death Benefit for a Service Pensioner with 20 or more years of Net Credited Service is equal to 100% of the wages earned in the 12-month period ending on December 31, 1989. This benefit is only payable from the pension plan if the participant elected to receive their Service Pension as a monthly annuity.

Non-decreasing lump sum guarantee

Beginning December 31, 1999, BellSouth implemented a non-decreasing lump sum feature that protects the lump sum value of a participant's Pre-99 Benefit in case of rising interest rates. The lump sum value is calculated on each December 31st for Service Pension Eligible participants. It is based on the current pension band amount, current interest rate, and service as of December 31, 1998, and will become a guaranteed minimum lump sum value of the Pre-99 Benefit at retirement.

Forms of payment

The normal form of payment for a Participant who is married at the benefit commencement date is a reduced qualified joint and survivor annuity equal to 90% of the Accrued Benefit, with 45% of the Accrued Benefit continuing to the surviving spouse upon the earlier death of the Participant. If the spouse predeceases the Participant that retired from the plan, the 10% reduction factor is removed for the future payments. The normal form with respect to all other Participants is a single life annuity.

A married Participant may elect to waive the qualified 50% joint and survivor annuity with the proper consent of the eligible spouse and to receive an actuarial equivalent benefit in the form of a single life annuity or a 75% joint and survivor annuity. J&S options are with pop-up.

A Participant, eligible for a Service Pension, may also elect to receive a lump sum. Pre-99 Benefits are converted to a lump sum based on GATT mortality (IRS Applicable Mortality Table pursuant to IRS RR2001-62) and an interest rate equal to the average 30-year Treasury bond yield for the month of November preceding the Plan Year. Effective January 1, 2012, the applicable mortality table used for conversion will be the 417(e)(3) PPA mortality. The applicable interest rate used for conversion will be the 417(e)(3) PPA Interest Rate phased-in at 25% per year over four years beginning January 1, 2012. The applicable interest rate lookback month will be the November of the prior year. Cash Balance lump sum benefits shall equal the participant's account balance. A participant, eligible for a Deferred Vested Pension, who terminates employment with all Participating Companies and affiliates on or after January 1, 2004, may elect to receive the Cash Balance Account as a lump sum.

Benefits not valued

No benefits are excluded that would materially affect the liabilities.



AT&T Inc.

Monthly pension band amounts

Pension Band	Terminations			Pension Band	Terminations		
	On or after 6/1/2010 and before 6/1/2011	On or after 6/1/2011 and before 6/1/2012	On or after 6/1/2012		On or after 6/1/2010 and before 6/1/2011	On or after 6/1/2011 and before 6/1/2012	On or after 6/1/2012
12	\$13.85	\$14.13	\$14.41	113	\$51.67	\$52.70	\$53.75
99	31.52	32.15	32.79	114	53.11	54.17	55.25
101	34.29	34.98	35.68	115	54.57	55.66	56.77
102	35.77	36.49	37.22	116	56.06	57.18	58.32
103	37.24	37.98	38.74	117	57.44	58.59	59.76
104	38.62	39.39	40.18	118	58.92	60.10	61.30
105	40.10	40.90	41.72	119	60.37	61.58	62.81
106	41.57	42.40	43.25	120	61.85	63.09	64.35
107	43.02	43.88	44.76	121	63.25	64.52	65.81
108	44.44	45.33	46.24	122	64.71	66.00	67.32
109	45.92	46.84	47.78	123	66.18	67.50	68.85
110	47.35	48.30	49.27	124	67.59	68.94	70.32
111	48.81	49.79	50.79	Supp MAR	39.98	40.78	41.60
Supp DTSR	14.74	15.03	15.33	129	74.85	76.35	77.88
112	50.21	51.21	52.23	Utility Ops	11.55	11.78	12.02



AT&T Inc.

Interest credits

Year	Interest Credits
1993	2.70%
1994	4.70%
1995	4.80%
1996	4.60%
1997	5.20%
1998	6.11%
1999	5.25%
2000	6.15%
2001	5.78%
2002	5.12%
2003	4.96%
2004	5.12%
2005	4.89%
2006	4.73%
2007	4.69%
2008	4.52%
2009	4.00%
2010	4.31%
2011	4.19%

Credit shown for 1993 is for the period July 1, 1993 to December 31, 1993.



AT&T Inc.

Early retirement factors at commencement of deferred vested pension

Completed years of age	Completed months of age											
	0	1	2	3	4	5	6	7	8	9	10	11
50	.24	.24	.24	.25	.25	.25	.25	.25	.25	.26	.26	.26
51	.26	.26	.26	.27	.27	.27	.27	.27	.27	.28	.28	.28
52	.28	.28	.29	.29	.29	.29	.30	.30	.30	.30	.31	.31
53	.31	.31	.32	.32	.32	.32	.33	.33	.33	.33	.34	.34
54	.34	.34	.35	.35	.35	.35	.36	.36	.36	.39	.40	.40
55	.37	.37	.38	.38	.38	.38	.39	.39	.39	.39	.40	.40
56	.40	.40	.41	.41	.41	.42	.42	.42	.43	.43	.43	.44
57	.44	.44	.45	.45	.45	.46	.46	.46	.47	.47	.47	.48
58	.48	.48	.49	.49	.50	.50	.51	.51	.51	.52	.52	.53
59	.53	.53	.54	.54	.55	.55	.56	.56	.56	.57	.57	.58
60	.58	.59	.59	.60	.60	.61	.62	.62	.63	.63	.64	.64
61	.65	.66	.66	.67	.67	.68	.69	.69	.70	.70	.71	.71
62	.72	.73	.73	.74	.75	.75	.76	.77	.77	.78	.79	.79
63	.80	.81	.82	.82	.83	.84	.85	.85	.86	.87	.88	.88
64	.89	.90	.91	.92	.93	.94	.95	.95	.96	.97	.98	.99
65 and Over	1.00											



AT&T Inc.

Early retirement factors at commencement of service pension

Completed years of Age	Less than 30 Years of Service	30 or more Years of Service
50	.64	1.00
51	.70	1.00
52	.76	1.00
53	.82	1.00
54	.88	1.00
55	.94	1.00
56	1.00	1.00
57	1.01	1.01
58	1.02	1.02
59	1.03	1.03
60	1.04	1.04
61	1.05	1.05
62 & over	1.06	1.06



AT&T Inc.

Summary of plan provisions The AT&T Legacy Management Program of the AT&T Pension Benefit Plan

Employees eligible for participation

Any salaried management employee who is employed by an AT&T Corp. Participating Company becomes a participant immediately upon attaining at least age 21. This program was closed to new hires and rehires hired on or after January 1, 2007.

Definitions

Vesting service

A year of Vesting Service is earned for every calendar year in which an employee is credited with 1,000 hours of service. Vesting Service does not begin until the year of the employee's 18th birthday. The first year of Vesting Service (after attaining age 18) is the earlier of:

- the first 12 months after hire, or subsequent 12 months, in which the employee is credited with 1,000 hours of service, or
- the first calendar year in which the employee is credited with 1,000 hours of service.

For actives on January 1, 2010, accrued benefits will now be vested after three years.

Net credited service

Net Credited Service includes years, months and days of employment with a Participating Company. Under Interchange Agreements, service with certain Interchange Companies is also credited.

Eligible pay

Eligible pay is used in computing Pay Credits and Supplemental Pay Credits, if any, to a participant's Cash Balance Account and in determining the Cash Payment Option. Eligible pay is the sum of a participant's basic pay, shift and temporary work differential pay, lump sum merit wage payments, Team Management incentive compensation plan awards (APA), incentive compensation for directory or marketing employees, and area differential pay. Payments under the Short Term Incentive Plan paid on or after January 1, 2010 are eligible pay for participants promoted to officer level on or after January 1, 2009.

Compensation

Compensation is used to determine pension benefits under the terms of the Plan prior to January 1, 1998. Compensation is the sum of a participant's basic pay, shift and temporary work differential pay, lump sum merit wage payments, Team Management incentive compensation plan awards (APA), incentive compensation for marketing management employees, special project allowances for assignments begun before December 1, 1983, and area differential pay. Compensation is limited to the IRC Section 401(a)(17) compensation limits.



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Special update

Active participants as of January 1, 1997 were eligible for the Special Update. The monthly pension benefit under the Special Update is $(i) \times (ii) \times .016 / 12$ where (i) is the average annual compensation for the period January 1, 1994 through December 31, 1996 and (ii) is the years of Net Credited Service through December 31, 1996 plus the special enhancement. The special enhancement is 5% of Net Credited Service but not more than 1.

Frozen accrued benefit

The Frozen Accrued Benefit is calculated as of July 31, 1997 and equals one-twelfth of $\{[(i) \times (ii) \times (iii)] + [(iv) \times .016]\}$ where

- (i) is average annual compensation for the Pay Base Averaging Period,
- (ii) is Net Credited Service through the end of the Pay Base Averaging Period,
- (iii) is .015 for the January 1, 1984 through December 31, 1986 or January 1, 1987 through December 31, 1989 Pay Base Averaging Periods and .016 for other Pay Base Averaging Periods, and
- (iv) is total compensation for all years of Net Credited Service after the Pay Base Averaging Period and through July 31, 1997.

The Pay Base Averaging Period is January 1, 1987 through December 31, 1992, January 1, 1987 through December 31, 1989, January 1, 1984 through December 31, 1986, January 1, 1978 through June 30, 1985, October 1, 1977 through September 30, 1982, October 1, 1976 through September 30, 1981, or January 1, 1975 through December 31, 1979, whichever produce the largest Frozen Accrued Benefit.

Cash balance account

For active participants as of January 1, 1998, the conversion credit is equal to $(i) \times (ii)$, where (i) is the greater of the monthly pension under the Special Update or the Frozen Accrued Benefit as of December 31, 1996 and (ii) is the conversion factor. The initial Cash Balance Account as of January 1, 1998 is the conversion credit plus an interest credit of 7% for 1997 and the pay credit and supplemental pay credit, if any, for 1997. The Cash Balance Account earns interest credits, pay credits, supplemental pay credits (if applicable), and other pay credits as follows:

■ Interest credits

Interest has been credited to the Cash Balance Account monthly at 4% since January 1, 2003. For January 1, 1998 through December 31, 2000, the interest credit was 7% and for the January 1, 2001 through December 31, 2002, the interest credit was 5.5%.



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■ **Pay credits**

The Pay Credit equals Eligible Pay multiplied by the Pay Factor. The Pay Factor is based on age (in whole years) as of December 31 from the following Pay Factor table:

Attained age	Pay factor
under 30	3.00%
30-34	3.50%
35-39	4.25%
40-44	5.00%
45-49	6.50%
50-54	8.00%
55 & over	10.00%

■ **Supplemental pay credits**

The Supplemental Pay Credit equals Eligible Pay in excess of the Social Security Wage Base, if any, multiplied by the Pay Factor.

■ **Other pay credits (change in control)**

If a participant is involuntarily terminated or terminates for “Good Reason” within two years of a Change In Control, a Pay Credit equal to 5% of Eligible Pay per year of Net Credited Service (not in excess of 100% of Eligible Pay) is credited to the Cash Balance Account. Eligible Pay for this purpose is Eligible Pay for the calendar year preceding the calendar year in which the Change In Control occurs. Net Credited Service for this purpose is as of the last day of the month in which the Change In Control occurs.

Pension benefit

The pension benefit is, in general, determined under the Cash Balance formula. For participants with a Frozen Accrued benefit or Special Update benefit, the pension benefit is the greater of these benefits or the Cash Balance formula benefit, based on age at commencement and the form of benefit.

Cash balance formula benefit

The Cash Balance formula monthly accrued benefit is calculated by projecting the current Cash Balance Account to the Normal Retirement Date using the current schedule of Interest Crediting Rates and then dividing by the applicable Simplified Monthly Payment Factor at the Normal Retirement Age. For benefit commencement prior to Normal Retirement Age, early retirement factors based on benefit commencement age and calendar year of commencement from the plan document are applied.



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- **Eligibility**

Upon termination if vested.

- **Date payments begin**

First day of any month after termination but not later than Normal Retirement Date. Any annuity form must commence at the same time the Cash Payment option if elected.

Special update formula benefit

The Special Update Formula monthly benefit is unreduced if it commences at or after age 55. Prior to age 55, it is reduced 0.5% per month commencement is prior to age 55 if Net Credited Service is less than 30 years and 0.25% per month commencement is prior to age 55 if Net Credited Service is at least 30 years.

- **Eligibility**

Upon termination if vested.

- **Date payments begin**

First day of any month after termination but not later than Normal Retirement Age.

Frozen accrued formula benefit

The Frozen Accrued Formula monthly benefit is unreduced if it commences at or after age 55. Prior to age 55, it is reduced 0.5% per month commencement is prior to age 55 if Net Credited Service is less than 30 years and 0.25% per month commencement is prior to age 55 if Net Credited Service is at least 30 years.

- **Eligibility**

Attainment of age 65 with 10 years of Net Credited Service, attainment of age 55 with 20 years of Net Credited Service, attainment of age 50 with 25 years of Net Credited Service, or attainment of any age with 30 years of Net Credited Service (Service Pension Eligible).

- **Date payment begins**

At or after eligibility but not later than Normal Retirement Age.

Deferred vested pension (frozen accrued benefit only)

Eligibility

Completion of 3 years of Vesting Service. Notwithstanding the preceding, all participants are fully vested as of the date of a qualified IRC Section 420 transfer.

Annuity benefit

The Frozen Accrued Benefit reduced for commencement prior to age 65 based on Early Commencement Factors.



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Date payment begins

Age 65 but can commence earlier: age 55 or later with 20 years Net Credited Service or age 50 or later with 25 years of Net Credited Service.

Surviving spouse's benefit

Eligibility

Surviving spouse of an active vested or deferred vested participant in the event of the participant's death.

Annuity benefit if participant active at death

Greatest of (i) Single life annuity derived from the Cash Balance Account, (ii) 50% of the greater of the Special Update or Frozen Accrued Benefit reduced as though the participant had terminated on the date of death and elected the 50% J&S or (iii) the same as (ii) without reduction if active participant as of January 1, 1998 and had 15 years of Net Credited Service or was Service Pension Eligible as of December 31, 1997.

Annuity benefit if participant not active at death

Greater of (i) Single life annuity derived from the Cash Balance Account or (ii) 50% of the greater of the Special Update or Frozen Accrued Benefit reduced as though the participant had terminated on the date of death and elected the 50% J&S.

Death benefit if no surviving spouse

Eligibility

Death of an active vested or deferred vested participant that does not have a surviving spouse.

Lump sum benefit

The full balance of the Cash Balance Account is paid to the estate.

Pensioners death benefit

Eligibility

Non-job-related death before January 1, 2008 of an active participant (other than employees of AT&T of Puerto Rico, Inc. or AT&T of the Virgin Islands, Inc.) who was active as of January 1, 1998 and who has an Eligible Beneficiary. Death of a former employee (not Puerto Rico or Virgin Islands) who was active as of January 1, 1998, who retires prior to January 1, 2008, who is eligible for postretirement welfare benefits, who has an Eligible Beneficiary, and who is receiving monthly benefits at death. Special rules apply to transfers and rehires. A potential eligible participant is also eligible for this death benefit if they satisfy the Rule-of-65 at termination under Change-in-Control provisions.

Lump sum benefit

One times wages in effect as of December 31, 1997.



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Forms of payment

The normal form of payment for a Participant who is married at the benefit commencement date is a reduced qualified joint and survivor annuity equal to 92% of the Accrued Benefit, with 46% of the Accrued Benefit continuing to the surviving spouse upon the earlier death of the Participant. If the spouse predeceases the Participant that retired from the plan, the 8% reduction factor is removed for the future payments. The normal form with respect to all other Participants is a single life annuity.

In lieu of the normal form of retirement benefit, a married Participant may elect, with the proper spousal consent, to waive the qualified joint and survivor annuity and to receive an actuarial equivalent retirement benefit in the form of a single life annuity, a 75% or 100% joint and survivor annuity or single life annuity with 10-years certain. J&S options are with pop-up.

The cash balance account can also be received as a lump sum, subject to IRC Section 417(e) and but limited to the Highest Eligible Pay (for years prior to year of termination) with remainder paid in an annuity form. If cash balance account is less than or equal to the Highest Eligible Pay plus \$30,000, the entire cash balance account can be paid as a single cash payment.

Benefits not valued

No benefits are excluded that would materially affect the liabilities.



AT&T Inc.

Summary of plan provisions The Southeast Management Program of the AT&T Pension Benefit Plan

Eligibility

Any employee who is classified as a salaried employee and who is a non-represented employee for a BellSouth Participating Company is eligible to become a participant on the date of hire by a Participating Company. This program was closed to new hires and rehires on or after January 1, 2007.

Compensation

The sum of basic pay, team awards, differentials, marketing incentive payments and commissions, and salary transition payments that are paid by a BellSouth Participating Company. Compensation is limited to the IRC Section 401(a)(17) compensation limits.

Definitions

Hour of service

An hour for which an employee is paid or entitled to payment.

Vesting service

A participant's Vesting Service is the number of years the participant has at least 1,000 hours in a Plan Year. For actives on January 1, 2008, accrued benefits will now be vested after three years.

Net credited service

A participant's Net Credited Service is the number of years and fractions thereof the participant has been continuously employed by Participating Companies.

Adjusted career income

Total career Compensation, adjusted for periodic updates.

BSMPP

BellSouth Management Pension Plan, the predecessor plan to the current plan.

BSMPP basic benefit

Equal to 1.6% of Adjusted Career Income.

BSMPP supplemental benefit

Equal to 0.3% of the following, times the lesser of Vesting Service or 35 years:

- The average annual Adjusted Career Income, in excess of,
- The lesser of the Social Security Wage Base and twice Social Security Covered Compensation projected to age 65.



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BSMPP accrued benefit

The BSMPP Accrued Benefit is equal to the sum of the BSMPP Base Benefit and the BSMPP Supplemental Benefit

PRA balance

The PRA Balance was established for participants in the BSMPP on July 1, 1993. The opening balance equaled the present value of the participant's BSMPP Accrued Benefit as of June 30, 1993, based on the Plan's interest and annuity factors at that time.

Basic service credit

On the last day of each Plan Year, each participant's PRA Balance is credited with Basic Service Credits equal to the participant's Compensation for the Plan Year multiplied by the Basic Service Credits percentage. The Basic Service Credits are shown on the Basic Service Credits table.

Supplemental credit

On the last day of each Plan Year, the PRA Balance for each participant whose Compensation is in excess of the Social Security Wage Base is credited with a supplemental credit equal to the amount of such excess multiplied by 3%.

Interest credit

On the last day of each Plan Year, interest is credited on the beginning-of-year PRA Balance, based on the average 30-year Treasury bond yield for the month of November preceding the Plan Year. The historical interest credits are shown on the interest credits table.

Additional credit

On the last day of each Plan Year, an Additional Credit may be applied to each participant's PRA Balance. This Additional Credit is equal to the participant's Compensation multiplied by zero, one or two percent, as determined by BellSouth's Board of Directors. The historical additional credits are shown on the interest credits and additional credits table. As of December 31, 2007, the additional credits were removed on an ongoing basis.

PRA accrued benefit

A participant's PRA Balance is the accrued benefit effective January 1, 2010.



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Service pension

Eligibility

Effective January 1, 2009 for participants who were not already Service Pension Eligible, termination of employment after age 65 with 10 years of Net Credited Service, age 55 with 20 years of Net Credited Service, age 50 with 25 years of Net Credited Service, or any age with 30 years of Net Credited Service. Prior to January 1, 2009, termination of employment after attainment of any combination of whole years and whole months of age and whole years and whole months of Net Credited Service, with a minimum of 10 years of Net Credited Service, which totals at least 75 years as of the date of retirement.

Benefit

If a participant retires with a Service Pension before 2006, the participant will receive the greater of the BSMPP Accrued Benefit and the PRA Accrued Benefit, converted to an actuarially equivalent annuity. If a participant is eligible to retire with a Service Pension before 2006 but does not, the participant will receive the greater of the BSMPP Accrued Benefit at December 31, 2005 and the current PRA Accrued Benefit, converted to an actuarially equivalent annuity. If a participant is not eligible to retire with a Service Pension before 2006, the participant will receive the greater of the BSMPP Accrued Benefit frozen as of December 31, 1993, and the current PRA Accrued Benefit, converted to an actuarially equivalent annuity.

The benefit is reduced for commencement prior to age 65. For a participant with less than 30 years of Net Credited Service, the BSMPP Accrued Benefit is reduced $\frac{1}{2}\%$ for each calendar month which distribution precedes age 60. For a participant with more than 30 years of Net Credited Service, the reduction is $\frac{1}{4}\%$ for each calendar month prior to age 60. The unreduced age from which reductions commence will increase from 60 to 61 on January 1, 2003, then to 62 on January 1, 2006.

Date payments begin

The monthly pension commences on the first day of the month following the date of retirement, unless the participant elects otherwise, but no later than the month the participant turns age 65.

Deferred vested pension

Eligibility

Termination of employment after completing at least 3 years of Vesting Service after age 18, and before reaching eligibility for Service Pension.

Benefit

The benefit is equal to the current PRA Accrued Benefit, converted to an actuarially equivalent annuity.

Date payments begin

A participant may elect to commence pension payments on the first day of the month following such termination of employment. Absent such an election, the pension is payable upon attainment of age 65.



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Survivor benefit

Eligibility

Surviving beneficiary or estate of a vested participant not yet receiving payments.

Benefit

The benefit is equal to the greater of (i) 100% of the participant's current PRA Accrued Benefit, converted to an actuarially equivalent annuity and (ii) 45% of the BSMPP Accrued Benefit, unreduced for early retirement.

Date payments begin

The beneficiary of the deceased participant may elect to commence pension payments on the first day of the month following the participant's death. Absent such an election, the payments shall commence on the date on which the participant would have attained age 65 had he or she survived. In the absence of a beneficiary, the deceased participant's estate will receive the payment in a lump sum.

Disability pension

Eligibility

An employee who becomes totally disabled and who has at least 15 years of Credited Service prior to age 65.

Benefit

A participant, who has not attained age 62 upon expiration of short-term disability benefits, receives an annuity payable immediately equal to the participant's PRA Balance projected to age 62 and divided by an age 62 immediate annuity factor. A participant, who has attained age 62 upon expiration of short-term disability benefits, receives an immediate payable annuity equal to the greater of the BSMPP Accrued Benefit and the PRA Accrued Benefit, converted to an actuarially equivalent annuity.

Date payments begin

Benefits may begin the first of the month following expiration of short-term disability.

Death benefits

If an eligible active employee dies due to sickness or a non-job-related injury, the Plan provides a single sum Death Benefit equal to the wages earned in the 12-month period ending on the month of death. This benefit is paid if the employee is survived by an eligible beneficiary (spouse, dependent child, or dependent parent). The beneficiary may elect to receive this benefit in monthly installments in lieu of a lump sum.



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A Death Benefit is also paid if a Service Pensioner, with at least 10 years of Credited Service as December 31, 1987, dies and is survived by a beneficiary. The Death Benefit for a Service Pensioner with 10 to 19 years of Credited Service is a single sum equal to 50% of the wages earned in the 12-month period ending on December 31, 1987. The Death Benefit for a Service Pensioner with 20 or more years of Credited Service is a single sum equal to 100% of the wages earned in the 12-month period ending on December 31, 1987. This benefit is only payable from the pension plan if the participant elected to receive their Service Pension as a monthly annuity.

Non-decreasing lump sum guarantee

Beginning December 31, 1999, BellSouth implemented a non-decreasing lump sum feature that protects the lump sum value of a participant's BSMPP Benefit in case of rising interest rates. The lump sum value is calculated on each December 31st. It is based on the current salary, interest rate, and service, and will become a guaranteed minimum lump sum benefit at retirement. Service will be frozen at December 31, 2005 for the calculation of the guaranteed minimum lump sum.

Forms of payment

The normal form of payment for a Participant who is married at the benefit commencement date is a reduced qualified joint and survivor annuity equal to 90% of the Accrued Benefit, with 45% of the Accrued Benefit continuing to the surviving spouse upon the earlier death of the Participant. If the spouse predeceases the Participant that retired from the plan, the 10% reduction factor is removed for the future payments. The normal form with respect to all other Participants is a single life annuity.

A married Participant may elect to waive the qualified 50% joint and survivor annuity, with the proper consent of the eligible spouse, and receive an actuarial equivalent benefit in the form of a single life annuity or 75% joint and survivor annuity. J&S options are with pop-up.

A Participant, eligible for a Service Pension or a Deferred Vested Pension, may also elect to receive a lump sum. The benefit is equal to the greater of the BSMPP Accrued Benefit, converted to a lump sum, and the participant's PRA Balance. Lump sums conversions are based on GATT mortality (IRS Applicable Mortality Table pursuant to IRS RR2001-62) and an interest rate equal to the average 30-year Treasury bond yield for the month of November preceding the Plan Year. Effective January 1, 2012, the applicable mortality table used for conversion will be the 417(e)(3) PPA mortality. The applicable interest rate used for conversion will be the 417(e)(3) PPA Interest Rate phased-in at 25% per year over four years beginning January 1, 2012. The applicable interest rate lookback month will be the November of the prior year.

Benefits not valued

No benefits are excluded that would materially affect the liabilities.



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Basic service credits

Vesting service	Basic service credit
4 and Under	3%
5-9	4%
10-14	5%
15-19	6%
20-24	7%
25-29	8%
30-34	6%
35 and Over	4%



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Interest credits and additional credits

Year	Interest Credits	Additional Credits
1993	2.70%	1.00%
1994	4.70%	1.00%
1995	4.80%	2.00%
1996	4.60%	1.00%
1997	5.20%	2.00%
1998	6.11%	1.00%
1999	5.25%	1.00%
2000	6.15%	1.00%
2001	5.78%	1.00%
2002	5.12%	0.00%
2003	4.96%	0.00%
2004	5.12%	1.00%
2005	4.89%	2.00%
2006	4.73%	1.00%
2007	4.69%	2.00%
2008	4.52%	N/A
2009	4.00%	N/A
2010	4.31%	N/A
2011	4.19%	N/A

Credits shown for 1993 are for the period July 1, 1993 to December 31, 1993.



AT&T Inc.

Summary of plan provisions

The Wireless Program of the AT&T Pension Benefit Plan

Employees eligible for participation

Any nonbargained U.S. domestic employee, or bargained employee that bargained to participate in the Plan, who is regularly employed by AT&T Mobility will become a participant the day after completing one Year of Service. Any nonbargained employee, or bargained employee that bargained to participate in the Plan, of AT&T Mobility that transferred from SBC Communications Inc. or BellSouth Corporation is a participant in the Plan on the date of transfer. Any nonbargained employee, or bargained employee that bargained to participate in the Plan, hired by Cingular Wireless prior to December 31, 2001 becomes a participant in the Plan on January 1, 2002 if not already a participant in the Plan. This program was closed to new nonbargained hires and rehires on or after January 1, 2006. This program was closed to bargained District 3 hires and rehires on or after January 1, 2011 and for all other bargained hires and rehires on or after January 1, 2010.

Transferred employee

A former employee of SBC Communications Inc., BellSouth Corporation or an affiliate thereof who became an employee of Cingular in connection with the formation of Cingular.

Transferred participant

A former participant in the SBC Pension Benefit Plan - Nonbargained Plan or BellSouth Personal Retirement Account Pension Plan whose accrued benefit was transferred to the Plan, or a former participant in the Ameritech Management Pension Plan whose transfer resulted in the creation of a Transition Account.

Definitions

Years of service

Years of Service will be calculated on an elapsed time basis for the number of whole 12-month periods of service.

Years of vesting service credit

For a BellSouth Transferred Employee, the sum of his years of vesting service credit under the BellSouth Plan plus the number of whole and partial Years of Service earned on and after January 1, 2002. For actives on January 1, 2010, accrued benefits will now be vested after three years.

Years of pension eligibility service

For a SBC Transferred Employee, the sum of his years of pension eligibility service under the SBC Plan plus the number of whole and partial Years of Service earned on and after January 1, 2002.



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Years of net credited service

For a SBC Transferred Employee, the years of Pension Eligibility Service as of the employee's transfer date plus the Years of Service earned under the Plan after such transfer date. For a BellSouth Transferred Employee, the years of "Net Credited Service" under Section 10.02 of the BellSouth Plan as of the employee's transfer date plus the Years of Service earned under the Plan after such transfer date. For a SBC Transferred Employee who was previously a participant in the Ameritech Management Pension Plan, the term of employment defined under Section B-2(e) of the Ameritech Plan as of the employee's transfer date plus the Years of Service earned under the Plan after such transfer date.

Normal retirement age

Age 65.

Benefit compensation

The sum of a participant's W-2 wages, excluding certain amounts such as discretionary bonuses, plus any elective deferral not included in W-2 wages. Benefit Compensation is limited to the IRC section 401(a)(17) compensation limits.

SBC career-average benefit

For SBC Transferred Participants hired before June 1, 1997, a monthly benefit of one-twelfth of 1.6% of the adjusted career income as determined under the SBC Plan plus 1.6% of the Benefit Compensation paid to the participant through June 1, 2002. The SBC Career-Average Benefit was frozen as of June 1, 2002.

Special pension account (SPA)

For a SBC Transferred Participant eligible to retire as of December 31, 1999, a special pension account (SPA) was created at SBC equal to the lump sum value of the participant's December 31, 1999 retirement benefit assuming they retire on that date increased with interest to December 31, 2000 at 6.15%, and then frozen.

PTG accelerated transition benefit

For a SBC Transferred Participant who was a participant in the Pacific Telesis Group Pension Plan for Salaried Employees on March 22, 1996, the accelerated transition benefit to which the participant was entitled under the SBC Plan on December 31, 2001.

PTG special ATB

For a SBC Transferred Participant who was a participant in the Pacific Telesis Group Pension Plan for Salaried Employees on March 22, 1996, the actuarial equivalent single life annuity of the lump sum value of the Accelerated Transition Benefit to which the participant was entitled under the SBC Plan on January 1, 1999 increased with interest for the period from January 1, 1999, through December 31, 2001.



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BellSouth management pension plan benefit

For a BellSouth Transferred Participant who was a participant in the BellSouth Management Pension Plan on July 1, 1993 and who would have been eligible for a service pension under the BellSouth Plan if he had remained an active participant in that plan through December 31, 2005, the continuation of the career average formula through December 31, 2005. The career average formula provides a monthly benefit equal to one-twelfth of the sum of 1.6% of the BellSouth Transferred Participants adjusted career income determined under the BellSouth Plan as of the transfer date plus 1.6% of all Benefit Compensation paid to the participant through January 1, 2006 plus 0.3% of the adjusted career income plus compensation through January 1, 2006 divided by the corresponding service which is in excess of the Average Social Security Covered Wage Base multiplied by the corresponding service.

BellSouth pension plan benefit (combo benefit)

For a BellSouth Transferred Participant who was a bargained participant in the BellSouth Pension Plan and whose accrued benefit under the BellSouth Pension Plan was transferred to the BellSouth Personal Retirement Account Pension Plan, the accrued benefit shall never be less than the following. The accrued benefit attributable to service under the BellSouth Pension Plan based on the pension band multiplier in effect as of December 31, 2001 plus the accrued benefit based on service since transfer from the BellSouth Pension Plan as of the earlier of termination of employment or December 31, 2006.

BellSouth management pension plan minimum lump sum benefit

For a BellSouth Transferred Participant, the largest of the actuarial equivalent lump sum value of the BellSouth Management Pension Plan Benefit on December 31, 1999, December 31, 2000 or December 31, 2001 calculated at the interest rate applicable at the given date.

Ameritech transition account

For an Ameritech Transferred Employee, a bookkeeping account which as of December 31, 2001 is equal to the greater of a projected transition shortfall after 5 years or \$500. The Ameritech Transition Account shall be reduced at the end of each month by a monthly credit amount equal to the current balance divided by the number of whole months until December 31, 2006. The account shall receive interest credits at the end of each month at the same rate as the Cash Balance Account. The balance of the Ameritech Transition Account will be zero as of January 1, 2007.

Cash balance account

The cash balance account is a bookkeeping account which will periodically receive service credits, interest credits and transition credits (if applicable) as follows.

- **Transferred account balance**

For a Transferred Participant, the Cash Balance Account is set equal to the cash balance account under the SBC Plan or the BellSouth Plan at the time of transfer to Cingular Wireless.

- **Interest credits**

Interest is credited to the Cash Balance Account monthly, based on the average 30-year Treasury bond yield for the middle month of the prior quarter.



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- **Service credits**

Service Credits equal to 5% of a participant's Benefit Compensation are credited monthly to the Cash Balance Account.

- **BellSouth basic transition service credits**

As of the last day of each month ending prior to January 1, 2007, a Service Credit shall be credited to the Cash Balance Account of each Transferred Participant who was a participant in the BellSouth Plan equal to a percent of Benefit Compensation based on Years of Vesting Service Credit completed at the beginning of the plan year. The applicable percentage is 0% for service less than 10 years, 1% for service from 10 to 15 years, 2% for service from 15 to 20 years, 3% for service from 20 to 25 years, 4% for service from 25 to 30 years, 2% for service from 30 to 35 years and 0% for service on or in excess of 35 years.

- **BellSouth supplemental transition service credits**

As of the last day of each month ending prior to January 1, 2007, a Service Credit shall be credited to the Cash Balance Account of each Transferred Participant who was a participant in the BellSouth Plan equal to 3% of Benefit Compensation in excess of the Social Security taxable wage base.

- **Ameritech transition service credits**

The monthly credit from the Ameritech Transition Account (if any) is credited to the Cash Balance Account.

- **Initial account balance**

Upon participation in the plan, new participants, that are not Transferred Participants, receive retroactive service and interest credits back to the later of their date of employment with Cingular Wireless or 12 months prior to becoming a participant in the Plan.

Service pension

Eligibility

For a SBC Transferred Participant, termination of employment after attaining age 65 with 10 years of Net Credited Service, age 55 with 20 years of Net Credited Service, age 50 with 25 years of Net Credited Service or 30 years of Net Credited Service. For a BellSouth Transferred Participant, termination of employment after attaining age plus Net Credited Service of 75 and at least 10 years of Net Credited Service.

Lump sum benefit

A lump sum benefit is available equal to the greater of the following, as applicable:

- the Cash Balance Account.
- the SBC Career-Average Benefit, reduced for distribution prior to age 55, times an immediate lump sum factor. Reduction is $\frac{1}{2}\%$ for each month the participant's age on the commencement date is prior to age 55. If the participant has attained 30 Years of Net Credited Service, then reduction is $\frac{1}{4}\%$ for each month the participant's age on the commencement date is prior to age 55.
- the SPA.
- the Accelerated Transition Benefit, reduced for distribution prior to age 55, times an immediate lump sum factor.
- the Special ATB.



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- the BellSouth Management Pension Plan benefit, reduced for distribution prior to age 60 (age 61 for terminations during 2004, 2005 or age 62 for termination during 2006 or later) times an immediate lump sum factor. Reduction is $\frac{1}{2}\%$ for each month the participant's age on the commencement date is prior to the applicable age based on year of termination. If the participant has attained 30 Years of Net Credited Service, then reduction is $\frac{1}{4}\%$ for each month the participant's age on the commencement date is prior to applicable age based on year of termination.
- the BellSouth Pension Plan Benefit, reduced for commencement prior to age 56, times an immediate lump sum factor. Reduction is $\frac{1}{2}\%$ for each month the participant's age on the commencement date is prior to age 56. If the participant has attained 30 Years of Net Credited Service, then the benefit is not reduced for early commencement.
- the BellSouth Management Pension Minimum Lump Sum benefit.

Annuity benefit

In lieu of a lump sum benefit, a participant may receive an immediate monthly pension, payable for life, equal to the actuarial equivalent of the lump sum benefit.

Date payments begin

If a monthly pension is elected, the benefit commences on the first day of the month following the date of retirement, or a later date elected by the participant, not later than age 65. If a lump sum benefit is elected, payment is made upon retirement, or a later date elected by the participant, not later than age 65.

Termination benefit

Eligibility

Termination while vested, and for Transferred Participants, termination prior to eligibility for a Service Pension. All Cingular nonbargained employees, or bargained employees that bargained to participate in the Plan, hired prior to January 1, 2002 are considered fully vested. For those Cingular employees hired after December 31, 2001, a Termination Benefit is payable upon termination of employment after completing at least 3 years of Net Credited Service. A participant who terminates employment due to disability will be considered fully vested.

Lump sum benefit

A lump sum benefit is available equal to the greater of the following, as applicable:

- the Cash Balance Account.
- the SBC Career-Average Benefit multiplied by a deferred to age 65 lump sum factor.
- the Accelerated Transition Benefit reduced for distribution prior to age 55, multiplied by an immediate lump sum factor.
- the Special ATB.
- the BellSouth Management Pension Plan Benefit multiplied by a deferred to age 65 lump sum factor.
- the BellSouth Management Pension Plan Benefit reduced for early commencement multiplied by an immediate lump sum factor.
- the BellSouth Management Pension Minimum Lump Sum Benefit.



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Annuity benefit

In lieu of a lump sum benefit, a participant may receive an immediate monthly pension, payable for life, equal to the greater of the SBC Career-Average Benefit, the Accelerated Transition Benefit, the Special ATB, the BellSouth Management Pension Plan Benefit and the Cash Balance Account converted to an annuity. All annuity benefits are reduced as applicable for early commencement.

Date payments begin

If a monthly pension is elected, the benefit commences on the first day of the month following the date of termination, or a later date elected by the participant, not later than age 65. If a lump sum benefit is elected, payment is made upon termination, or a later date elected by the participant, not later than age 65.

Surviving spouse benefit

Eligibility

Surviving spouse of an active participant, regardless of net credited service amount, or deferred vested participant in the event of the participant's death.

Annuity benefit

The monthly benefit that would have been payable to the surviving spouse if the participant had retired or terminated his active employment on the earlier of his date of death or most recent termination of employment, commenced benefits in the form of a qualified joint and survivor annuity and died on the day of commencement, or the actuarial equivalent of the participant's Cash Balance Account.

Lump sum benefit

The eligible spouse of an active participant who dies prior to Normal Retirement Age and before benefit payments commence is entitled to a lump sum benefit which is the largest of the actuarial equivalent of the annuity benefit commencing at either the date of death or the participant's normal retirement date and the participant's cash balance account.

Death benefit if no surviving spouse

Eligibility

Death of an active participant, regardless of Net Credited Service amount, or deferred vested participant that does not have a surviving spouse.

Lump sum benefit

A lump sum death benefit equal to the Cash Balance Account is paid in accordance with the Cingular rules for employee beneficiary designation.

Forms of payment

The normal form is a straight life annuity. The automatic form of payment for a Participant who is married at the benefit commencement date is a reduced qualified 50% joint and survivor annuity. If a participant retires from the plan this option includes a pop-up provision that returns the benefit to the single life annuity amount if the beneficiary predeceases the participant.



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In lieu of the automatic form of payment, a married Participant may elect, with the spousal consent, to waive the qualified joint and survivor annuity and to receive an actuarial equivalent retirement benefit in the form of a single life annuity or 75% joint and survivor annuity. J&S options are with pop-up if service pension eligible.

A Participant may also elect to receive a lump sum. Benefits will be converted to lump sums based on an interest rate equal to the average 30-year Treasury bond yield for the middle month of the quarter preceding distribution and the mortality rates in Revenue Ruling 2001-62. Effective January 1, 2012, the applicable mortality table used for conversion will be the 417(e)(3) PPA mortality. The applicable interest rate used for conversion will be the 417(e)(3) PPA Interest Rate phased-in at 25% per year over four years beginning January 1, 2012. The applicable interest rate lookback month will be the middle month of the calendar quarter preceding distribution.

Benefits not valued

No benefits are excluded that would materially affect the liabilities.



AT&T Inc.

Summary of plan provisions

The Wireless Bargained Program of the AT&T Pension Benefit Plan (CWA District 6)

Employees eligible for participation

Any bargained employee who is regularly employed by a Participating Company and represented by CWA – District 6 will become a participant on the day after completing one Year of Service. This program was closed on January 1, 2009 to new hires and rehires.

Contributions

The Company will, from time to time, pay to the Trustee such sums of money as the enrolled actuary shall certify as the amounts necessary to provide the retirement income benefits specified by the Plan and to prevent the Plan from having an accumulated funding deficiency within the meaning of IRC Section 412. The Company may also provide additional sums of money to the Trustee as deemed appropriate.

Employee contributions are neither required nor permitted under the Plan.

Expenses

All expenses incurred in connection with the administration of the Plan and the Trust are paid by the fund to the extent they are not paid by the Company.

Definitions

Transferred employee

A former participant in the SBC Plan whose accrued benefit under the SBC Plan was transferred to the Plan.

Years of service

The Years of Service will be calculated on an elapsed time basis. For a Transferred Employee, vesting service credited under the SBC Plan shall be taken into account in determining Years of Service for vesting and participation.

Pension calculation service

For purposes of determining the participant's Accrued Benefit, Pension Calculation Service shall include employment with a Participating Company. A Transferred Employee's Pension Calculation Service credited under the SBC Plan shall be taken into account as Pension Calculation Service.

Net credited service

The number of whole and fractional 12-month periods of employment in the service of a Participating Company. A Transferred Employee's pension eligibility service credited under the SBC Plan shall be taken into account as Net Credited Service.

Average supplemental earnings

The sum of a participant's commissions, in charge allowances, extra payments for temporary promotions, shift differentials and job differentials over the 36-month period divided by 3 that produces the highest annual average.



AT&T Inc.

Special pension account (SPA)

For a SBC Transferred Participant eligible to retire as of December 31, 1999, a special pension account (SPA) was created at SBC equal to the lump sum value of the participant's December 31, 1999 retirement benefit assuming they retire on that date increased with interest to December 31, 2000 at 6.15%, and then frozen.

Service pension

Eligibility

Termination of employment after attaining age 65 with 10 years of Net Credited Service, age 55 with 20 years of Net Credited Service, age 50 with 25 years of Net Credited Service or 30 years of Net Credited Service.

Accrued benefit

A monthly benefit equal to the sum of the following:

- the Pension Band Amount shown in the tables for the pension band which applies to the participant's job title times Pension Calculation Service.
- the Supplemental Monthly Pension.

Supplemental monthly pension

.08% of Average Supplemental Earnings multiplied by Pension Calculation Service.

Reduction

After meeting eligibility for a Service Pension, a participant receives an immediate monthly pension, payable for life, equal to the Accrued Benefit, reduced for commencement prior to age 55. The reduction is ½% for each month prior to age 55 with less than 30 years of Net Credited Service and is unreduced with 30 or more years of Net Credited Service.

Date payments begin

The monthly pension commences on the first day of the month coinciding with or next following the date of retirement, subject to the provisions of IRC section 411(a)(11) and notice and election requirements under IRC section 417.

Termination benefit

Eligibility

Termination of employment after completing at least 5 Years of Service or five years of Net Credited Service, and before reaching eligibility for a Service Pension. However, effective January 1, 2010, if any part of the accrued benefit is determined as a Cash Balance Account or DLS Account then the Participant is eligible after 3 years of Vesting Service. Notwithstanding the preceding, all participants were fully vested as of the date of a qualified IRC section 420 transfer at SBC.



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Benefit

The monthly benefit, payable as a straight life annuity starting on the participant's Normal Retirement Age (the later of age 65 or the fifth anniversary of plan participation), equals the participant's Accrued Benefit on the date of termination. The benefit is reduced if commenced prior to Normal Retirement Age.

Date payments begin

A participant who terminates employment and is eligible for the Termination Benefit receives a benefit commencing at Normal Retirement Age or at termination of service, if later. If the participant has sufficient service for early retirement eligibility, the Termination Benefit may commence early when the participant later meets the age requirements. The amount payable upon early retirement is equal to the Accrued Benefit, reduced based on commencement prior to age 65. A table of reduction factors is in the plan document.

Participants who transfer to the nonbargained plan

A participant who is transferred to the nonbargained plan continues to earn Years of Service under the plan for vesting and eligibility purposes. The pension band amount used in the determination of the participant's accrued benefit is frozen as of the date of transfer.

Surviving spouse benefit

Eligibility

Surviving spouse of an active vested participant or deferred vested participant in the event of the participant's death.

Benefit

The eligible spouse of an active participant who dies prior to Normal Retirement Age and before payments commence is entitled to one of the following benefits:

- If the participant dies with 3 or more Years of Service, has less than 15 years of Net Credited Service, and is not eligible for a Service Pension, the eligible spouse receives a deferred monthly survivor benefit for life beginning on the date the participant would have reached earliest eligibility to commence a Termination Benefit. The benefit is computed as though the participant had left service on the date of death, survived until the earliest eligibility to commence a Termination Benefit, retired at that time with the qualified survivor annuity option, and died the next day.
- If the participant dies eligible for a Service Pension or with 15 years of Net Credited Service, a surviving spouse receives a monthly survivor pension payable for life equal to 45% of the Accrued Benefit. The spouse's benefit will commence on the first day following the participant's date of death.

Effective March 28, 2008, these benefits are available as an actuarially equivalent lump sum.



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Lump sum death benefit

For participants hired prior to January 1, 1990, the Plan provides a Lump Sum Death Benefit equal to the wages earned in the 12 month period ending on December 31, 1989. This benefit is paid if an eligible active employee dies due to sickness or non-job-related injury and is survived by an "Eligible Beneficiary" (spouse, dependent child, or dependent parent). The benefit is also paid if an eligible Service Pensioner dies and is survived by an Eligible Beneficiary.

Forms of payment

The normal form is a straight life annuity. The automatic form of payment for a Participant who is married at the benefit commencement date is a reduced qualified 50% joint and survivor annuity. If a participant retires from the plan this option includes a pop-up provision that returns the benefit to the single life annuity amount if the beneficiary predeceases the participant. The normal form with respect to all other participants is a single life annuity.

In lieu of the automatic form of retirement benefit, a married Participant may elect, with the spousal consent, to waive the qualified joint and survivor annuity and to receive an actuarial equivalent retirement benefit in the form of a single life annuity, a 75% joint and survivor annuity, or a 100% joint and survivor annuity. J&S options are with pop-up if service pension eligible. During the contract period, adopted after January 1, 2009, retirement eligible participants have the option to receive a lump sum payment. For purposes of converting benefits to an annuity on an actuarial equivalent basis, the interest rate equals to the average 30-year Treasury bond yield for the middle month of the quarter preceding distribution.

Certain employees who transferred from a non-wireless bargained pension plan may be eligible for a lump sum form of payment in lieu of the normal form of retirement benefit with the appropriate spousal consent. Effective March 31, 2008, retirement eligible employees also have a lump sum option. Benefits will be converted to lump sums based on an interest rate equal to the average 30-year Treasury bond yield for the middle month of the quarter preceding distribution and the mortality rates in Revenue Ruling 2001-62. Some of these employees have a SPA which will be paid in the event that it is greater than the present value of their accrued benefit at termination. Effective January 1, 2013, the applicable mortality table used for conversion will be the 417(e)(3) PPA mortality and the applicable interest rate used for conversion will be the 417(e)(3) PPA Interest Rate at phased-in at the minimum required rate. The applicable interest rate lookback month will be the middle month of the calendar quarter preceding distribution.

Benefits not valued

No benefits are excluded that would materially affect the liabilities.

Pension band amounts

The tables on the following pages present Pension Band Amounts for various band numbers, and age at commencement. The column that applies for age 65 always applies for Termination Benefits.



AT&T Inc.

Monthly pension band amounts

For participants who terminate employment on or after December 28, 2008 and before January 1, 2010

Pension band	Under age 55	Age 55 through 59	Age 60 and over	Pension band	Under age 55	Age 55 through 59	Age 60 and over
1589 & 1789	\$9.65	\$10.54	\$11.17	1515 & 1715	\$32.30	\$35.25	\$37.34
1590 & 1790	10.46	11.42	12.10	1516 & 1716	33.14	36.18	38.33
1591 & 1791	11.38	12.41	13.13	1517 & 1717	34.01	37.14	39.34
1592 & 1792	12.18	13.31	14.10	1518 & 1718	34.83	38.02	40.28
1593 & 1793	13.05	14.26	15.11	1519 & 1719	35.79	39.10	41.39
1594 & 1794	13.92	15.20	16.11	1520 & 1720	36.72	40.06	42.44
1595 & 1795	14.78	16.14	17.09	1521 & 1721	37.54	40.99	43.41
1596 & 1796	15.61	17.05	18.07	1522 & 1722	38.45	41.96	44.46
1597 & 1797	16.46	17.97	19.04	1523 & 1723	39.37	42.96	45.54
1598 & 1798	17.29	18.87	20.01	1524 & 1724	40.19	43.87	46.48
1599 & 1799	18.25	19.93	21.09	1525 & 1725	41.11	44.88	47.54
1500 & 1700	19.08	20.83	22.07	1526 & 1726	42.01	45.86	48.58
1501 & 1701	19.98	21.78	23.10	1527 & 1727	42.88	46.80	49.57
1502 & 1702	20.82	22.73	24.10	1528 & 1728	43.68	47.68	50.53
1503 & 1703	21.67	23.67	25.08	1529 & 1729	44.58	48.68	51.57
1504 & 1704	22.54	24.62	26.07	1530 & 1730	45.54	49.71	52.67
1505 & 1705	23.44	25.61	27.10	1531 & 1731	46.37	50.61	53.63
1506 & 1706	24.37	26.60	28.16	1532 & 1732	47.26	51.60	54.68



AT&T Inc.

Monthly pension band amounts

For participants who terminate employment on or after December 28, 2008 and before January 1, 2010

Pension band	Under age 55	Age 55 through 59	Age 60 and over	Pension band	Under age 55	Age 55 through 59	Age 60 and over
1507 & 1707	25.22	27.53	29.16	1533 & 1733	48.14	52.56	55.66
1508 & 1708	26.09	28.48	30.17	1534 & 1734	48.97	53.45	56.62
1509 & 1709	27.02	29.54	31.27	1535 & 1735	49.91	54.46	57.69
1510 & 1710	27.89	30.42	32.23	1536 & 1736	50.81	55.47	58.78
1511 & 1711	28.67	31.33	33.17	1537 & 1737	51.74	56.49	59.85
1512 & 1712	29.59	32.27	34.21	1538 & 1738	52.67	57.51	60.91
1513 & 1713	30.48	33.28	35.25	1539 & 1739	53.62	58.49	61.98
1514 & 1714	31.37	34.26	36.28	1540 & 1740	54.51	59.52	63.04



AT&T Inc.

Monthly pension band amounts

For participants who terminate employment on or after January 1, 2010 and before January 1, 2011

Pension band	Under age 55	Age 55 through 59	Age 60 and over	Pension band	Under age 55	Age 55 through 59	Age 60 and over
1589 & 1789	\$9.80	\$10.69	\$11.33	1515 & 1715	\$32.78	\$35.78	\$37.90
1590 & 1790	10.62	11.59	12.28	1516 & 1716	33.64	36.73	38.90
1591 & 1791	11.55	12.60	13.33	1517 & 1717	34.52	37.70	39.93
1592 & 1792	12.36	13.51	14.31	1518 & 1718	35.36	38.59	40.88
1593 & 1793	13.25	14.47	15.34	1519 & 1719	36.33	39.68	42.01
1594 & 1794	14.12	15.43	16.35	1520 & 1720	37.27	40.66	43.07
1595 & 1795	15.00	16.38	17.35	1521 & 1721	38.11	41.60	44.06
1596 & 1796	15.84	17.31	18.34	1522 & 1722	39.02	42.59	45.12
1597 & 1797	16.71	18.23	19.33	1523 & 1723	39.96	43.61	46.23
1598 & 1798	17.54	19.15	20.31	1524 & 1724	40.80	44.53	47.17
1599 & 1799	18.52	20.23	21.41	1525 & 1725	41.72	45.56	48.26
1500 & 1700	19.37	21.14	22.40	1526 & 1726	42.64	46.55	49.31
1501 & 1701	20.27	22.11	23.45	1527 & 1727	43.53	47.50	50.32
1502 & 1702	21.13	23.07	24.46	1528 & 1728	44.33	48.40	51.28
1503 & 1703	22.00	24.02	25.46	1529 & 1729	45.25	49.41	52.35
1504 & 1704	22.88	24.99	26.46	1530 & 1730	46.23	50.46	53.46
1505 & 1705	23.79	25.99	27.51	1531 & 1731	47.06	51.37	54.44
1506 & 1706	24.74	27.00	28.58	1532 & 1732	47.97	52.38	55.50



AT&T Inc.

Monthly pension band amounts

For participants who terminate employment on or after January 1, 2010 and before January 1, 2011

Pension band	Under age 55	Age 55 through 59	Age 60 and over	Pension band	Under age 55	Age 55 through 59	Age 60 and over
1507 & 1707	25.60	27.94	29.60	1533 & 1733	48.86	53.35	56.50
1508 & 1708	26.48	28.91	30.62	1534 & 1734	49.71	54.25	57.47
1509 & 1709	27.42	29.98	31.74	1535 & 1735	50.66	55.28	58.56
1510 & 1710	28.31	30.88	32.71	1536 & 1736	51.57	56.30	59.66
1511 & 1711	29.10	31.80	33.67	1537 & 1737	52.52	57.34	60.75
1512 & 1712	30.03	32.75	34.72	1538 & 1738	53.46	58.37	61.82
1513 & 1713	30.94	33.78	35.78	1539 & 1739	54.43	59.37	62.91
1514 & 1714	31.84	34.77	36.82	1540 & 1740	55.32	60.41	63.99



AT&T Inc.

Monthly pension band amounts

For participants who terminate employment on or after January 1, 2011 and before January 1, 2012

Pension band	Under age 55	Age 55 through 59	Age 60 and over	Pension band	Under age 55	Age 55 through 59	Age 60 and over
1589 & 1789	\$9.94	\$10.85	\$11.50	1515 & 1715	\$33.27	\$36.32	\$38.47
1590 & 1790	10.78	11.76	12.46	1516 & 1716	34.14	37.28	39.48
1591 & 1791	11.72	12.79	13.53	1517 & 1717	35.04	38.26	40.53
1592 & 1792	12.55	13.71	14.52	1518 & 1718	35.89	39.17	41.49
1593 & 1793	13.45	14.69	15.57	1519 & 1719	36.87	40.28	42.64
1594 & 1794	14.34	15.66	16.59	1520 & 1720	37.83	41.27	43.72
1595 & 1795	15.23	16.63	17.61	1521 & 1721	38.68	42.22	44.72
1596 & 1796	16.08	17.57	18.61	1522 & 1722	39.61	43.23	45.80
1597 & 1797	16.96	18.51	19.62	1523 & 1723	40.56	44.26	46.92
1598 & 1798	17.81	19.44	20.61	1524 & 1724	41.41	45.19	47.88
1599 & 1799	18.80	20.54	21.73	1525 & 1725	42.35	46.24	48.98
1500 & 1700	19.66	21.46	22.73	1526 & 1726	43.28	47.24	50.05
1501 & 1701	20.58	22.44	23.80	1527 & 1727	44.18	48.22	51.07
1502 & 1702	21.45	23.41	24.82	1528 & 1728	45.00	49.13	52.05
1503 & 1703	22.33	24.39	25.84	1529 & 1729	45.93	50.15	53.13
1504 & 1704	23.22	25.37	26.85	1530 & 1730	46.92	51.22	54.26
1505 & 1705	24.14	26.38	27.92	1531 & 1731	47.77	52.14	55.25
1506 & 1706	25.11	27.41	29.01	1532 & 1732	48.69	53.16	56.33



AT&T Inc.

Monthly pension band amounts

For participants who terminate employment on or after January 1, 2011 and before January 1, 2012

Pension band	Under age 55	Age 55 through 59	Age 60 and over	Pension band	Under age 55	Age 55 through 59	Age 60 and over
1507 & 1707	25.99	28.36	30.04	1533 & 1733	49.60	54.15	57.35
1508 & 1708	26.87	29.34	31.08	1534 & 1734	50.45	55.07	58.33
1509 & 1709	27.84	30.43	32.22	1535 & 1735	51.42	56.11	59.44
1510 & 1710	28.74	31.34	33.20	1536 & 1736	52.35	57.15	60.56
1511 & 1711	29.54	32.28	34.17	1537 & 1737	53.31	58.20	61.66
1512 & 1712	30.48	33.24	35.24	1538 & 1738	54.26	59.25	62.75
1513 & 1713	31.40	34.29	36.32	1539 & 1739	55.24	60.26	63.85
1514 & 1714	32.32	35.29	37.37	1540 & 1740	56.15	61.32	64.95



AT&T Inc.

Monthly pension band amounts

For participants who terminate employment on or after January 1, 2012							
Pension band	Under age 55	Age 55 through 59	Age 60 and over	Pension band	Under age 55	Age 55 through 59	Age 60 and over
1589 & 1789	\$10.09	\$11.02	\$11.67	1515 & 1715	\$33.77	\$36.86	\$39.05
1590 & 1790	10.94	11.94	12.65	1516 & 1716	34.65	37.84	40.08
1591 & 1791	11.90	12.98	13.73	1517 & 1717	35.57	38.84	41.14
1592 & 1792	12.74	13.91	14.74	1518 & 1718	36.43	39.76	42.11
1593 & 1793	13.65	14.91	15.80	1519 & 1719	37.42	40.88	43.28
1594 & 1794	14.55	15.90	16.84	1520 & 1720	38.40	41.89	44.38
1595 & 1795	15.45	16.88	17.87	1521 & 1721	39.26	42.86	45.39
1596 & 1796	16.32	17.83	18.89	1522 & 1722	40.20	43.88	46.49
1597 & 1797	17.22	18.79	19.91	1523 & 1723	41.17	44.93	47.62
1598 & 1798	18.08	19.73	20.92	1524 & 1724	42.03	45.87	48.60
1599 & 1799	19.08	20.85	22.06	1525 & 1725	42.99	46.93	49.71
1500 & 1700	19.95	21.78	23.07	1526 & 1726	43.93	47.95	50.80
1501 & 1701	20.89	22.78	24.16	1527 & 1727	44.84	48.94	51.84
1502 & 1702	21.77	23.76	25.20	1528 & 1728	45.67	49.86	52.83
1503 & 1703	22.66	24.75	26.23	1529 & 1729	46.62	50.90	53.93
1504 & 1704	23.57	25.75	27.26	1530 & 1730	47.62	51.99	55.07
1505 & 1705	24.51	26.78	28.34	1531 & 1731	48.48	52.92	56.08
1506 & 1706	25.48	27.82	29.44	1532 & 1732	49.42	53.96	57.18



AT&T Inc.

Monthly pension band amounts

For participants who terminate employment on or after January 1, 2012							
Pension band	Under age 55	Age 55 through 59	Age 60 and over	Pension band	Under age 55	Age 55 through 59	Age 60 and over
1507 & 1707	26.37	28.78	30.49	1533 & 1733	50.34	54.96	58.21
1508 & 1708	27.28	29.78	31.54	1534 & 1734	51.21	55.89	59.20
1509 & 1709	28.25	30.89	32.70	1535 & 1735	52.19	56.95	60.33
1510 & 1710	29.17	31.81	33.70	1536 & 1736	53.13	58.00	61.46
1511 & 1711	29.98	32.76	34.69	1537 & 1737	54.11	59.08	62.59
1512 & 1712	30.94	33.74	35.77	1538 & 1738	55.07	60.14	63.69
1513 & 1713	31.87	34.80	36.86	1539 & 1739	56.07	61.17	64.81
1514 & 1714	32.81	35.82	37.93	1540 & 1740	57.00	62.24	65.92



AT&T Inc.

Summary of plan provisions

The Wireless Bargained Program of the AT&T Pension Benefit Plan (CWA District 9)

Program frozen

Effective January 1, 2003, accrued benefits were frozen and all participants transferred to the Wireless Program.

Definitions

Transferred employee

A former participant in the PTG Plan whose accrued benefit under the PTG Plan was transferred to the Plan.

Years of service

Years of Service will be calculated on an elapsed time basis. For a Transferred Employee, vesting service credited under the PTG Plan shall be taken into account in determining Years of Service for vesting and participation.

Pension calculation service

For purposes of determining the participant's Accrued Benefit, Pension Calculation Service shall include employment with a Participating Company. A Transferred Employee's Pension Calculation Service credited under the PTG Plan shall be taken into account as Pension Calculation Service. Credits for Pension Calculation Service end as of January 1, 2003.

Net credited service

The number of whole and fractional 12-month periods of employment in the service of a Participating Company. A Transferred Employee's pension eligibility service credited under the PTG Plan shall be taken into account as Net Credited Service.

Average supplemental earnings

The sum of a participant's in charge allowances, extra payments for temporary promotions, shift differentials and job differentials over the 36-month period divided by 3 that produces the highest annual average.

Service pension

Eligibility

Termination of employment after attaining age 65 with 10 years of Net Credited Service, age 55 with 20 years of Net Credited Service, age 50 with 25 years of Net Credited Service or 30 years of Net Credited Service.

Accrued benefit

A monthly benefit equal to the sum of the following:

- the Pension Band Amount shown in the tables for the pension band which applies to the participant's job title times Pension Calculation Service
- the Supplemental Monthly Pension.



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Supplemental monthly pension

.10% of Average Supplemental Earnings multiplied by Pension Calculation Service.

Reduction

After meeting eligibility for a Service Pension, a participant receives an immediate monthly pension, payable for life, equal to the Accrued Benefit, reduced for commencement prior to age 55. The reduction is ½% for each month prior to age 55 with less than 30 years of Net Credited Service and is unreduced with 30 or more years of Net Credited Service.

Lump sum benefit

A lump sum benefit is available equal to the value of the Accrued Benefit.

Date payments begin

The monthly pension commences on the first day of the month coinciding with or next following the date of retirement, subject to the provisions of IRC section 411(a)(11) and notice and election requirements under IRC section 417.

Termination benefit

Eligibility

Termination of employment after completing at least 5 Years of Service or five years of Net Credited Service, and before reaching eligibility for a Service Pension. However, effective January 1, 2010, if any part of the accrued benefit is determined as a Cash Balance Account or DLS Account then the Participant is eligible after 3 years of Vesting Service. Notwithstanding the preceding, all participants were fully vested as of the date of a qualified IRC section 420 transfer at SBC Corporation.

Benefit

The monthly benefit, payable as a straight life annuity starting on the participant's Normal Retirement Age (the later of age 65 or the fifth anniversary of plan participation), equals the participant's Accrued Benefit on the date of termination. The benefit is reduced if commenced prior to Normal Retirement Age.

Date payments begin

A participant who terminates employment eligible for a Termination Benefit receives a benefit commencing at Normal Retirement Age or at termination of service, if later. If the participant has sufficient service for early retirement eligibility, the Termination Benefit may commence early when the participant later meets the age requirements.

Participants who transfer to the nonbargained plan

A participant who is transferred to the nonbargained plan continues to earn Years of Service under the Plan for vesting and eligibility purposes. The pension band amount used in the determination of the participant's accrued benefit is frozen as of the date of transfer.

Surviving spouse benefit

Eligibility

Surviving spouse of an active vested or deferred vested participant in the event of the participant's death.



AT&T Inc.

Benefit

The eligible spouse of an active participant who dies prior to Normal Retirement Age and before payments commence is entitled to one of the following benefits:

- If the participant dies with 3 or more Years of Service, has less than 15 years of Net Credited Service, and is not eligible for a Service Pension, the eligible spouse receives a deferred monthly survivor benefit for life beginning on the date the participant would have reached earliest eligibility to commence a Termination Benefit. The benefit is computed as though the participant had left service on the date of death, survived until the earliest eligibility to commence a Termination Benefit, retired at that time with the qualified survivor annuity option, and died the next day.
- If the participant dies eligible for a Service Pension or with 15 years of Net Credited Service, a surviving spouse receives a monthly survivor pension payable for life equal to 45% of the Accrued Benefit. The spouse's benefit will commence on the first day following the participant's date of death.

Lump sum death benefit

The Plan provides a Lump Sum Death Benefit equal to the wages earned in the 12-month period ending on the date of death. This benefit is paid if an "eligible" active employee (generally, an active employee who was eligible to retire under the PTG Plan with a service pension prior to January 1, 1987) dies and is survived by an "Eligible Beneficiary" (spouse, dependent child, or dependent parent).

Forms of payment

The automatic form of payment for a Participant who is married at the benefit commencement date is a reduced qualified 50% joint and survivor annuity. If a participant retires from the plan this option includes a pop-up provision that returns the benefit to the single life annuity amount if the beneficiary predeceases the participant. The normal form with respect to all other participants is a single life annuity.

In lieu of the automatic form of retirement benefit, a married participant may elect, with the proper spousal consent, to waive the qualified joint and survivor annuity and to receive an actuarial equivalent retirement benefit in the form of a single life annuity or a 75% joint and survivor annuity. J&S options are with pop-up if service pension eligible. A participant may also elect to receive a lump sum. Benefits will be converted to lump sums based on an interest rate equal to the average 30-year Treasury bond yield for the middle month of the quarter preceding distribution and the mortality rates in Revenue Ruling 2001-62. Effective January 1, 2012, the applicable mortality table used for conversion will be the 417(e)(3) PPA mortality. The applicable interest rate used for conversion will be the 417(e)(3) PPA Interest Rate phased-in at 25% per year over four years beginning January 1, 2012. The applicable interest rate lookback month will be the middle month of the calendar quarter preceding distribution.

Benefits not valued

No benefits are excluded that would materially affect the liabilities.

Pension band amounts

The table on the following page presents Pension Band Amounts for various band numbers.



AT&T Inc.

Monthly pension band amounts

For participants who terminate employment on or after January 1, 2000

Pension band	Band amount	Pension band	Band amount	Pension band	Band amount
289	\$8.73	210	\$25.21	231	\$41.92
290	9.46	211	25.95	232	42.74
291	10.28	212	26.74	233	43.53
292	11.02	213	27.58	234	44.29
293	11.82	214	28.37	235	45.13
294	12.59	215	29.21	236	45.96
295	13.37	216	29.97	237	46.80
296	14.13	217	30.77	238	47.63
297	14.89	218	31.50	239	48.47
298	15.64	219	32.38	240	49.31
299	16.50	220	33.19	241	50.14
200	17.26	221	33.95	242	50.98
201	18.05	222	34.77	243	51.81
202	18.83	223	35.60	244	52.65
203	19.61	224	36.34	245	53.48
204	20.39	225	37.18	246	54.32
205	21.20	226	37.99	247	55.16
206	22.04	227	38.77	248	55.99
207	22.82	228	39.51	249	56.83
208	23.59	229	40.33	250	57.66
209	24.45	230	41.18		



AT&T Inc.

Summary of plan provisions

The Wireless Bargained Program of the AT&T Pension Benefit Plan (CWA District 1)

Program frozen

Effective December 31, 2005, accrued benefits were frozen and all participants transferred to the Wireless Program.

Definitions

Transferred employee

A former participant in the SNET Plan whose accrued benefit under the SNET Plan was transferred to the Plan.

Transfer date

With respect to a Transferred Employee, the date he became a covered employee.

Years of service

Years of Service will be calculated on an elapsed time basis. For a Transferred Employee, vesting service credited under the SNET Plan shall be taken into account in determining Years of Service for vesting and participation.

Net credited service

The number of whole and fractional 12-month periods of employment in the service of a Participating Company. A Transferred Employee's pension eligibility service credited under the SNET Plan shall be taken into account as Net Credited Service.

Benefit compensation

The sum of a participant's annualized base wage rate and fixed differential rate as of earlier of October of the previous Plan Year or October of 2003 (or date of hire/rehire if later). Benefit Compensation for each year is limited by law to the IRC section 401(a)(17) compensation limit.

Normal retirement age

The later of age 65 or the date on which he completes 5 Years of Service.

Accrued benefit

A monthly benefit, commencing at Normal Retirement Age, which is the amount determined by taking the CBA projected to Normal Retirement Age at the rate of 7 percent per year through May 1, 2004 and 4 percent per year thereafter, compounded annually, and converting such amount into a straight life annuity at the participant's Normal Retirement Age by dividing the result by the product of 9.92 multiplied by 12.

For a Transferred Participant, the Accrued Benefit shall never be less than the sum of his Frozen Enhanced Cash Balance Account divided by a factor defined in the Plan plus his Frozen Core Pension Benefit. In addition, for a Transferred Participant that terminates prior to January 1, 2005, the Accrued Benefit shall never be less than the actuarial equivalent of the sum of his Frozen Core Pension Benefit converted to a lump sum using 5.78% and his age as of July 1, 2001 plus his Frozen Cash Balance Account.



AT&T Inc.

Cash balance account (CBA)

The Cash Balance Account earns interest credits and service credits as follows:

■ **Interest credits**

Interest is credited to the Cash Balance Plan Account monthly, based on an effective annual rate of 7.00%. For periods after May 1, 2004, the rate is 4.00% effective annually, subject to future negotiations.

■ **Service credits**

Service Credits based on applicable Benefit Compensation and Net Credited Service (see table) are credited at the end of each month to the Cash Balance Account. The Net Credited Service is determined as of first of each month.

Opening cash balance plan account for transferred participants

Upon becoming an active participant, the Cash Balance Account of a Transferred Participant shall be credited with an amount equal to the cash balance account to which he was entitled under the SNET Plan as of his Transfer Date.

Frozen core pension benefit

With respect to a Transferred Participant, the frozen core pension benefit to which such Transferred Participant was entitled under section 17.7 of the SNET Plan as of his Transfer Date.

Frozen enhanced cash balance account

With respect to a Transferred Participant, the frozen enhanced cash balance account to which such Transferred Participant was entitled under section 17.7 of the SNET Plan as of his Transfer Date.

Lump sum benefit

A lump sum benefit is available equal to the greater of the following, as applicable:

- the Cash Balance Account
- the actuarial equivalent of the Accrued Benefit
- the actuarial equivalent of the immediate single life annuity
- with regard to a Transferred Employee, the sum of (i) the actuarial equivalent of such Transferred Employee's Frozen Core Pension Benefit, plus (ii) such Transferred Employee's Frozen Enhanced Cash Balance Account.

Actuarial equivalence is determined using an interest rate equal to the average 30-year Treasury bond yield for the middle month of the quarter preceding distribution and the mortality rates in Revenue Ruling 2001-62. Effective January 1, 2012, the applicable mortality table used for conversion will be the 417(e)(3) PPA mortality. The applicable interest rate used for conversion will be the 417(e)(3) PPA Interest Rate phased-in at 25% per year over four years beginning January 1, 2012. The applicable interest rate lookback month will be the middle month of the calendar quarter preceding distribution.



AT&T Inc.

Termination benefit

Eligibility

Termination of employment after completing at least 5 Years of Service. However, effective January 1, 2010, if any part of the accrued benefit is determined as a Cash Balance Account or DLS Account then the Participant is eligible after 3 years of Vesting Service. Notwithstanding the preceding, all participants were fully vested as of the date of a qualified IRC section 420 transfer at SBC Corporation.

Benefit

A Lump Sum Benefit or a monthly benefit, payable as a straight life annuity starting on the participant's Normal Retirement Age (the later of age 65 or the fifth anniversary of plan participation), equal to the participant's Accrued Benefit. The monthly benefit is reduced if commenced prior to Normal Retirement Age.

Date payments begin

A participant may commence receipt of benefits as of any date following his date of termination of employment and preceding his Normal Retirement Date. The monthly benefit payable at termination is equal to the Accrued Benefit reduced for early commencement based on tables defined in the appendix of the plan document.

Special early retirement benefit

The Termination Benefit of a Transferred Employee whose benefit commences prior to January 1, 2005, and who has, as of such date, either (i) attained age 55 and completed at least 20 Years of Net Credited Service or (ii) completed at least 30 Years of Net Credited Service, shall never be less than the CBA divided by the product of 9.92 multiplied by 12.

Participants who transfer to the nonbargained plan

A participant who is transferred to the nonbargained plan continues to earn Years of Service under the Plan for vesting and eligibility purposes.

Surviving spouse benefit

Eligibility

Surviving spouse of a vested participant in the event of the participant's death.

Benefit

The eligible spouse of a vested participant who dies prior to Normal Retirement Age and before benefit payments commence is entitled to a lump sum benefit equal to the Cash Balance Account.

In lieu of a lump sum, the eligible spouse may elect a life annuity equal to the greater of the following:

- a monthly pension equal to 45% of the Accrued Benefit reduced for commencement prior to the participant's Normal Retirement Age, or
- the actuarial equivalent of the Cash Balance Account paid as a monthly annuity, based on the surviving spouse's age as of the date of death.



AT&T Inc.

Death benefit if no surviving spouse

Eligibility

Death of a vested participant that does not have a surviving spouse.

Benefit

The participant's estate is paid a lump sum death benefit equal to the Cash Balance Account.

Lump sum death benefit

For participants hired prior to September 17, 1989, the Plan provides a Lump Sum Death Benefit equal to the annual basic rate of pay earned in the 12 month period ending on December 31, 1991, or date of retirement if earlier. This benefit is paid if an eligible active or disabled participant dies due to sickness or injury and is survived by an "Eligible Beneficiary" (spouse, dependent child, or dependent parent).

Forms of payment

The automatic form of payment for a Participant who is married at the benefit commencement date is a reduced qualified 50% joint and survivor annuity. If a participant retires from the plan this option includes a pop-up provision that returns the benefit to the single life annuity amount if the beneficiary predeceases the participant. The normal form with respect to all other participants is a single life annuity.

In lieu of the automatic form of retirement benefit, a married Participant may elect, with the proper spousal consent, to waive the qualified joint and survivor annuity and to receive an actuarial equivalent retirement benefit in the form of a single life annuity or a 75% joint and survivor annuity. J&S options are with pop-up if service pension eligible.

A Participant may also elect to receive a Lump Sum Benefit, partial lump sum or lump sum certain benefit. Benefits will be converted to lump sums based on an interest rate equal to the average 30-year Treasury bond yield for the middle month of the quarter preceding distribution and the mortality rates in Revenue Ruling 2001-62. Effective January 1, 2012, the applicable mortality table used for conversion will be the 417(e)(3) PPA mortality. The applicable interest rate used for conversion will be the 417(e)(3) PPA Interest Rate phased-in at 25% per year over four years beginning January 1, 2012. The applicable interest rate lookback month will be the middle month of the calendar quarter preceding distribution.

Benefits not valued

No benefits are excluded that would materially affect the liabilities.

Service credits

The table on the following page presents the annual Service Credit for various wage brackets. The amount credited monthly is 1/12 of the amount listed.



AT&T Inc.

Cash balance plan service credit

Benefit compensation	Years of completed service						
	0-4	5-9	10-13	14-18	19-23	24-28	29+
Less than \$20,000	\$500	\$550	\$650	\$800	\$1,050	\$1,400	\$1,500
20,000-22,499	525	575	700	850	1100	1475	1575
22,500-24,999	600	650	775	950	1225	1650	1775
25,000-27,499	650	725	850	1050	1375	1825	1950
27,500-29,999	725	800	925	1150	1500	2000	2150
30,000-32,499	775	850	1025	1250	1625	2175	2325
32,500-34,999	850	925	1100	1350	1750	2350	2525
35,000-37,499	925	1025	1200	1475	1925	2625	2800
37,500-39,999	1050	1150	1375	1675	2200	2975	3175
40,000-42,499	1175	1300	1525	1875	2450	3325	3550
42,500-44,999	1300	1425	1700	2075	2725	3675	3925
45,000-47,499	1425	1575	1850	2275	2975	4025	4300
47,500-49,999	1550	1700	2025	2475	3250	4375	4675
50,000-52,499	1675	1850	2175	2675	3500	4725	5050
52,500-54,999	1800	1975	2350	2875	3775	5075	5425
55,000-57,499	1925	2050	2475	3025	3950	5325	5675
57,500-59,999	1975	2150	2600	3175	4125	5575	5950
60,000-62,499	2075	2250	2700	3325	4325	5850	6225
62,500-64,999	2175	2350	2825	3450	4500	6075	6500
65,000-67,499	2275	2450	2925	3575	4675	6300	6750
67,500 and greater	2375	2550	3050	3725	4875	6550	7025



AT&T Inc.

Summary of plan provisions The Bargained Cash Balance Program of the AT&T Pension Benefit Plan

Employees eligible for participation

Any bargaining unit employee who is a member of a collective bargaining unit that has agreed to the terms of the BCB. If not a member at the time of agreement, the employee will become a participant on the day after completing one year of Period of Service.

Current bargaining units that have employees in the BCB program: DGA, PBLD, PBI, SBC Global Services Inc. (CA/NV and Customer Operations Specialists), SWBAG, National Internet Group - Tier 2.

Definitions

Period of service

The period from date of hire to severance from employment.

Vesting service

Vesting service is calculated on an elapsed time basis. For actives on January 1, 2010, accrued benefits will now be vested after three years.

Pension compensation

The sum of a participant's:

- Actual base pay
- Group incentive compensation (e.g., Team Award, STIP, etc.)
- Individual nondiscretionary incentive compensation (e.g., commissions)
- Individual Discretionary Awards (IDA)

Additional compensation (e.g., shift differentials, lump wages, etc.) is included for certain bargaining units.

Cash Balance benefit

The Cash Balance benefit earns benefit credits and interest credits as follows:

- **Benefit credits**
5% of monthly pension compensation credited monthly.
- **Interest credits**
Interest is credited to the Cash Balance Account monthly, based on the average 30-year Treasury bond yield for the middle month of the prior quarter.



AT&T Inc.

Forms of payment

If a participant terminates for any reason with at least 3 years of vesting service, they are eligible to receive their cash balance account in one of the available payment forms.

The normal form is a straight life annuity. The automatic form of payment for a Participant who is married at the benefit commencement date is a reduced qualified joint and survivor annuity, with 50% of the benefit continuing to the surviving spouse upon the earlier death of the Participant.

In lieu of the automatic form of payment, a Participant may elect, with the proper spousal consent, to receive an actuarial equivalent retirement benefit in the form of a single life annuity, a 75% joint and survivor annuity or, alternatively, a single lump sum payment of their cash balance account.

Cash balance accounts are converted to an annuity using the GATT mortality table (IRS Applicable Mortality Table pursuant to IRS RR2001-62) and the interest crediting rate at the time of conversion.

In case of death, the beneficiary can receive the cash balance amount at time of death in form of a lump sum payment.

Benefits not valued

No benefits are excluded that would materially affect the liabilities.



AT&T Inc.

Summary of plan provisions

The Bargained Cash Balance 2 Program of the AT&T Pension Benefit Plan

Employees eligible for participation

Any bargained employee from a participating bargaining unit (and associated NMNUs) hired/rehired after the date below will become a participant on the day after completing one year of Participation Service.

- CWA (SBC Internet Services, Inc., Tier 1) (since Jan. 1, 2007), no lump sum
- CWA District 6 (AT&T Mobility Services LLC) (effective Jan. 1, 2009), no lump sum
- CWA District 6 (AT&T Video Services, Inc.) (effective Jan. 1, 2009), no lump sum
- IBEW Local 2139 (Pacific Bell Directory - South) (effective Jan. 1, 2009), no lump sum

- CWA (except Districts 3 and 6) (AT&T Mobility Services LLC) (effective Jan. 1, 2010), no lump sum
- CWA District 4 (AT&T Midwest Core Contract) (including Appendix G) (effective Jan. 1, 2010 for hires/rehires on or after Aug. 9, 2009), lump sum eligible
- CWA District 4 (SBC Global Services, Inc., COS) (effective Jan. 1, 2010 for hires/rehires on or after Aug. 9, 2009), lump sum eligible
- CWA District 9 (AT&T West Core Contract) (effective Jan. 1, 2010 for hires/rehires on or after Aug. 9, 2009), lump sum eligible
- IBEW (AT&T Core Contract) (effective Jan. 1, 2010 for hires/rehires on or after Aug. 9, 2009), lump sum eligible
- IBEW Local 21 (AT&T Midwest Core Contract) (effective Jan. 1, 2010 for hires/rehires on or after Aug. 9, 2009), lump sum eligible
- IBEW Local 1269 (Pacific Bell Telephone Company) (effective Jan. 1, 2010 for hires/rehires on or after Aug. 9, 2009), lump sum eligible
- TIU (Pacific Bell Telephone Company) (effective Jan. 1, 2010 for hires/rehires on or after Aug. 9, 2009), lump sum eligible

- CWA (AT&T Core Contract) (effective April 1, 2010 for hires/rehires on or after Aug. 9, 2009), lump sum eligible
- CWA District 6 (AT&T Messaging, LLC) (effective April 1, 2010 for hires/rehires on or after Aug. 9, 2009), lump sum eligible
- CWA District 6 (AT&T Southwest Core Contract) (effective April 1, 2010 for hires/rehires on or after Aug. 9, 2009), lump sum eligible
- IBEW Local 21 (SBC Global Services, Inc.) (effective April 1, 2010 for hires/rehires on or after Aug. 9, 2009), lump sum eligible
- IBEW Local 58 (SBC Global Services, Inc.) (effective April 1, 2010 for hires/rehires on or after Aug. 9, 2009), lump sum eligible
- IBEW Local 134 (SBC Global Services, Inc.) (effective April 1, 2010 for hires/rehires on or after Aug. 9, 2009), lump sum eligible
- IBEW Local 1269 (AT&T Digital Graphics Advantage) (effective April 1, 2010 for hires/rehires on or after Aug. 9, 2009), lump sum eligible

- CWA District 3 (AT&T Southeast Core Contract) (effective Jan. 1, 2011 for hires/rehires on or after Aug. 9, 2009), lump sum eligible
- CWA District 3 (AT&T Billing Southeast) (effective Jan. 1, 2011 for hires/rehires on or after Aug. 9, 2009), lump sum eligible
- CWA District 3 (BellSouth Advertising & Publishing Corporation) (effective Jan. 1, 2011 for hires/rehires on or after Aug. 9, 2009), lump sum eligible



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- CWA District 3 (BellSouth Telecommunications, Inc. – Internet Services & Utility Ops) (effective Jan. 1, 2011 for hires/rehires on or after Aug. 9, 2009), lump sum eligible
- CWA District 1 (AT&T East Core Contract) (effective Jan. 1, 2011 for hires/rehires on or after Aug. 9, 2009), lump sum eligible
- CWA District 3 (SNET Information Services, Inc.) (effective Jan. 1, 2011 for hires/rehires on or after Aug. 9, 2009), lump sum eligible
- CWA District 3 (AT&T Mobility Services LLC) (effective Jan. 1, 2011), no lump sum

- CWA District 4 (Ameritech Publishing) (effective June 1, 2011 for hires/rehires on or after January 1, 2011), lump sum eligible
- IBEW Local 1269 (Pacific Bell Directory - North) (effective June 1, 2011 for hires/rehires on or after January 1, 2011), no lump sum
- CWA District 6 (Southwestern Bell Yellow Pages) (effective June 1, 2011 for hires/rehires on or after June 1, 2011), lump sum eligible

Definitions

Vesting service

Vesting service is calculated on an elapsed time basis. Accrued benefits will now be vested after three years.

Eligible compensation

The sum of a participant's:

- Actual base pay
- Group incentive compensation (e.g., Team Award, STIP, etc.)
- Individual nondiscretionary incentive compensation (e.g., commissions)
- Individual Discretionary Awards (IDA)
- Lump sum special payments
- Success Sharing Plan payments
- Target Incentive Compensation

Cash balance benefit

After completing one year of Participation Service, the Cash Balance benefit earns basic credits, interest credits and supplemental credits as follows:

■ Basic credits

The basic credit equals eligible compensation multiplied by the age credit factor. The age credit factor is based on attained age at the end of the month in which credits are applied from the following age credit factor table:



AT&T Inc.

Attained age	Age credit factor
under 30	1.75%
30-36	2.25%
37-43	2.75%
44-49	3.25%
50 & over	4.00%

■ **Interest credits**

Interest is credited to the cash balance account monthly at 4.5%.

■ **Supplemental credits**

The Supplemental credits equals eligible compensation in excess of the Social Security Wage Base, if any, multiplied by 2%.

Forms of payment

If a participant terminates for any reason with at least 3 years of vesting service, they are eligible to receive their cash balance account in one of the available payment forms.

The normal form is a straight life annuity. The automatic form of payment for a Participant who is married at the benefit commencement date is a reduced qualified joint and survivor annuity, with 50% of the benefit continuing to the surviving spouse upon the earlier death of the Participant. Cash balance accounts are converted to an annuity based on GATT mortality (IRS Applicable Mortality Table pursuant to IRS RR2001-62) and a 5% interest crediting rate.

In lieu of the automatic form of payment, a Participant may elect, with the proper spousal consent, to receive an actuarial equivalent retirement benefit in the form of a single life annuity or a 75% joint and survivor annuity. Effective January 1, 2010, if allowed under their current contract, participants may elect to receive a lump sum benefit.

In case of death, the beneficiary receives 50% of the benefit, as if the participant had elected a 50% qualified joint and survivor at the time of death.

Benefits not valued

No benefits are excluded that would materially affect the liabilities.



AT&T Inc.

Summary of plan provisions The Management Cash Balance Program of the AT&T Pension Benefit Plan

Employees eligible for participation

Any US domestic management employee hired/rehired on or after January 1, 2006 for AT&T Mobility and January 1, 2007 for all other participating companies will become a participant the day after completing one year of Participation Service.

Definitions

Vesting service

Vesting service is calculated on an elapsed time basis. Accrued benefits are vested after three years.

Eligible compensation

The sum of a participant's:

- Actual base pay
- Group incentive compensation (e.g., Team Award, STIP, etc.)
- Individual nondiscretionary incentive compensation (e.g., commissions)
- Individual Discretionary Awards (IDA)
- Lump sum special payments
- Short Term Incentive Plan payments, paid on or after January 1, 2010, for participants promoted to officer level on or after January 1, 2009

Cash balance benefit

After completing one year of Participation Service, the Cash Balance benefit earns basic credits, interest credits and supplemental credits as follows:

■ Basic credits

The basic credit equals eligible compensation multiplied by the age credit factor. The age credit factor is based on attained age at the end of the month in which credits are applied from the following age credit factor table:

Attained age	Age credit factor
under 30	1.75%
30-36	2.25%
37-43	2.75%
44-49	3.25%
50 & over	4.00%



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■ **Interest credits**

Interest is credited to the cash balance account monthly at 4.5%.

■ **Supplemental credits**

The Supplemental credits equals eligible compensation in excess of the Social Security Wage Base, if any, multiplied by 2%.

Forms of payment

If a participant terminates for any reason with at least 3 years of vesting service, they are eligible to receive their cash balance account in one of the available payment forms.

The normal form is a straight life annuity. The automatic form of payment for a Participant who is married at the benefit commencement date is a reduced qualified joint and survivor annuity, with 50% of the benefit continuing to the surviving spouse upon the earlier death of the Participant.

In lieu of the automatic form of payment, a Participant may elect, with the proper spousal consent, to receive an actuarial equivalent retirement benefit in the form of a single life annuity or a 75% joint and survivor annuity.

Cash balance accounts are converted to an annuity based on GATT mortality (IRS Applicable Mortality Table pursuant to IRS RR2001-62) and a 5% interest crediting rate.

In case of death, the beneficiary receives 50% of the benefit, as if the participant had elected a 50% qualified joint and survivor at the time of death.

Benefits not valued

No benefits are excluded that would materially affect the liabilities.



AT&T Inc.

Summary of plan provisions

The Midwest Publishing Ventures Program of the AT&T Pension Benefit Plan

Program frozen

The Program was frozen on January 1, 1993. Active employees of AT&T Inc. continue to participate in the plan; however, benefits are no longer accruing.

Covered employees

All employees of Ameritech Publishing Ventures, Inc.

Definitions

Participation date

The earliest of the anniversary date or the July 1 following the attainment of age 21 and 1 year of service.

Vesting service

One year for each 1,000-hour calendar year of employment by Ameritech Publishing Ventures, Inc.

Credited service

Years and months of service as a covered employee.

Annual compensation

W-2 earnings, net of expense reimbursements and compensation for unused vacation.

Monthly plan compensation

One-twelfth of the average of the highest five consecutive calendar years of Annual Compensation.

Covered compensation

One-twelfth of the average, without indexing, of the Taxable Wage Bases in effect for each calendar year during the 35 year period preceding the calendar year in which the participant attains (or will attain) Social Security Retirement Age. Future Taxable Wage Bases used in this calculation will equal the Taxable Wage Base for the year for which Covered Compensation is being determined.

Normal or late retirement benefit

Eligibility

Termination of employment after attaining age 62 with 5 years of Vesting Service.



AT&T Inc.

Accrued benefit

For participants with 25 or more years of Credited Service, a monthly benefit equal to 35% of Monthly Plan Compensation, plus 13% of Monthly Plan Compensation in excess of Covered Compensation, if any. For participants with fewer than 25 years of Credited Service, the benefit is reduced proportionately for years of service less than 25.

Date payments begin

The monthly pension commences on the first day of the month coinciding with or next following the date of retirement, unless the Participant elects otherwise.

Early retirement benefit

Eligibility

Termination of employment after attaining age 55 with 10 years of Credited Service.

Benefit

The accrued Normal Retirement Benefit, actuarially reduced for commencement prior to age 62.

Date payments begin

The monthly pension commences on the first day of the month coinciding with or next following the date of retirement, unless the Participant elects otherwise.

Deferred vested benefit

Eligibility

Termination of employment for reasons other than death or retirement after completing 5 years of Vesting Service. However, effective January 1, 2010, if any part of the accrued benefit is determined as a Cash Balance Account or DLS Account then the Participant is eligible after 3 years of Vesting Service.

Benefit

The accrued Normal Retirement Benefit actuarially reduced if commenced before Normal Retirement Date.

Date payments begin

The monthly pension commences on the first day of the month coinciding with or next following the date of termination, unless the Participant elects otherwise.

Disability retirement benefit

Eligibility

Total and permanent disability after attaining age 55 or after completing ten years of credited service but prior to age 62.



AT&T Inc.

Benefit

The actuarial equivalent of the participant's accrued Normal Retirement benefit, determined as of the disability retirement date.

Date payment begins

The monthly pension commences on the first day of the month coinciding with or next following the date of disability retirement.

Surviving spouse's benefit

Eligibility

Surviving spouse of an active vested or deferred vested Participant in the event of the Participant's death.

Benefit

The eligible spouse of a Participant who dies while an active employee receives 50% of the benefit that the Participant would received, had he terminated employment on the date of death, survived until the earliest commencement date, retired at that time with the qualified survivor annuity option, and died the next day. The benefit is reduced actuarially for this coverage if the Participant is a deferred vested participant at the time of his death.

Forms of payment

The normal form of payment for a Participant who is married at the benefit commencement date is a reduced qualified 50% joint and survivor annuity. The normal form with respect to all other participants is a single life annuity. Other options available, with the proper spousal consent, include actuarial equivalent retirement benefits in the form of a 75% or 100% joint and survivor annuity, a certain and life annuity, and a single-sum cash settlement.

Benefits will be converted to lump sums based on GATT mortality (IRS Applicable Mortality Table pursuant to IRS RR2001-62) and an interest rate equal to the average 30-year Treasury bond yield for the month of November of the preceding year. Effective January 1, 2012, the applicable mortality table used for conversion will be the 417(e)(3) PPA mortality. The applicable interest rate used for conversion will be the 417(e)(3) PPA Interest Rate phased-in at 25% per year over four years beginning January 1, 2012. The applicable interest rate lookback month will be the November of the prior year.

Benefits not valued

No benefits are excluded that would materially affect the liabilities.

**AT&T Pension Benefit Plan
AT&T Puerto Rico Pension Benefit Plan
Financial Statements**

Years Ended December 31, 2011 and 2010 with Report of Independent Auditors

AT&T Pension Benefit Plan and AT&T Puerto Rico Pension Benefit Plan

Financial Statements

Years Ended December 31, 2011 and 2010

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Report of Independent Auditors

Plan Administrator
AT&T Inc.

We have audited each of the accompanying statements of net assets available for benefits of the AT&T Pension Benefit Plan and the AT&T Puerto Rico Pension Benefit Plan as of December 31, 2011 and 2010, and the related statements of changes in net assets available for benefits for each of the Plans for the years then ended. These financial statements are the responsibility of the Plans' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plans' internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plans' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements for each of the Plans referred to above present fairly, in all material respects, the financial status of each of the Plans at December 31, 2011 and 2010, and the changes in their financial status for the years then ended, in conformity with accounting principles generally accepted in the United States.

As discussed in Note 2 to the Plans' financial statements, the Plans have elected to change their method of accounting for the interest rates used to calculate the actuarial present value of accumulated plan benefits in 2011.

Ernst & Young LLP

September 14, 2012

Statements of Net Assets Available for Benefits
At December 31
(Dollars in Thousands)

	2011		2010	
	AT&T Pension Benefit Plan	AT&T Puerto Rico Pension Benefit Plan	AT&T Pension Benefit Plan	AT&T Puerto Rico Pension Benefit Plan
Assets				
Investments, at fair value				
Plan interest in SBC Master Pension Trust	\$ 45,882,003	\$ 18,010	\$ 47,762,965	\$ 18,423
Contributions receivable	—	2,972	—	144
Net assets available for benefits	<u>\$ 45,882,003</u>	<u>\$ 20,982</u>	<u>\$ 47,762,965</u>	<u>\$ 18,567</u>

See accompanying notes.

Statements of Changes in Net Assets Available for Benefits
For the Years Ended December 31
(Dollars in Thousands)

	2011		2010	
	AT&T Pension Benefit Plan	AT&T Puerto Rico Pension Benefit Plan	AT&T Pension Benefit Plan	AT&T Puerto Rico Pension Benefit Plan
Additions				
Net investment gain from Plan's interest in:				
SBC Master Pension Trust	\$ 2,069,369	\$ 694	\$ 6,252,799	\$ 2,335
Contributions	1,000,000	2,972	—	144
Total additions, net of investment loss	3,069,369	3,666	6,252,799	2,479
Deductions				
Pension and death benefits	4,948,702	1,251	5,483,562	996
Total deductions	4,948,702	1,251	5,483,562	996
Net increase (decrease) before transfers	(1,879,333)	2,415	769,237	1,483
Transfers due to Mandatory Portability Agreement (<i>Note 1</i>)	(1,629)	—	3,059	—
Net assets available for benefits, beginning of year	47,762,965	18,567	46,990,669	17,084
Net assets available for benefits, end of year	\$ 45,882,003	\$ 20,982	\$ 47,762,965	\$ 18,567

See accompanying notes

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(dollars in thousands)

1. Plan Descriptions

This report includes the selected employee benefit plans (the Pension Plans) of AT&T Inc. (AT&T) and its wholly owned subsidiaries (collectively, the Company) that participate in the SBC Master Pension Trust (MPT). The following descriptions of the AT&T Pension Benefit Plan (AT&T Plan) and the AT&T Puerto Rico Pension Benefit Plan (PR Plan) provide general information. The Pension Plans are summarized in the Summary Plan Descriptions, which have been distributed to all participants. Specific details of the Pension Plans' provisions are contained in the official plan documents, which may be examined without charge, by participants or beneficiaries at the participant's benefit office. Plan participants or beneficiaries may obtain copies of the plan document by writing to the secretary of the employees' benefit committee. There is a charge for copying the document. The Pension Plans are subject to the provisions of the Employee Retirement Income Security Act of 1974 as amended (ERISA).

Pursuant to the Mandatory Portability Agreement (Agreement), participants covered by the Agreement may transfer their accumulated interest in the Pension Plans to and from other plans sponsored by companies outside of the AT&T-controlled group that were part of the Bell System before its divestiture in 1984.

AT&T Pension Benefit Plan

The AT&T Plan is a noncontributory qualified defined benefit pension plan covering substantially all U.S. bargained and nonbargained employees of the participating subsidiaries of AT&T. Employees of participating subsidiaries are eligible to participate in the AT&T Plan if they meet the eligibility requirements for the underlying applicable program, which are discussed below.

At December 31, 2011 and 2010, the AT&T Plan's assets are invested in the MPT (see Note 9).

The AT&T Plan maintains the following programs, under which participants' benefits are calculated based on the plan from which they were merged:

- The Bargained Cash Balance Program maintains benefits for various collective bargaining units that have negotiated for their members to receive this specific cash balance form of pension benefit, but excludes new hires from certain collective bargaining units beginning August 8, 2009.
- The Bargained Cash Balance Program #2 maintains benefits for various collective bargaining units that have negotiated for their members to receive this specific cash balance form of pension benefit and includes a substantial majority of bargained employees hired after August 8, 2009.
- The Southwest Program (formerly known as the "Bargained Program") maintains benefits for various collective bargaining units that have negotiated for their members to receive this pension benefit and covers participants employed by a Southwest Participating Company, as defined by the AT&T Plan, but excludes most new hires after various negotiated dates beginning August 8, 2009.
- The Nonbargained Program maintains benefits of certain nonbargained participants (with the exception of those programs mentioned below, which cover nonbargained participants) of the AT&T Plan who are employed by a Nonbargained Participating Company, as defined by the AT&T Plan, and who were hired prior to January 1, 2007.
- The West Program maintains benefits for various collective bargaining units that have negotiated for their members to receive this pension benefit and covers participants employed by a West Participating Company, as defined by the AT&T Plan, but excludes most new hires after various negotiated dates beginning August 8, 2009.
- The East Program maintains benefits for various collective bargaining units that have negotiated for their members to receive this pension benefit and covers participants employed by an East Participating Company, as defined by the AT&T Plan, effective January 1, 2011, but excludes most new hires after various negotiated dates beginning August 8, 2009.
- The Midwest Program maintains benefits for various collective bargaining units that have negotiated for their members to receive this pension benefit and covers participants employed by a Midwest Participating

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011 AND 2010

(dollars in thousands)

Company, as defined by the AT&T Plan, but excludes most new hires after various negotiated dates beginning August 8, 2009.

- The Mobility Program maintains benefits of (i) all U.S. nonbargained employees hired prior to January 1, 2006, employed by a Mobility Participating Company and (ii) bargained participants whose collective bargaining units have negotiated for their members to receive this pension benefit, and covers participants employed by a Mobility Participating Company, as defined by the AT&T Plan, but excludes most new hires after various negotiated dates beginning January 1, 2010.
- The AT&T Legacy Management Program maintains benefits of all U.S. nonbargained employees hired prior to January 1, 2007, employed by an AT&T Legacy Management Participating Company, as defined by the AT&T Plan.
- The Mobility Bargained Program maintains benefits for various collective bargaining units that have negotiated for their members to receive this pension benefit and covers participants employed by a Mobility Bargained Participating Company, as defined by the AT&T Plan, but excludes most new hires after various negotiated dates beginning January 1, 2010.
- The Midwest Publishing Ventures Program maintains benefits of individuals who were formerly employees of Ameritech Publishing Ventures, Inc. (APVI) and was frozen in 1992.
- The Management Cash Balance Program maintains benefits of specified management employees of the AT&T Controlled Group, as defined by the AT&T Plan, generally hired on or after January 1, 2007 (except for certain AT&T Mobility Services, LLC employees hired on or after January 1, 2006), and who are not residents of Puerto Rico.
- The Southeast Management Program maintains benefits for certain nonbargained employees of BellSouth Corporation and its subsidiaries hired prior to January 1, 2007.
- The Southeast Program maintains benefits for substantially all represented employees of BellSouth Corporation and its subsidiaries, effective January 1, 2011, but excludes most new hires after various negotiated dates beginning August 8, 2009.
- The AT&T Legacy Bargained Program maintains benefits for various collective bargaining units that have negotiated for their members to receive this pension benefit and covers participants employed by an AT&T Legacy Bargained Participating Company, as defined by the AT&T Plan, but excludes most new hires after various negotiated dates beginning August 8, 2009.

Bargained Cash Balance Program

Under the Bargained Cash Balance Program, employee pension benefits are generally calculated as a percentage of pay that is credited to a hypothetical account that accrues interest at a market rate based on the yield on 30-year U.S. Treasuries. Employees become eligible to participate in the Bargained Cash Balance Program if they have completed one year of service and are vested after five years of service (effective January 1, 2010, for active employees, three years of service). Once vested and following a termination of employment, employees may elect to receive their benefit in the form of a lump sum, life annuity, or joint and survivor annuity in accordance with the terms of the AT&T Plan.

Bargained Cash Balance Program #2

Under the Bargained Cash Balance Program #2, employee pension benefits are calculated as a percentage of pay based on age plus 2% supplemental credits of pay that exceeds the Social Security Wage Base, which is credited to a hypothetical account that accrues 4.5% interest. Employees become eligible to participate in the Bargained Cash Balance Program #2 if they have completed one year of service and are vested after three years of service. Once vested and following a termination of employment, employees may generally elect to receive their benefit in the form of an annuity or a joint and survivor annuity (and for certain bargained groups a lump sum) in accordance with the terms of the AT&T Plan.

Southwest Program

Under the Southwest Program, employee pension benefits for bargained employees are generally calculated using a pension benefit formula based on a flat dollar amount per year of service according to job classification. Employees

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011 AND 2010
(dollars in thousands)

become eligible to participate in the Southwest Program if they have completed one year of service and are vested after five years of service (effective January 1, 2010, for active employees represented by certain, but not all, collective bargaining agreements, three years of service). Once vested and following a termination of employment, employees may elect to receive their benefit in the form of a lump sum, life annuity, or joint and survivor annuity in accordance with the terms of the AT&T Plan.

Nonbargained Program

At December 31, 2004, the nonbargained employees' pension calculation formula was a cash balance plan formula, with a minimum benefit based upon a stated percentage of employees' adjusted career income. A nonbargained employee's pension benefit was the greater of the amount calculated under (i) the cash balance or defined lump sum formula or (ii) the traditional benefit formula. The Nonbargained Program was amended, effective January 15, 2005, to freeze benefit accruals under the cash balance and defined lump sum benefit formulas and to require that all future benefit accruals be based upon the plan's traditional pension formula (i.e., a stated percentage of an employee's adjusted career income). Each nonbargained employee's existing cash balance or defined lump sum will continue to earn interest at a variable annual market rate based on 30-year U.S. Treasuries. Employees become eligible to participate in the Nonbargained Program if they have completed one year of service and are vested after five years of service (effective January 1, 2010, for active employees, three years of service).

Once vested and following a termination of employment, employees may elect to receive the portion of their previous pension benefit derived under the cash balance or defined lump sum as a lump sum or an annuity. The remaining pension benefit, if any, will be paid as a joint and survivor annuity, or life annuity if its value exceeds a stated monthly amount in accordance with the terms of the AT&T Plan.

West Program

Under the West Program, employee pension benefits are generally calculated using a pension benefit formula based on a flat dollar amount per year of service according to job classification. Employees become eligible to participate in the West Program if they have completed one year of service and are vested after five years of service. Once vested and following a termination of employment, employees may elect to receive their benefit in the form of a lump sum, life annuity, or joint and survivor annuity in accordance with the terms of the AT&T Plan.

East Program

Under the East Program, employee pension benefits are generally calculated using a cash balance formula applying basic benefit credits determined based on pay and service category, which are credited to a hypothetical account that accrues interest determined based on a negotiated interest crediting rate 4% and for employees employed on or after August 8, 2009, the annual market rate based on 30-year U.S. Treasuries. Employees become eligible to participate in the East Program if they have completed one year of service and are vested after five years of service (effective January 1, 2010, for active employees, three years of service). Once vested and following a termination of employment, employees may elect to receive their benefit in the form of a lump sum, life annuity, joint and survivor annuity, life annuity with a lump sum to surviving spouse or estate, or a combination of lump sum and life annuity in accordance with the terms of the AT&T Plan.

Midwest Program

Under the Midwest Program, employee pension benefits are generally calculated using a pension benefit formula based on a flat dollar amount per year of service according to job classification. Employees become eligible to participate in the Midwest Program if they have completed one year of service after attaining age 21 and are vested after five years of service. Once vested and following a termination of employment, employees may elect to receive their benefit in the form of a lump sum, life annuity, or joint and survivor annuity in accordance with the terms of the AT&T Plan.

Mobility Program

Under the Mobility Program, employee pension benefits are generally calculated using a cash balance formula applying basic benefit credits determined based on pay, which are credited to a hypothetical account that accrues

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011 AND 2010
(dollars in thousands)

interest at a market rate based on the yield on 30-year Treasuries. Employees become eligible to participate in the Mobility Program if they have completed one year of service and are vested after five years of service (effective January 1, 2010, for active employees, three years of service). Once vested and following a termination of employment, employees may elect to receive their benefit in the form of a lump sum, life annuity, or joint and survivor annuity in accordance with the terms of the AT&T Plan.

AT&T Legacy Management Program

Under the AT&T Legacy Management Program, employee pension benefits are calculated under a cash balance formula calculated as basic credits as a percentage of pay based on an age credit factor plus supplemental credits of pay (again based on an age credit factor) that exceeds the Social Security Wage Base, which is credited to a hypothetical account that accrues interest at an annual rate of 4%. Participants on an active roll of a participating company at January 1, 1997, also participate in a frozen pension formula that provides for a minimum pension benefit based on a formula that included pensionable compensation and net credit service through July 31, 1997, or a formula based on an average annual pensionable compensation for a three-year pay base averaging period through December 1996. Participants with a greater annuity benefit from prior plan formulas will receive the greater amount. Employees become eligible to participate in the AT&T Legacy Management Program immediately upon the attainment of age 21, and are vested after five years of service (effective January 1, 2010, for active employees, three years of service). Once vested and following a termination of employment, employees may elect to receive their benefit in the form of a life annuity or joint and survivor annuity in accordance with the terms of the AT&T Plan. However, the participant can instead elect to receive a lump sum amount up to a certain threshold, with the remainder paid as an annuity.

Mobility Bargained Program

Under the Mobility Bargained Program, employee pension benefits are generally calculated using a pension benefit formula based on a flat dollar amount per year of service according to job classification. Employees become eligible to participate in the Mobility Bargained Program if they have completed one year of service and are vested after five years of service. Once vested and following a termination of employment, employees may elect to receive their benefit in the form of a life annuity or joint and survivor annuity, and in some limited cases a lump sum, in accordance with the terms of the AT&T Plan.

The Mobility Bargained Program also maintains benefits accrued under the Southern New England Telephone (SNET) bargaining units in the Communications Workers of America (CWA) District 1 and members of the Pacific Bell Wireless Facilities bargaining unit in the CWA District 9. Benefits accrued under District 1 ceased December 31, 2005, and benefits accrued under District 9 ceased December 31, 2002. Accrued benefits will be administered pursuant to the provisions of the AT&T Plan.

Midwest Publishing Ventures Program

Under the Midwest Publishing Ventures Program, employee pension benefits were frozen as of December 31, 1993, with no new participants added after that date. Participants in the Midwest Publishing Ventures Program are also participants in either the Nonbargained Program or the Midwest Program. Following a termination of employment, employees may elect to receive their Midwest Publishing Ventures Program benefit in the form of a lump sum, life annuity or joint and survivor annuity in accordance with the terms of the AT&T Plan.

Management Cash Balance Program

Under the Management Cash Balance Program, employee pension benefits are calculated as basic credits as a percentage of pay based on an age credit factor, plus 2% supplemental credits of pay that exceeds the Social Security Wage Base, which is credited to a hypothetical account that accrues 4.5% interest. Employees become eligible to participate in the Management Cash Balance Program if they have completed one year of service and are vested after three years of service. Once vested and following a termination of employment, employees may elect to receive their benefit in the form of a life annuity or joint and survivor annuity in accordance with the terms of the AT&T Plan.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011 AND 2010
(dollars in thousands)

Southeast Management Program

Under the Southeast Management Program, employee pension benefits are calculated under a cash balance formula calculated as basic credits as a percentage of pay based on service plus 3% supplemental credits of pay that exceeds the Social Security Wage Base, which is credited to a hypothetical account that accrues interest at a market rate based on the yield on 30-year Treasuries. Certain specified participants as of June 30, 1993, also participate in a frozen pension formula that provides a minimum pension benefit based on a formula that included pensionable compensation through June 30, 1993, and net credit service through December 31, 2005. Participants with an accrued benefit from the prior plan formula will receive the greater amount. Employees become eligible to participate in the Southeast Management Program immediately and are vested after three years of service. Once vested and following a termination of employment, employees may elect to receive their benefit in the form of a lump sum, life annuity or joint and survivor annuity in accordance with the terms of the AT&T Plan.

Southeast Program

Under the Southeast Program, employee pension benefits are calculated under a cash balance formula based on credits, determined by reference to pension bands that are credited to a hypothetical account that accrues interest at a market rate based on the yield on 30-year U.S. Treasuries. Benefits prior to January 1, 1999, remain under the traditional dollar per year of service annuity pension formula. Employees become eligible to participate in the Southeast Program immediately and are vested after five years of service (effective January 1, 2010, for active employees, three years of service). Once vested and following a termination of employment, employees may elect to receive their benefit in the form of a lump sum, life annuity, joint and survivor annuity, or a combination of lump sum and annuity in accordance with the terms of the AT&T Plan.

AT&T Legacy Bargained Program

Under the AT&T Legacy Bargained Program, employee pension benefits are calculated under a cash balance formula based on credits, determined by reference to pension bands that are credited to a hypothetical account that accrues interest at an annual rate of 4% or the annual market rate based on the yield of 30-year Treasuries, depending upon the provisions of the applicable bargaining agreement. Certain participants who met certain eligibility requirements as of September 30, 1998, are generally eligible for a traditional dollar per year of service annuity pension formula (and receive the greater of this traditional formula and the cash balance benefit).

Employees become eligible to participate in the AT&T Legacy Bargained Program immediately upon attainment of age 21 and are vested after five years of service (effective January 1, 2010, for active employees, three years of service). Once vested and following a termination of employment, employees may elect to receive their benefit in the form of a lump sum, life annuity, or joint and survivor annuity in accordance with the terms of the AT&T Plan.

AT&T Puerto Rico Pension Benefit Plan

The PR Plan is a noncontributory qualified defined benefit pension plan covering substantially all bargained and nonbargained employees of the participating subsidiaries of AT&T who reside in the Commonwealth of Puerto Rico. Employees of participating subsidiaries are eligible to participate in the PR Plan if they meet the eligibility requirements for the underlying applicable program, which are discussed below.

At December 31, 2011 and 2010 the PR Plan's assets are invested in the MPT (see Note 9).

The PR Plan maintains the following programs, under which participants' benefits are calculated based on the plan from which they merged:

- The AT&T Legacy Management Program maintains benefits for management employees who are residents of the Commonwealth of Puerto Rico. AT&T Corporation (ATTC) originally established the AT&T Management Pension Plan effective October 1, 1980, covering management employees of ATTC and its subsidiaries. Effective December 31, 2006, the participants in that plan, and their respective beneficiaries and alternate payees, who were residents of the Commonwealth of Puerto Rico were transferred to a new plan, which at the time was known as the AT&T Puerto Rican Pension Benefit Plan, AT&T Legacy

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011 AND 2010
(dollars in thousands)

Management Program, and AT&T became the Plan Sponsor. Effective January 1, 2009, this plan was renamed the AT&T Puerto Rico Pension Benefit Plan (PR Plan).

- The AT&T Legacy Bargained Program (formerly the AT&T Pension Plan) maintains benefits of specified non-management employees who are residents of the Commonwealth of Puerto Rico of participating companies as defined by the PR Plan.
- The Mobility Program (formerly the CWPP) maintains benefits of all employees on the Puerto Rico payroll of a subsidiary of AT&T Mobility Services, LLC, formerly Cingular Wireless Services, LLC (Mobility).

AT&T Legacy Management Program

Under the AT&T Legacy Management Program, employee pension benefits are calculated under a cash balance formula calculated as basic credits as a percentage of pay based on an age credit factor plus supplemental credits of pay (again based on an age credit factor) that exceeds the Social Security Wage Base, which is credited to a hypothetical account that accrues interest at an annual rate of 4%. Participants on an active roll of a participating company at January 1, 1997, also participate in a frozen pension formula that provides for a minimum pension benefit based on a formula that included pensionable compensation and net credit service through July 31, 1997, or a formula based on an average annual pensionable compensation for a three-year pay base averaging period through December 1996. Participants with a greater annuity benefit from prior plan formulas will receive the greater amount. Employees become eligible to participate in the PR AT&T Legacy Management Program immediately and are vested after five years of service (effective January 1, 2010, for active employees, three years of service). Once vested and following a termination of employment, employees may elect to receive their benefit in the form of a life annuity or joint and survivor annuity in accordance with the terms of the PR Plan. However, the participant can instead elect to receive a lump sum amount up to a certain threshold, with the remainder paid as an annuity.

AT&T Legacy Bargained Program

Under the AT&T Legacy Bargained Program, employee pension benefits are calculated under a cash balance formula based on credits, determined by reference to pension bands that are credited to a hypothetical account that accrues interest at an annual rate of 4%. Certain participants who met certain eligibility requirements as of September 30, 1998, are generally eligible for a traditional dollar per year of service annuity pension formula (and receive the greater of this traditional formula and the cash balance benefit).

Employees become eligible to participate in the AT&T Legacy Bargained Program immediately upon attainment of age 21 and are vested after five years of service (effective January 1, 2010, for active employees, three years of service). Once vested and following a termination of employment, employees may elect to receive their benefit in the form of a lump sum, life annuity, or joint and survivor annuity in accordance with the terms of the PR Plan.

Mobility Program

Under the Mobility Program employee pension benefits are generally calculated as a percentage of pay, which is credited to a hypothetical account that accrued interest at a market rate based on the yield on 30-year Treasuries. Employees are eligible to participate in the Mobility Program if they have completed one year of service and are vested after five years of service; however, effective January 1, 2010, for active employees, three years of service. If a participant reaches normal retirement age, dies or becomes disabled while still employed by Mobility and prior to attaining vested status, the participant would become fully vested at that time.

2. Summary of Significant Accounting Policies

Basis of Accounting and Use of Estimates

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP). GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011 AND 2010
(dollars in thousands)

Benefits are recorded when paid.

Investment Valuation

Investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for further discussion.

Investments in securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the year. If no sale was reported on that date, they are valued at the last reported bid price. Investments in securities not traded on a national securities exchange are valued using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Shares of registered investment companies are valued based on quoted market prices, which represent the net asset value of shares held at year-end. Over-the-counter (OTC) securities and government obligations are valued at the bid price or the average of the bid and asked price on the last business day of the year from published sources where available and, if not available, from other sources considered reliable. Depending on the types and contractual terms of OTC derivatives, fair value is measured using valuation techniques, such as the Black-Scholes option pricing model, simulation models or a combination of various models.

Common/collective trust funds, pooled separate accounts,, and other commingled (103-12) investment entities are valued at quoted redemption values that represent the net asset values of units held at year-end which management has determined approximates fair value.

Alternative investments, including investments in private equity, real estate, natural resources (included in real assets), mezzanine and distressed debt (included in partnerships/joint ventures), limited partnership interest, fixed income securities and hedge funds do not have readily available market values. These estimated fair values may differ significantly from the values that would have been used had a ready market for these investments existed, and such differences could be material. Alternative investments not having an established market are valued at fair value as determined by the investment managers. Private equity, mezzanine and distressed investments are often valued initially by the investment managers based upon cost. Thereafter, investment managers may use available market data to determine adjustments to carrying value based upon observations of the trading multiples of public companies considered comparable to the private companies being valued. Such market data used to determine adjustments to accounts for cash flows and company-specified issues include current operating performance and future expectations of the investments, changes in market outlook, and the third-party financing environment. Private equity partnership holdings may also include publicly held equity investments in liquid markets that are marked-to-market at quoted public values, subject to adjustments for large positions held. Real estate and natural resource direct investments are valued either at amounts based upon appraisal reports prepared by independent third-party appraisers or at amounts as determined by internal appraisals performed by the investment manager, which have been agreed to by an external valuation consultant. Fixed income securities valuation is based upon pricing provided by an external pricing service when such pricing is available. In the event a security is too thinly traded or narrowly held to be priced by such a pricing service, or the price furnished by such external pricing services is deemed inaccurate, the managers will then solicit broker/dealer quotes (spreads or prices). In cases where such quotes are available, fair value will be determined based solely upon such quotes provided. Managers will typically use a pricing matrix for determining fair value in cases where an approved pricing service or a broker/dealer is unable to provide a fair valuation for specific fixed-rate securities such as many private placements. New fixed-rate securities will be initially valued at cost at the time of purchase. Thereafter, each bond will be assigned a spread from a pricing matrix that will be added to current Treasury rates. The pricing matrix derives spreads for each bond based on external market data, including the current credit rating for the bonds, credit spreads to Treasuries for each credit rating, sector add-ons or credits, issue specific add-ons or credits as well as call or other options.

Purchases and sales of securities are recorded as of the trade date. Realized gains and losses on sales of securities are determined on the basis of average cost. Interest income is recognized on the accrual basis. Dividend income is recognized on the ex-dividend date.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011 AND 2010
(dollars in thousands)

Non-interest bearing cash and overdrafts are valued at cost, which approximates fair value.

Change in Accounting Principle

Effective January 1, 2011, AT&T elected to change its basis of determining the rate of return being applied to the actuarial calculation of the accumulated plan benefits as disclosed in Note 4. Two approaches exist that can be used to select the rate of return under Financial Accounting Standard Board (FASB) Accounting Standards Codification (ASC) 960, *Plan Accounting – Defined Benefit Pension Plans*: 1) historic rate which reflects an insurance company's purchase rate as of the benefit information date (which the Plans have historically used) or 2) the adjusted rate which reflects the long-term expected rate of return on assets. AT&T believes that the long-term expected rate of return on assets is preferable because using this rate will result in a more stable rate from year-to-year, and it is the more commonly used approach. Comparative disclosures of the accumulated plan benefits of prior years have been adjusted to apply the new method retrospectively.

Recent Accounting Standards

Improving Disclosures about Fair Value Measurements In January 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2010-06, *Improving Disclosures about Fair Value Measurements*, (ASU 2010-06). ASU 2010-06 amended Accounting Standards Codification Topic 820 *Fair Value Measurements*, (ASC 820) to clarify certain existing fair value disclosures and require a number of additional disclosures. The requirement to present changes in Level 3 measurements on a gross basis is effective for reporting periods beginning after December 15, 2010. Since ASU 2010-06 only affects fair value measurement disclosures, adoption of ASU 2010-06 did not have an effect on the Plan's net assets available for benefits or its changes in net assets available for benefits.

Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRS In May 2011, the FASB issued Accounting Standards Update 2011-04, *Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRSs*, (ASU 2011-04). ASU 2011-04 amended ASC 820, *Fair Value Measurements*, to converge the fair value measurement guidance in US generally accepted accounting principles (GAAP) and International Financial Reporting Standards (IFRSs). Some of the amendments clarify the application of existing fair value measurement requirements, while other amendments change a particular principle in ASC 820. In addition, ASU 2011-04 requires additional fair value disclosures, although certain of these new disclosures will not be required for nonpublic entities. The amendments are to be applied prospectively and are effective for annual periods beginning after December 15, 2011. Plan management is currently evaluating the effect that the provisions of ASU 2011-04 will have on the Plan's financial statements.

Contributions and Actuarial Method

Contributions to the Pension Plans are determined on a going-concern basis by an actuarial cost method known as the unit credit method. Under this method, benefits are estimated at each decrement age using service and earnings as of the valuation date, such that accumulated net assets of the Pension Plans (including future investment earnings and contributions as estimated by the enrolled actuary) should be sufficient to pay all future benefits for current and former employees and their beneficiaries at the time those benefits become payable. The actual return on investments (when positive) of the Pension Plans serves to reduce future contributions that would otherwise be required to provide the defined level of benefits. The assumed valuation interest rate utilized for the calculation of contribution levels are presented below:

	2011	2010
Effective interest rate:		
AT&T Pension Benefit Plan	6.23%	6.64%
AT&T Puerto Rico Pension Benefit Plan	6.27%	6.67%

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The Pension Plans have met the ERISA minimum funding requirements for 2011 and 2010.

Actuarial Present Values of Accumulated Plan Benefits

Accumulated plan benefits are those estimated future periodic payments, including lump sum distributions that are attributable under the Pension Plans' provisions to the service that employees have rendered to AT&T's participating subsidiaries as of the valuation date. Accumulated plan benefits include benefits expected to be paid to: (a) retired or terminated employees or their beneficiaries; (b) beneficiaries of deceased employees; and (c) present employees or their beneficiaries. The accumulated plan benefits for active employees are based on census data and the plan provisions in effect at the end of the plan year. Benefits payable upon retirement, death, disability, or withdrawal are included to the extent that they are deemed attributable to employee service rendered as of the valuation date.

The actuarial present value of accumulated plan benefits is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. The significant assumptions used to determine the actuarial present values of accumulated plan benefits as of December 31, 2011 and December 31, 2010 include (a) rates of retirement, withdrawal, and disability based on experience studies of participating subsidiary employees; (b) rates of mortality based on RP-00 Combined Healthy Projection AA Mortality Table (fully generational); (c) the following interest rates:

	<u>2011</u>	<u>2010</u>
Expected Return on Assets:		
AT&T Pension Benefit Plan	8.25%	8.25%
AT&T Puerto Rico Pension Benefit Plan	8.25%	8.25%

The foregoing actuarial assumptions are based on the presumption that the Pension Plans will continue. Were the Pension Plans to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

Effective January 1, 2011, AT&T elected to change the interest rate assumption used in the actuarial calculation of the accumulated plan benefits from its historic practice of using an alternative method of an interest rate¹ which reflected an insurance company's purchase rate to an interest rate that reflects the long-term expected rate of return on the Plans' assets. AT&T believes that the long-term expected rate of return on assets is preferable because using this rate will result in a more stable rate from year-to-year, and it is the more commonly used approach.

3. Fair Value Measurements

ASC Topic 820, *Fair Value Measurements and Disclosures* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

¹ Historically AT&T used interest rates of 5.8% and 6.5% as of December 31, 2010 and 2009, respectively, in the determination of accumulated plan benefits obligation for both the AT&T Pension Benefit Plan and the AT&T Puerto Rico Pension Benefit Plan.

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Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Pension Plans have the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets and liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted market prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

- Fair value is often based on internally developed models in which there are few, if any, external observations.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described in Note 2 may produce a fair value calculation that may not be indicative of net future realizable value or reflective of future fair values. Furthermore, while the Pension Plans' management believes that its valuation methods are appropriate and consistent with other market participants. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in the methodologies used at December 31, 2011 and 2010.

See Note 9 for the fair value hierarchy for the MPT investments.

4. Accumulated Plan Benefits

As previously discussed in Note 2, effective January 1, 2011, AT&T changed its interest rate assumption used in the Plans' determination of the actuarial present value of the accumulated benefits obligation from an interest rate reflective of an insurance company's purchase rate to the expected rate of return on plan assets. The Plans' actuarial present value of accumulated plan benefits as of December 31, 2011 and 2010 presented below were determined using 8.25% as of December 31, 2011 and 2010.

However, for reporting in the plan sponsor's financial statements, AT&T uses an interest rate that reflects the hypothetical rate at which the obligations could be effectively settled or paid to participants, which is based on a range of factors, including a yield curve composed of the rates of return on several hundred high-quality, fixed income corporate bonds and the related expected duration for the obligations. At December 31, 2011 the projected

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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benefit obligation for the plan sponsor was determined using an interest rate of 5.30%, resulting in an obligation of \$56,083,727 for the AT&T Plan and \$26,003 for the PR Plan. At December 31, 2010 the projected benefit obligation for the plan sponsor was determined using an interest rate of 5.80%, resulting in an obligation of \$53,895,110 for the AT&T Plan and \$21,826 for the PR Plan.

The actuarial present values of the Pension Plans' accumulated plan benefits at December 31, 2011 and 2010 are presented below:

	AT&T Pension Benefit Plan	AT&T Puerto Rico Pension Benefit Plan
December 31, 2011		
Vested benefits:		
Participants currently receiving payments	\$21,102,356	\$5,475
Other participants	19,748,780	10,831
Nonvested benefits	1,335,184	430
Total	<u>\$42,186,320</u>	<u>\$16,736</u>

	AT&T Pension Benefit Plan	AT&T Puerto Rico Pension Benefit Plan
December 31, 2010		
Vested benefits:		
Participants currently receiving payments	\$21,258,883	\$4,903
Other participants	20,075,345	10,211
Nonvested benefits	1,301,499	356
Total	<u>\$42,635,727</u>	<u>\$15,470</u>

The major changes in the Pension Plans accumulated plan benefits between the December 31, 2010 and December 31, 2011 actuarial valuations are as follows:

	AT&T Pension Benefit Plan	AT&T Puerto Rico Pension Benefit Plan
Actuarial present value of accumulated plan benefits as of December 31, 2010	\$42,635,727	\$15,470
Increase (decrease) during the year attributable to:		
Increase for interest due to decrease in discount period	3,317,359	1,226
Additional benefits earned and experience gains/losses	747,544	1,865
Benefits paid	(4,948,700)	(1,251)
Assumption changes (see Note 2)	434,390	(574)
Net increase	<u>(449,407)</u>	<u>1,266</u>
Actuarial present value of accumulated plan benefits as of December 31, 2011	<u>\$42,186,320</u>	<u>\$16,736</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)**DECEMBER 31, 2011 AND 2010***(dollars in thousands)*

The major changes in the Pension Plans accumulated plan benefits between the December 31, 2009 and December 31, 2010 actuarial valuations are as follows:

	AT&T Pension Benefit Plan	AT&T Puerto Rico Pension Benefit Plan
Actuarial present value of accumulated plan benefits as of December 31, 2009	\$42,041,947	\$14,363
Increase (decrease) during the year attributable to:		
Increase for interest due to decrease in discount period	3,345,264	1,182
Additional benefits earned and experience gains/losses	1,197,762	1,086
Benefits paid	(5,483,614)	(944)
Plan amendments	2,107	-
Assumption changes (<i>see Note 2</i>)	1,532,261	(217)
Net increase	593,780	1,107
Actuarial present value of accumulated plan benefits as of December 31, 2010	\$42,635,727	\$15,470

The change due to plan amendments includes changes to the compensation averaging period used in benefit determination.

AT&T previously reported the total actuarial present value of accumulated plan benefits as of December 31, 2010 of \$51,895,090 for the AT&T Pension Benefit Plan and \$19,903 for the AT&T Puerto Rico Pension Benefit Plan based on an interest rate of 5.8%, used as of December 31, 2010. AT&T previously reported the total actuarial present value of accumulated plan benefits as of December 31, 2009 of \$49,104,781 for the AT&T Pension Benefit Plan and \$17,620 for the AT&T Puerto Rico Pension Benefit Plan based on an interest rate of 6.5% used as of December 31, 2009.

5. Voluntary Enhanced Pension and Retirement Benefit Programs

During 2011 and 2010, as part of AT&T's workforce-reduction program, an enhanced retirement program (ERB) was offered to eligible Pacific Telesis Group (PTG) nonmanagement employees. The ERB program offered eligible employees who voluntarily decided to terminate employment an enhanced pension benefit and increased eligibility for postretirement medical, dental and life insurance benefits. The AT&T Plan recognized \$82,746 during the year ended December 31, 2011, and \$374,992 during the year ended December 31, 2010 in pension benefit lump sum payments under this program.

6. Tax Status

The AT&T Plan has received a determination letter from the Internal Revenue Service (IRS), dated November 4, 1996 stating that the AT&T Plan is qualified under Section 401(a) of the Internal Revenue Code (IRC) and, therefore, that the related trusts are exempt from taxation. Subsequent to this determination by the IRS, this plan was amended and restated. Once qualified, the AT&T Plan is required to operate in conformity with the IRC to maintain its qualification. The plan administrator has indicated that it will take the necessary steps, if any to bring the AT&T Plan's operations into compliance with the IRC. The AT&T Plan and the PR Plan filed for a new determination letter on February 2, 2009, pursuant to the Internal Revenue Service Cycle C determination letter filing process, and those requests are pending.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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The PR Plan has also received a determination letter from the Commonwealth of Puerto Rico's Department of Treasury (Treasury) dated November 18, 2010 stating that the PR Plan is qualified under Section 1165(a) and 1165(e) of the Puerto Rico Internal Revenue Code of 1994 (PRIRC-94), and, therefore, that the related trust is exempt from taxation. The PRIRC-94 was replaced in January 31, 2011, by the Internal Revenue code for a New Puerto Rico (the Puerto Rico Code), and the retirement plan rules are now enacted as Puerto Rico Code Section 1081.01. Subsequent to this determination by the Treasury, this plan was amended. Once qualified, the PR Plan is required to operate in conformity with Puerto Rico Code to maintain its qualified status. The plan administrators believe that the PR Plan is being operated in compliance with the applicable requirements of the Puerto Rico Code and, therefore, believes that the PR Plan, as amended, is qualified and the related trust is tax-exempt.

Accounting principles generally accepted in the United States require plan management to evaluate uncertain tax positions taken by the Pension Plans. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS or Treasury. The plan administrator has analyzed the tax positions taken by the Pension Plans, and has concluded that as of December 31, 2011, there are no uncertain positions taken or expected to be taken. The Pension Plans have recognized no interest or penalties related to uncertain tax positions. The Pension Plans are subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes the Pension Plans are no longer subject to income tax examinations for years prior to 2008.

7. Risks and Uncertainties

The Pension Plans invests in various securities. Investment securities are exposed to various risks such as interest rate, liquidity, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for benefits. The Pension Plans' contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumption process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

8. Termination Priorities

Although it has not expressed any intention to do so, AT&T has the right under the Pension Plans to discontinue its contributions at any time and to terminate the Pension Plans subject to the provisions set forth by ERISA.

In the event that the Pension Plans are terminated, subject to conditions set forth by ERISA:

- a. the Pension Plans provide that the net assets available for plan benefits shall be allocated among the participants and beneficiaries of the Pension Plans in the order provided for by ERISA;
- b. to the extent unfunded vested benefits then exist, ERISA provides that such benefits are payable by the Pension Benefit Guaranty Corporation to participants, up to specified limitations, as described in ERISA; and
- c. to the extent that the net assets available for benefits exceed the amounts to be allocated as provided for by ERISA, the Pension Plans provide that such amounts will be used for any benefit purpose that does not contravene applicable law.

9. SBC Master Pension Trust

All assets of the Pension Plans are maintained in the MPT. The purpose of the MPT is the collective investment of the assets of participating plans sponsored by AT&T. The assets are allocated among the participating plans by assigning to each plan those transactions that can be specifically identified, and allocating among all plans the net investment income, gains and losses, and expenses of the MPT, in proportion to the market value of the assets

NOTES TO FINANCIAL STATEMENTS (CONTINUED)**DECEMBER 31, 2011 AND 2010***(dollars in thousands)*

assigned to each plan. The assets of the MPT are managed at the direction of AT&T in its capacity as fiduciary for the participating plans and at the discretion of investment managers appointed pursuant to ERISA.

At December 31, 2011 and 2010, JPMorgan Chase Bank N.A. was the trustee for the MPT, and the following plans were participants:

	2011	2010
Allocation of Master Trust Investments		
AT&T Pension Benefit Plan	99.96%	99.96%
AT&T Puerto Rico Pension Benefit Plan	.04%	.04%

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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Net Assets of the SBC Master Pension Trust

The net assets held under the MPT agreement as of December 31 are summarized below:

	2011	2010
Assets		
Non-interest bearing cash	\$ 526,707	\$ 433,489
Interest bearing investments	3,095,159	2,358,413
Pooled separate accounts	534,721	481,052
Common/collective trust funds	988,314	1,051,488
103-12 investments	1,630,218	1,968,243
U.S. Government and governmental agencies bonds and notes	5,949,686	4,964,625
U.S. Government and governmental agencies bonds and notes-loaned	2,175,518	2,237,254
Corporate and other bonds and notes	6,056,154	6,360,444
Corporate and other bonds and notes-loaned	680,264	831,535
Equities	13,060,021	15,069,996
Equities-loaned	1,254,655	2,505,195
Partnership/joint venture interests	7,504,145	6,465,600
Real estate	3,673,977	4,244,220
Registered investment companies	452,869	467,949
Purchased options	31	101
Collateral – securities lending*	4,176,969	5,644,162
Total investments	51,232,701	54,650,277
Receivable for securities sold	691,891	758,047
Receivable for investments sold short	286,137	123,872
Unrealized appreciation on foreign currency contracts	9,768	56,724
Variation margin receivable	–	2,772
Accrued income	132,602	135,254
Other receivables	7,209	13,293
Total assets	52,887,015	56,173,728
Liabilities		
Overdrafts	59,422	3,022
Payable securities lending	4,196,318	5,678,606
Payable for securities purchased	1,820,015	1,944,885
Investments sold short (proceeds of \$616,678 and \$360,022)	706,366	573,350
Written options payable (premiums of (\$215) and (\$745))	110	671
Unrealized depreciation on foreign currency contracts	9,836	56,685
Variation margin payable	3,592	–
Short sales payable	143,511	99,856
Accrued liabilities	47,832	35,266
Total liabilities	6,987,002	8,392,341
Net assets of the SBC Master Pension Trust	\$ 45,900,013	\$ 47,781,387

*includes noncash of \$1,745,890 and \$340,184 at December 31, 2011 and 2010.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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The following is the net change in the fair value of net assets for the MPT:

	Year Ended December 31,	
	2011	2010
Additions		
Net appreciation (depreciation) in fair value of investments:		
Interest-bearing cash	\$ 41,067	\$ 22,015
Pooled separate accounts	29,950	24,967
Common/collective trust funds	54,229	60,809
103-12 investments	(33,817)	290,051
U.S. Government and governmental agencies bonds and notes	1,093,884	314,046
Corporate and other bonds and notes	63,552	504,140
Equities	(1,204,925)	1,991,127
Partnership/joint venture interests	608,557	860,921
Real estate	312,121	557,365
Registered investment companies	(912)	128,016
Foreign currency contracts	(10,349)	31,362
Option contracts	864	5,420
Future contracts	204,086	586,587
Securities lending collateral	15,094	22,325
Total net appreciation in fair value of investments	1,173,401	5,399,151
Investment income	1,163,030	1,087,353
Employer contributions	1,000,144	404
Assets received from MPTII	—	1
Transfer of assets resulting from Mandatory Portability Agreement	(1,629)	3,059
Total additions	3,334,946	6,489,968
Deductions		
Pension and death benefits	4,949,952	5,484,558
Trustee and investment management fees and administrative expenses	266,368	231,372
Total deductions	5,216,320	5,715,930
Net increase (decrease)	(1,881,374)	774,038
Net assets of the SBC Master Pension Trust:		
Beginning of year	47,781,387	47,007,349
End of year	\$ 45,900,013	\$ 47,781,387

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The following table sets forth by level, within the fair value hierarchy, the MPT's assets at fair value as of December 31, 2011:

SBC Master Pension Trust Assets and Liabilities at Fair Value				
	Level 1	Level 2	Level 3	Total
Non-interest bearing cash	\$ 526,707	\$ —	\$ —	\$ 526,707
Interest bearing cash	1,029	519	—	1,548
Foreign currency contracts	—	9,768	—	9,768
Equity securities:				
Domestic equities:*				
Large cap	4,786,634	—	—	4,786,634
Small cap	3,587,289	5,247	11	3,592,547
International equities:*				
Developed markets	4,889,414	55,776	2,948	4,948,138
Emerging markets	982,656	6,650	845	990,151
Fixed income securities:				
Asset-backed securities	—	412,708	7,978	420,686
Mortgage-backed securities	—	3,170,036	—	3,170,036
Collateralized mortgage-backed securities	—	316,105	—	316,105
Collateralized mortgage obligations/REMICS	—	489,967	—	489,967
Other Corporate and other bonds and notes:*				
Core	9,746	2,758,906	2,808	2,771,460
Long duration	—	2,421,366	—	2,421,366
U.S. Government and governmental agencies	61,416	4,413,507	—	4,474,923
Municipal bonds	—	280,728	—	280,728
Convertible and preferred securities	105,338	207,096	620	313,054
Fixed income funds	—	—	417,919	417,919
Private equity funds	—	—	5,926,912	5,926,912
Real assets:				
Real assets	—	3,700	2,509,984	2,513,684
Real estate funds	—	—	2,733,334	2,733,334
Commingled funds:				
Interest bearing investments	—	3,092,334	—	3,092,334
Hedge funds	—	945,332	8,881	954,213
Equities	—	1,112,926	—	1,112,926
Fixed income	—	942,789	384,247	1,327,036
Securities lending collateral	1,295,400	2,878,752	2,817	4,176,969
Purchased options	31	—	—	31
Receivable for investments sold short	286,137	—	—	286,137
Assets at fair value	16,531,797	23,524,212	11,999,304	52,055,313
Overdrafts	59,422	—	—	59,422
Unrealized depreciation on foreign currency contracts	—	9,836	—	9,836
Investments sold short	563,630	142,736	—	706,366
Variation margin payable	3,592	—	—	3,592
Written options payable	110	—	—	110
Liabilities at fair value	626,754	152,572	—	779,326
Net assets and liabilities at fair value	\$ 15,905,043	\$ 23,371,640	\$ 11,999,304	\$ 51,275,987

*Level 1 securities consist of actively traded stocks, while Level 2 securities consist of pooled funds and bonds. Management believes that the portfolio is well-diversified with no significant concentrations of risk.

Certain investments within the MPT have been disaggregated based on their nature of risk and are included in various classes of investments in the table above.

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Additional Disclosures Related to MPT Assets Measured at NAV as of December 31, 2011:

Investment Class-Sub Class		Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Fixed income:	Open-end funds ⁵	\$ 918,968	\$ –	Monthly, Quarterly	5-30 days
	Closed-end funds ⁶	417,919	252,872	No redemption rights	NA
Real assets:	Open-end funds ²	558,232	–	Quarterly	45-90 days
	Closed-end funds ³	2,175,102	879,495	No redemption rights	NA
Private equity	Closed-end funds ⁴	5,926,912	1,960,387	No redemption rights	NA
Commingled funds:	Interest bearing investments ⁹	3,092,334	–	Daily	NA
	Hedge funds ¹	954,213	–	Monthly, Annually	3-90 days
	Fixed income ⁷	408,068	–	Daily, Monthly	3-5 days
	Equities ⁸	1,112,926	–	Daily, Monthly, Quarterly, Annually	1-30 days
Total		<u>\$ 15,564,674</u>	<u>\$ 3,092,754</u>		

(1) This class includes both directional and nondirectional hedge fund strategies. The fair values of these investments have been estimated using the net asset value per share reported by the fund managers. These investments can be redeemed provided the funds have sufficient liquidity; otherwise, unredeemed amounts are rolled forward to the next period. It is estimated that the redemption from one fund, which the MPT has elected to exit, will occur over the next 1 to 3 years.

(2) This class includes four real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investments in this class have been estimated using the net asset values reported by the fund managers. These are open-ended funds with no final termination dates. These investments can be redeemed quarterly provided the funds have sufficient liquidity; otherwise, unredeemed amounts are rolled forward to the next quarter. It is estimated that the redemption from the one fund from which the MPT has elected to exit will occur over the next 3 to 5 years.

(3) This class includes real estate and natural resource investment funds that invest in U.S. and international real assets. The fair values of the investments in this class have been estimated using the net asset value of the MPT's ownership in partners' capital. These investments can never be redeemed with the funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of the funds will be liquidated over the next 7 to 10 years. There are no current plans to sell any of these funds.

(4) This class includes private equity funds that invest in U.S. and international companies. The fair values of the investments in this class have been estimated using the net asset value of the MPT's ownership in partners' capital. These investments can never be redeemed with the funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of the funds will be liquidated over the next 7 to 10 years. There are no current plans to sell any of these funds.

(5) This class includes several fixed income funds that invest primarily in U.S. fixed income securities. The fair values of the investments in this class have been estimated using the net asset values reported by the fund managers. These are open-ended funds with no final termination dates. These investments can be redeemed on a monthly or quarterly basis. Redemptions are subject to available cash in the funds. These funds do not make regular distributions. Unless redeemed, assets are reinvested as the investments of the funds are liquidated or mature. There are no current plans to sell any of these funds.

(6) This class includes several fixed income funds or funds of funds that invest primarily in mezzanine debt securities or distressed debt securities or funds. These funds invest primarily in U.S. fixed income securities but may also invest in non-U.S. securities. The fair values of the investments in this class have been estimated using the net asset value of the MPT's ownership in partners' capital. These investments can never be redeemed. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of the funds will be liquidated over the next 1 to 10 years. There are no current plans to sell any of these funds.

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- (7) This class includes fixed income commingled funds that invest primarily in publicly traded fixed income securities. These funds are either selected by AT&T, with AT&T determining the timing and amount of contributions/redemptions, or are approved by AT&T for a manager to utilize on a discretionary tactical basis as part of a broad fixed income mandate. These are open-ended funds with no final terminations dates.
- (8) This class includes equity commingled funds that invests primarily in publicly traded U.S. and non-U.S. equity securities. The fair values of the investments in this class have been estimated using the net asset value per share reported by the funds' managers. These funds are selected by AT&T, and AT&T determines the timing and amount of contributions/redemptions. These are open ended funds with no final termination dates.
- (9) This class includes funds that invest primarily in publicly traded short-term fixed income securities. The fair values of the investments in this class have been estimated using the net asset value per share reported by the fund managers. These funds are selected by AT&T, and AT&T determines the timing and amount of contributions/redemptions. These are open ended funds with no final termination dates.

The table below sets forth a summary of changes in the fair value of the MPT's Level 3 investment assets for the year ended December 31, 2011.

	Equities- Domestic	Fixed Income Funds	Hedge Funds	Private Equity Funds	Real Assets	Total
Balance, beginning of year	\$ 167	\$ 399,741	\$ 49,855	\$ 5,824,317	\$ 4,685,445	\$10,959,525
Realized gains (losses)	(1,416)	17,494	—	164,983	1,467	182,528
Unrealized gains (losses)	809	(14,460)	(14)	230,160	574,350	790,845
Transfers in	2,807	392,957	—	1,245	—	397,009
Transfers out	—	—	—	—	—	—
Purchases	1,445	95,292	190	848,069	865,635	1,810,631
Sales	(8)	(74,635)	(41,150)	(1,141,862)	(883,579)	(2,141,234)
Balance, end of year	<u>\$ 3,804</u>	<u>\$ 816,389</u>	<u>\$ 8,881</u>	<u>\$ 5,926,912</u>	<u>\$ 5,243,318</u>	<u>\$11,999,304</u>

The realized gains (losses) and unrealized gains (losses) on Level 3 investments are reflected in the net appreciation/depreciation in fair value of the MPT's investments and are included in each plan's Net Investment gain (loss) from Plan's Interest in SBC Master Pension Trust.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011 AND 2010

(dollars in thousands)

The following table sets forth by level, within the fair value hierarchy, the MPT's assets at fair value as of December 31, 2010.

SBC Master Pension Trust Assets and Liabilities at Fair Value				
	Level 1	Level 2	Level 3	Total
Non-interest bearing cash	\$ 433,489	\$ 37	\$ —	\$ 433,526
Interest bearing cash	—	21,933	—	21,933
Foreign currency contracts	—	56,724	—	56,724
Equity securities:				
Domestic equities:*				
Large cap	6,697,731	—	—	6,697,731
Small cap	4,785,883	7,808	100	4,793,791
International equities:*				
Developed markets	5,398,864	1,888	20	5,400,772
Emerging markets	708,229	31,369	47	739,645
Fixed income securities:				
Asset-backed securities	—	709,049	3,493	712,542
Mortgage-backed securities	—	2,726,780	—	2,726,780
Collateralized mortgage-backed securities	—	413,787	—	413,787
Collateralized mortgage obligations/REMICS	—	657,498	—	657,498
Other Corporate and other bonds and notes:*				
Core	—	2,876,890	10,612	2,887,502
Long Duration	—	2,168,083	180	2,168,263
U.S. Government and governmental agencies	269,698	3,841,613	—	4,111,311
Municipal bonds	—	229,752	—	229,752
Convertible and preferred securities	63,124	228,302	2	291,428
Fixed income funds	—	—	385,454	385,454
Registered investment companies	1,387	—	—	1,387
Private equity funds	—	557	5,824,317	5,824,874
Real assets:				
Real assets	—	—	2,249,178	2,249,178
Real estate funds	—	—	2,436,267	2,436,267
Commingled funds:				
Interest bearing investments	2,002	2,351,009	—	2,353,011
Hedge funds	—	831,337	49,855	881,192
Equities	—	1,769,199	—	1,769,199
Fixed income	—	1,252,680	—	1,252,680
Securities lending collateral	2,740,305	2,903,857	—	5,644,162
Purchased options	101	—	—	101
Variation margin receivable	2,772	—	—	2,772
Receivable for investments sold short	123,872	—	—	123,872
Assets at fair value	21,227,457	23,080,152	10,959,525	55,267,134
Overdrafts	3,022	—	—	3,022
Unrealized depreciation on foreign currency contracts	56,685	—	—	56,685
Investments sold short	573,350	—	—	573,350
Written options payable	671	—	—	671
Liabilities at fair value	633,728	—	—	633,728
Net assets and liabilities at fair value	\$ 20,593,729	\$ 23,080,152	\$ 10,959,525	\$ 54,633,406

*Level 1 securities consist of actively traded stocks, while Level 2 securities consist of pooled funds and bonds. Management believes that the portfolio is well-diversified with no significant concentrations of risk.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011 AND 2010
(dollars in thousands)

Additional Disclosures Related to MPT Assets Measured at NAV as of December 31, 2010:

Investment Class-Sub Class		Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Fixed income:	Open-end funds ⁵	\$ 827,517	\$ –	Monthly, Quarterly	5-30 days
	Closed-end funds ⁶	385,454	–	No redemption rights	NA
Real assets:	Open-end funds ²	471,783	–	Quarterly	45-90 days
	Closed-end funds ³	1,964,484	767,379	No redemption rights	NA
Private equity	Closed-end funds ⁴	5,824,874	2,763,281	No redemption rights	NA
Commingled funds:	Interest bearing investments ⁹	2,353,011	–	Daily	NA
	Hedge funds ¹	881,192	–	Monthly, Annually	3-90 days
	Fixed income ⁷	425,163	119,381	Daily, Monthly	3-5 days
	Equities ⁸	1,769,199	–	Daily, Monthly, Quarterly, Annually	1-30 days
Total		<u>\$ 14,902,677</u>	<u>\$ 3,650,041</u>		

(1) This class includes both directional and nondirectional hedge fund strategies. The fair values of these investments have been estimated using the net asset value per share reported by the fund managers. These investments can be redeemed provided the funds have sufficient liquidity; otherwise, unredeemed amounts are rolled forward to the next period. It is estimated that the redemption from one fund, which the MPT has elected to exit, will occur over the next 1 to 3 years.

(2) This class includes four real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investments in this class have been estimated using the net asset values reported by the fund managers. These are open-ended funds with no final termination dates. These investments can be redeemed quarterly provided the funds have sufficient liquidity; otherwise, unredeemed amounts are rolled forward to the next quarter. It is estimated that the redemption from the one fund from which the MPT has elected to exit will occur over the next 3 to 5 years.

(3) This class includes real estate and natural resource investment funds that invest in U.S. and international real assets. The fair values of the investments in this class have been estimated using the net asset value of the MPT's ownership in partners' capital. These investments can never be redeemed with the funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of the funds will be liquidated over the next 7 to 10 years. There are no current plans to sell any of these funds.

(4) This class includes private equity funds that invest in U.S. and international companies. The fair values of the investments in this class have been estimated using the net asset value of the MPT's ownership in partners' capital. These investments can never be redeemed with the funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of the funds will be liquidated over the next 7 to 10 years. There are no current plans to sell any of these funds.

(5) This class includes several fixed income funds that invest primarily in U.S. fixed income securities. The fair values of the investments in this class have been estimated using the net asset values reported by the fund managers. These are open-ended funds with no final termination dates. These investments can be redeemed on a monthly or quarterly basis. Redemptions are subject to available cash in the funds. These funds do not make regular distributions. Unless redeemed, assets are reinvested as the investments of the funds are liquidated or mature. There are no current plans to sell any of these funds.

(6) This class includes several fixed income funds or funds of funds that invest primarily in mezzanine debt securities or distressed debt securities or funds. These funds invest primarily in U.S. fixed income securities but may also invest in non-U.S. securities. The fair values of the investments in this class have been estimated using the net asset value of the MPT's ownership in partners' capital. These investments can never be redeemed. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of the funds will be liquidated over the next 1 to 10 years. There are no current plans to sell any of these funds.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011 AND 2010

(dollars in thousands)

- (7) This class includes fixed income commingled funds that invest primarily in publicly traded fixed income securities. These funds are either selected by AT&T, with AT&T determining the timing and amount of contributions/redemptions, or are approved by AT&T for a manager to utilize on a discretionary tactical basis as part of a broad fixed income mandate. These are open-ended funds with no final terminations dates.
- (8) This class includes equity commingled funds that invests primarily in publicly traded U.S. and non-U.S. equity securities. The fair values of the investments in this class have been estimated using the net asset value per share reported by the funds' managers. These funds are selected by AT&T, and AT&T determines the timing and amount of contributions/redemptions. These are open ended funds with no final termination dates.
- (9) This class includes funds that invest primarily in publicly traded short-term fixed income securities. The fair values of the investments in this class have been estimated using the net asset value per share reported by the fund managers. These funds are selected by AT&T, and AT&T determines the timing and amount of contributions/redemptions. These are open ended funds with no final termination dates.

The table below sets forth a summary of changes in the fair value of the MPT's Level 3 investment assets for the year ended December 31, 2010.

	Equities- Domestic	Fixed Income Funds	Hedge Funds	Private Equity Funds	Real Assets	Total
Balance, beginning of year	\$ 1,061	\$ 355,293	\$ 102,411	\$ 4,937,913	\$ 3,471,208	\$ 8,867,886
Realized gains (losses)	(2,256)	40,411	–	434,433	135,361	607,949
Unrealized gains (losses)	(898)	7,151	(52,556)	925,043	1,169,048	2,047,788
Purchases, sales, issuances and settlements (net)	2,260	(3,114)	–	(473,072)	(90,172)	(564,098)
Balance, end of year	\$ 167	\$ 399,741	\$ 49,855	\$ 5,824,317	\$ 4,685,445	\$10,959,525

The realized gains (losses) and unrealized gains (losses) on Level 3 investments are reflected in the net appreciation/depreciation in fair value of the MPT's investments and are included in each plan's Net Investment gain (loss) from Plan's Interest in SBC Master Pension Trust.

Derivatives

In the normal course of operations, MPT assets and liabilities may include derivative financial instruments (futures, options, and foreign currency contracts). These instruments involve, in varying degrees, elements of credit and market volatility risks in excess of more traditional investment holdings, such as equity and debt instruments. The contract or notional amounts disclosed provide a measure of the MPT involvement in such instruments but are not indicative of potential loss. The intent is to use derivative financial instruments as an economic hedge to manage market volatility and foreign currency exchange rate risk associated with the MPT's investment assets. The MPT's fiduciaries do not anticipate any material adverse effect on the MPT's financial position resulting from its involvement in these instruments.

The following table presents the effect of gains and losses with respect to these derivative instruments, by type of derivative. The gains and losses are located on the Statement of Changes in Net Assets Available for Benefits as Net Investment gain (loss) from Plan's interest in SBC Master Pension Trust.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)**DECEMBER 31, 2011 AND 2010***(dollars in thousands)*

	Year Ended		Year Ended
	December 31, 2011		December 31, 2010
Futures contracts	\$ 204,086	\$	586,587
Option contracts	\$ 864	\$	5,420
Forward foreign currency exchange rate contracts	\$ (10,349)	\$	31,362

Futures Contracts

On behalf of the Pension Plans, investment managers for the MPT enter into various futures contracts to economically hedge investments in domestic equity, international equity and fixed income securities. The futures contracts held in the MPT are used primarily for two reasons: 1) a cost-effective way to manage the overall asset allocation of the MPT, and 2) a cost-effective way to implement and manage duration and yield curve strategy in the fixed income portfolio. The investments in the MPT are subject to equity price risk and interest rate risk, in the normal course of pursuing investment objectives.

Futures contracts, which are considered derivatives under ASC Topic 815, *Derivative and Hedging*, are agreements between two parties to buy or sell a security at a set price on a future date and are standardized and exchange-traded. Upon entering into such a contract on behalf of the Pension Plans, the investment managers are required to pledge to the broker an amount of cash or securities equal to the minimum “initial margin” requirements of the exchange on which the contract is traded. Pursuant to the contract, the investment managers agree to receive from or pay to the broker an amount of cash or securities equal to the daily fluctuation in the value of the contract. Such receipts or payments are known as variation margin and are recorded on a daily basis by the trustee as a realized gain or loss equal to the difference in the value of the contract between daily closing prices. Upon entering into such contracts, the MPT bears the risk of interest or exchange rates or securities prices moving unexpectedly, in which case the MPT may not achieve the anticipated benefits of the futures contracts and may realize a loss. With futures, there is minimal counterparty credit risk to the MPT because futures are exchange-traded and the exchange’s clearinghouse, as counterparty to all exchange-traded futures, guarantees the futures against default.

The fair value of the open futures contracts disclosed below, includes cumulative appreciation/ (depreciation) of futures contracts, but only the current day’s variation margin payable is reported separately in the net assets of the MPT and are included in the statements of net assets available for benefits to the extent of each plan’s ownership in the MPT. Similarly, the gains and losses on open futures contracts are reflected in the net change in fair value of net assets for the MPT and are included within each plan’s net investment gain (loss) from Plan’s interest in SBC Master Pension Trust.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011 AND 2010
(dollars in thousands)

At December 31, 2011, open futures contracts held in the MPT were as follows:

Risk Type	Type of Contract	Number of Contracts Buy/(Sell)	Expiration	Cost/Notional Value	Fair Value
Bond Index	US ULTRA Bonds CBT Future	(563)	Mar-12	\$ (89,939)	\$ (246)
Bond Index	US ULTRA Bonds CBT Future	2,249	Mar-12	355,456	4,806
Bond Index	US Long Bonds CBT Future	(1,305)	Mar-12	(187,073)	(1,907)
Bond Index	U.S. 10-Year Note Future	1,785	Mar-12	231,721	2,337
Bond Index	U.S. 2-Year Note Future	296	Mar-12	65,261	21
Bond Index	US Long Bonds CBT Future	1,820	Mar-12	263,241	318
Bond Index	U.S. 5-Year Note Future	1,264	Mar-12	155,268	530
Bond Index	U.S. 10 T Notes Future	(1,135)	Mar-12	(147,433)	(1,394)
Bond Index	2-Year Notes CBT Future	(1,679)	Mar-12	(370,108)	(190)
Bond Index	5-Year Notes CBT Future	(6,933)	Mar-12	(850,107)	(4,439)
Equity Index	Russell 1000 Mini Future	1,606	Mar-12	110,992	(33)
Equity Index	Russell 2000 Mini Future	2,914	Mar-12	213,128	2,158
Equity Index	SPI 200 Futures	279	Mar-12	29,279	(947)
Equity Index	S&P/TSX 60 IX Future	294	Mar-12	38,625	309
Equity Index	Amsterdam IDX Future	119	Jan-12	9,355	397
Equity Index	CAC40 10 EURO Future	771	Jan-12	31,281	727
Equity Index	FTSE 100 IDX Future	847	Mar-12	71,839	1,382
Equity Index	DAX Index Future	146	Mar-12	27,892	286
Equity Index	EURO STOXX 50 Future	1,176	Mar-12	35,287	437
Equity Index	FTSE/MIB IDX Future	83	Mar-12	8,176	28
Equity Index	IBEX 35 INDX Future	100	Jan-12	10,887	199
Equity Index	Hang Seng IDX Future	96	Jan-12	11,453	(63)
Equity Index	S&P 400 EMINI Future	2,327	Mar-12	205,233	(1,085)
Equity Index	S&P 500 Future	3,390	Mar-12	1,054,847	6,731
Equity Index	S&P 500 EMINI Future	19,812	Mar-12	1,232,800	8,025
Equity Index	TOPIX INDX Future	757	Mar-12	71,057	(301)
Equity Index	OMXS30 Index Future	683	Jan-12	9,543	264
Equity Index	SGX CNX Nifty Future	222	Jan-12	2,121	(67)
Equity Index	MSCI TAIWAN Future	85	Jan-12	2,163	(8)
Interest Rate	90 Day Eurodollar Future	214	Mar-12	53,121	(22)
Interest Rate	90 Day Eurodollar Future	142	Dec-13	35,156	44
Interest Rate	90 Day Eurodollar Future	171	Jun-12	42,504	(56)
Interest Rate	90 Day Eurodollar Future	996	Jun-13	246,031	1,064
Interest Rate	90 Day Eurodollar Future	65	Jun-14	16,070	6
Interest Rate	90 Day Eurodollar Future	747	Mar-13	184,990	360
Interest Rate	90 Day Eurodollar Future	284	Mar-14	69,869	471
Interest Rate	90 Day Eurodollar Future	329	Sep-13	81,148	452
Interest Rate	90 Day Eurodollar Future	(20)	Dec-12	(4,967)	4
Interest Rate	90 Day Eurodollar Future	(12)	Dec-13	(2,970)	(5)
Interest Rate	90 Day Eurodollar Future	(27)	Jun-12	(6,707)	5
Interest Rate	90 Day Eurodollar Future	(20)	Jun-13	(4,962)	1
Interest Rate	90 Day Eurodollar Future	(12)	Jun-14	(2,959)	(10)
Interest Rate	90 Day Eurodollar Future	(27)	Mar-12	(6,709)	3
Interest Rate	90 Day Eurodollar Future	(20)	Mar-13	(4,966)	3
Interest Rate	90 Day Eurodollar Future	(12)	Mar-14	(2,965)	(8)
Interest Rate	90 Day Eurodollar Future	(27)	Sep-12	(6,706)	6
Interest Rate	90 Day Eurodollar Future	(20)	Sep-13	(4,958)	(3)
Interest Rate	90 Day Eurodollar Future	(12)	Sep-14	(2,952)	(11)
Total				\$ 3,279,313	\$ 20,579

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011 AND 2010
(dollars in thousands)

At December 31, 2010, open futures contracts held in the MPT were as follows:

Risk Type	Type of Contract	Number of Contracts Buy/(Sell)	Expiration	Cost/Notional Value	Fair Value
Bond Index	AUST 10 YR	72	Mar-11	\$ 7,387	\$ 45
Bond Index	US ULTRA Bonds CBT Future	2,337	Mar-11	303,230	(6,212)
Bond Index	US Long Bonds CBT Future	2,477	Mar-11	311,401	(8,897)
Bond Index	U.S. 10-Year Note Future	6,053	Mar-11	743,794	(14,786)
Bond Index	U.S. 2-Year Note Future	2,917	Mar-11	639,191	(641)
Bond Index	US Long Bonds CBT Future	(1,589)	Mar-11	(199,859)	5,802
Bond Index	U.S. 5-Year Note Future	1,790	Mar-11	213,859	(3,143)
Bond Index	U.S. 10 T Notes Future	(1,074)	Mar-11	(133,801)	4,451
Bond Index	2-Year Notes CBT Future	(452)	Mar-11	(99,011)	65
Bond Index	5-Year Notes CBT Future	(8,464)	Mar-11	(1,011,511)	15,140
Equity Index	Russell 1000 Mini Future	940	Mar-11	63,849	1,434
Equity Index	Russell 2000 Mini Future	1,646	Mar-11	126,450	2,316
Equity Index	SPI 200 Futures	(195)	Mar-11	(23,362)	205
Equity Index	S&P/TSX 60 IX Future	(202)	Mar-11	(30,493)	(376)
Equity Index	Amsterdam IDX Future	(87)	Jan-11	(8,185)	(52)
Equity Index	CAC40 10 EURO Future	(518)	Jan-11	(26,909)	565
Equity Index	FTSE 100 IDX Future	(618)	Mar-11	(56,952)	(340)
Equity Index	DAX Index Future	(88)	Mar-11	(20,692)	332
Equity Index	EURO STOXX 50 Future	(766)	Mar-11	(29,129)	556
Equity Index	FTSE/MIB IDX Future	(56)	Mar-11	(7,709)	152
Equity Index	IBEX 35 INDX Future	(69)	Jan-11	(9,194)	168
Equity Index	Hang Seng IDX Future	(66)	Jan-11	(9,628)	(136)
Equity Index	S&P 400 EMINI Future	1,314	Mar-11	116,966	1,990
Equity Index	S&P 500 Future	3,777	Mar-11	1,154,619	28,528
Equity Index	S&P 500 EMINI Future	4,689	Mar-11	287,200	6,566
Equity Index	TOPIX INDX Future	(458)	Mar-11	(48,538)	(894)
Equity Index	OMXS30 Index Future	(497)	Jan-11	(8,398)	(33)
Interest Rate	90 Day Sterling Future	18	Dec-11	3,523	(8)
Interest Rate	90 Day Sterling Future	21	Jun-12	4,101	(18)
Interest Rate	90 Day Sterling Future	19	Mar-12	3,715	(12)
Interest Rate	90 Day Sterling Future	20	Sep-12	3,899	(22)
Interest Rate	ERFI P @98.75	160	Jan-11	14	(12)
Interest Rate	90 Day Eurodollar Future	254	Dec-11	63,058	(21)
Interest Rate	90 Day Eurodollar Future	116	Dec-12	28,712	(230)
Interest Rate	90 Day Eurodollar Future	1,471	Jun-11	365,685	447
Interest Rate	90 Day Eurodollar Future	324	Jun-12	80,234	(223)
Interest Rate	90 Day Eurodollar Future	12	Jun-13	2,957	(27)
Interest Rate	90 Day Eurodollar Future	643	Mar-11	160,090	73
Interest Rate	90 Day Eurodollar Future	364	Mar-12	90,274	(138)
Interest Rate	90 Day Eurodollar Future	78	Mar-13	19,275	(178)
Interest Rate	90 Day Eurodollar Future	214	Sep-11	53,106	97
Interest Rate	90 Day Eurodollar Future	297	Sep-12	73,603	(463)
Interest Rate	90 Day Eurodollar Future	45	Sep-13	11,078	(123)
Interest Rate	90 Day Eurodollar Future	(440)	Mar-12	(108,794)	(161)
	Total			\$ 3,099,105	\$ 31,786

NOTES TO FINANCIAL STATEMENTS (CONTINUED)**DECEMBER 31, 2011 AND 2010***(dollars in thousands)***Option Contracts**

The primary risk managed by the Pension Plans using option contracts is the price risk associated with investments. On behalf of the Pension Plans, investment managers for the MPT have purchased and written various option contracts, which are agreements between two parties giving the owner, under a purchased option, the right, but not the obligation, to buy or sell a specified item at a fixed price (exercise or strike) during a specified period, and under a written option the obligation to sell or buy a specified item at a fixed price. These option contracts are intended to economically hedge the MPT's investments in foreign and domestic securities. When the investment manager buys or writes an option contract, a nonrefundable fee (the premium) is paid or received by the MPT and is recorded as an asset or liability and is subsequently adjusted to the current market value of the option purchased or written. The premiums paid or received from buying or writing options are recorded as realized gains or losses when the options expire. The difference between the premium and the amount paid or received on effecting a closing purchase or sale transaction is also treated as a realized gain or loss. If an option is exercised, the premium paid or received is recorded as a realized gain or loss if sold or as an adjustment to the cost of the underlying security if acquired upon exercise.

The fair value of the written and purchased option contracts is disclosed below, and is separately listed in the net assets of the MPT and is included in the statements of net assets available for benefits to the extent of each plan's ownership in the MPT. Similarly, the gains and losses on written and purchased option contracts are reflected in the net change in fair value of net assets for the MPT and are included within each plan's net investment gain (loss) from Plan's interest in SBC Master Pension Trust.

As of December 31, 2011 the total number of written options held by the MPT was:

Risk Type	Type of Contract	Number of Contracts	Cost(Premium paid)	Notional Value	Fair Value
Interest Rate	Eurodollar Options	(289)	\$ (100)	\$ 70,793	\$ (23)
Interest Rate	U.S. Treasury Notes				
	Options	(243)	(115)	(32,368)	(87)
	Total	(532)	\$ (215)	\$ 38,425	\$ (110)

As of December 31, 2010, the total number of written options held by the MPT was:

Risk Type	Type of Contract	Number of Contracts	Cost(Premium paid)	Notional Value	Fair Value
Interest Rate	Eurodollar Options	(314)	\$ (166)	\$ –	\$ (208)
Interest Rate	U.S. Treasury Notes				
	Options	(926)	(551)	22,892	(442)
Interest Rate	S&P 500 Future	(4)	(9)	(43)	(6)
Inflation Floors	Inflation Floors	(1,500,000)	(19)	3,269	(15)
	Total	(1,501,244)	\$ (745)	\$ 26,118	\$ (671)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011 AND 2010

(dollars in thousands)

As of December 31, 2011, the total number of purchased options held by the MPT was:

Risk Type	Type of Contract	Number of Contracts	Cost(Premium received)	Notional Value	Fair Value
Currency	Foreign Exchange Option	55,555,000	\$ 405	\$ 1,351,922	\$ –
Interest Rate	Treasury note Option	514	243	(64,986)	20
Interest Rate	Eurodollar Option	196	40	(48,020)	11
	Total	55,555,710	\$ 688	\$ 1,238,916	\$ 31

As of December 31, 2010, the total number of purchased options held by the MPT was:

Risk Type	Type of Contract	Number of Contracts	Cost(Premium received)	Notional Value	Fair Value
Currency	Japanese Option	7,010,000	\$ 178	\$ (630,900)	\$ 101
Currency	Eurodollar Option	2,565,000	52	3,437	–
	Total	9,575,000	\$ 230	\$ (627,463)	\$ 101

Foreign Currency Contracts

The primary risk managed by the Pension Plans using foreign currency forward contracts is the foreign currency exchange rate risk associated with the Pension Plans' investments denominated in foreign currencies. On behalf of the Pension Plans, investment managers for the MPT entered into forward foreign currency contracts, which are agreements to exchange foreign currencies at a specified future date at a specified rate, the terms of which are not standardized on an exchange. These contracts are intended to minimize the impact of currency fluctuations on the performance of investments denominated in foreign currencies. All of the MPT's contracts address the currency risk of the U.S. dollar versus foreign currencies. Risk arises both from the possible inability of the counterparties to meet the terms of the contracts (credit risk) and from the movements in foreign currency exchange rates (market risk). Forward contracts are entered into only with major banks to minimize counterparty default risk. The contracts are recorded at fair value on the date the contract is entered into, which is typically zero.

The fair value presented in the table below is included in the net assets of the MPT as unrealized appreciation on foreign currency contracts (asset) for 2011, interest bearing cash (asset) for 2010 and unrealized depreciation on foreign currency contracts (liability). The gains and losses on foreign currency contracts are reflected in the net change in fair value of net assets for the MPT and are included within each plan's net investment gain (loss) from Plan's interest in SBC Master Pension Trust.

At December 31, 2011 and 2010, the foreign currency contracts held by the MPT were:

	Notional Value		Fair Value	
	2011	2010	2011	2010
Derivative assets	\$ 1,098,529	\$ 1,369,591	\$ 9,768	\$ 56,724
Derivative liabilities	\$ (1,098,529)	\$ (1,369,591)	\$ (9,836)	\$ (56,685)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011 AND 2010
(dollars in thousands)

Securities Lending

During 2011 and 2010, the MPT was authorized to engage in the lending of certain MPT assets. Securities lending is an investment management enhancement that utilizes the existing securities (domestic and international equities and fixed income investments) of the MPT to earn additional income. Securities lending involves the loaning of securities to a selected group of approved banks and broker-dealers. In return for the loaned securities, the trustee, prior to or simultaneous with delivery of the loaned securities to the borrower, receives collateral in the form of cash or U.S. Government securities as a safeguard against possible default of any borrower on the return of the loan. Each loan is initially collateralized, in the case of: (a) loaned securities denominated in U.S. dollars or whose primary trading market is located in the U.S. or sovereign debt issued by foreign governments to the extent of 102% of the market value of the loaned securities, or (b) loaned securities not denominated in U.S. dollars or whose primary trading market is not located in the U.S. to the extent of 105% of the market value of the loaned securities. The collateral is marked to market on a daily basis. Securities on loan and collateral held under this program at December 31, 2011 and 2010 are reported on the accompanying MPT statements of net assets available for benefits at December 31, 2011 and 2010. The fair value of securities on loan was \$4,110,437 and \$5,573,984 as of December 31, 2011 and 2010, and the value of collateral held was \$4,176,969 and \$5,644,162 at December 31, 2011 and 2010. The reported collateral includes noncash holdings of \$1,745,890 and \$340,184 at December 31, 2011 and 2010. The amount of income earned for the years ended December 31, 2011 and 2010 was \$23,276 and \$26,393.

Related-Party Transactions

At December 31, 2011 and 2010, the MPT held \$41,152 and \$70,109 in AT&T common stock and \$27,182 and \$26,566 of bonds guaranteed by AT&T. These investments qualify as party-in-interest transactions, which are exempt from the prohibited transactions rules of ERISA.

10. Subsequent Events

In June 2012, AT&T was notified of transactions occurring within an investment account in which the AT&T Master Pension Trust and the AT&T Umbrella Benefit Plan No. 1 are the sole investors. The size of the account is approximately \$500,000. The nature of the transactions involves a possible impermissible payment of fees in the amount of approximately \$1,500 to an entity related to the investment manager during 2006 and 2007, which was subsequently returned to the account, with interest. AT&T is currently working with the investment manager and conducting a full review of the situation. AT&T will fully comply with the reporting requirements of ERISA upon final determination. This potential breach does not affect the benefits provided to or accounts of participants.

In June 2012, as a result of the sale of AT&T's Advertising Solutions and Interactive businesses, approximately \$151,000 of retirement obligations related to active bargained participants were transferred from the AT&T Plan to a successor plan sponsored by the acquirer. As provided in the purchase agreement, upon the final valuation of the obligations, the Master Trust will transfer assets covering 100% of the obligation.

Management evaluated subsequent events for the Pension Plans through September 14, 2012, the date the financial statements were available to be issued.

**SCHEDULE SB
(Form 5500)**Department of the Treasury
Internal Revenue ServiceDepartment of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

**Single-Employer Defined Benefit Plan
Actuarial Information**

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).

▶ File as an attachment to Form 5500 or 5500-SF.

OMB No. 1210-0110

2011**This Form is Open to Public
Inspection**

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

▶ Round off amounts to nearest dollar.

▶ Caution: A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan

AT&T PENSION BENEFIT PLAN

B Three-digit
plan number (PN) ▶

006

C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF

AT&T INC.

D Employer Identification Number (EIN)

43-1301883

E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B**F** Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500**Part I Basic Information****1** Enter the valuation date: Month 1 Day 1 Year 2011**2** Assets:

	2a	
a Market value	47,762,965,000	
b Actuarial value	44,181,562,000	

3 Funding target/participant count breakdown:

	(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment.....	3a 253,843	24,453,802,000
b For terminated vested participants.....	3b 133,964	4,953,083,000
c For active participants:		
(1) Non-vested benefits.....	3c(1)	1,178,675,000
(2) Vested benefits.....	3c(2)	18,928,036,000
(3) Total active.....	3c(3) 253,845	20,106,711,000
d Total.....	3d 641,652	49,513,596,000

4 If the plan is in at-risk status, check the box and complete lines (a) and (b)..... ☐

	4a	4b
a Funding target disregarding prescribed at-risk assumptions.....		
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor.....		

5 Effective interest rate **5** 6.23 %**6** Target normal cost **6** 1,066,910,000**Statement by Enrolled Actuary**

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

**SIGN
HERE**

Thomas Miano TM

Signature of actuary

10/03/2012

Date

THOMAS MIANO, FSA, EA

Type or print name of actuary

11-04601

Most recent enrollment number

AON CONSULTING, INC.

Firm name

(214) 989-2483

Telephone number (including area code)

2711 North Haskell Avenue, 7th floor

Dallas TX 75204

Address of the firm

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2011
v.012611

Part II Beginning of year carryover and prefunding balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year).....	1,994,067,000	0
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)		
9 Amount remaining (line 7 minus line 8).....	1,994,067,000	0
10 Interest on line 9 using prior year's actual return of <u>14.72</u> %.....	293,527,000	
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38 from prior year)		
b Interest on (a) using prior year's effective rate of <u>6.64</u> % except as otherwise provided (see instructions).....		0
c Total available at beginning of current plan year to add to prefunding balance.....		0
d Portion of (c) to be added to prefunding balance.....		
12 Other reductions in balances due to elections or deemed elections.....		
13 Balance at beginning of current year (line 9 + line 10 + line 11d – line 12).....	2,287,594,000	0

Part III Funding percentages

14 Funding target attainment percentage	14	84.61 %
15 Adjusted funding target attainment percentage	15	84.61 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	108.32 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.	17	%

Part IV Contributions and liquidity shortfalls**18** Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
12/22/2011	1,000,000,000				
Totals			18(b)	1,000,000,000	18(c) 0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contributions from prior years.	19a	0
b Contributions made to avoid restrictions adjusted to valuation date.....	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	19c	942,914,000

20 Quarterly contributions and liquidity shortfalls:

- a** Did the plan have a "funding shortfall" for the prior year? ☐ Yes ☒ No
- b** If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☐ Yes ☐ No
- c** If 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:			
a Segment rates:	1st segment: 3.78 %	2nd segment: 6.31 %	3rd segment: 6.57 %
			☐ N/A, full yield curve used
b Applicable month (enter code)			21b 4
22 Weighted average retirement age			22 61
23 Mortality table(s) (see instructions)	☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute		

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contributions for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a)	29	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6)	31a	1,066,910,000	
b Excess assets, if applicable, but not greater than 31a	31b		
32 Amortization installments:	Outstanding Balance		Installment
a Net shortfall amortization installment	7,619,628,000		776,023,000
b Waiver amortization installment	0		0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33		
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)	34	1,842,933,000	
		Carryover balance	Prefunding balance
35 Balances elected for use to offset funding requirement		900,019,000	0
36 Additional cash requirement (line 34 minus line 35)	36	942,914,000	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	942,914,000	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	0	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b		
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years	40	0	

Part IX Pension funding relief under Pension Relief Act of 2010 (see instructions)

41 If a shortfall amortization base is being amortized pursuant to an alternative amortization schedule:			
a Schedule elected	☐ 2 plus 7 years ☒ 15 years		
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008 ☐ 2009 ☐ 2010 ☒ 2011		
42 Amount of acceleration adjustment	42	38,207,000	
43 Excess installment acceleration amount to be carried over to future plan years	43	0	



AT&T Inc.

**Number of active bargained participants, average valuation pay and cash balance by age and service
Southwest**

Age on valuation		Years of completed service										Total
		0-1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
0-24	Count	21	7	2	--	--	--	--	--	--	--	30
	Average Pay	\$37,614	--	--	--	--	--	--	--	--	--	\$43,021
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
25-29	Count	53	85	170	102	--	--	--	--	--	--	410
	Average Pay	\$39,072	\$64,870	\$54,159	\$57,028	--	--	--	--	--	--	\$55,143
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
30-34	Count	50	86	540	1,773	21	--	--	--	--	--	2,470
	Average Pay	\$37,892	\$62,482	\$56,990	\$60,475	\$58,097	--	--	--	--	--	\$59,305
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
35-39	Count	27	80	428	2,622	203	22	--	--	--	--	3,382
	Average Pay	\$38,312	\$64,252	\$58,853	\$61,631	\$59,844	\$57,434	--	--	--	--	\$61,021
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
40-44	Count	21	41	240	2,015	285	130	10	--	--	--	2,742
	Average Pay	\$39,156	\$55,697	\$60,776	\$61,899	\$61,102	\$59,449	--	--	--	--	\$61,319
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
45-49	Count	17	33	188	1,546	233	199	469	163	--	--	2,848
	Average Pay	--	\$63,993	\$58,776	\$62,733	\$62,337	\$61,001	\$59,273	\$58,505	--	--	\$61,370
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
50-54	Count	9	43	145	1,070	251	204	600	1,245	84	--	3,651
	Average Pay	--	\$63,701	\$59,720	\$62,714	\$61,285	\$63,254	\$59,449	\$59,768	\$62,485	--	\$60,934
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
55-59	Count	5	25	79	680	162	94	226	719	657	89	2,736
	Average Pay	--	\$61,194	\$61,693	\$62,091	\$58,853	\$60,116	\$60,196	\$60,479	\$63,088	\$63,430	\$61,471
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
60-64	Count	2	11	33	285	74	36	75	135	219	199	1,069
	Average Pay	--	--	\$60,464	\$61,324	\$57,980	\$56,951	\$57,810	\$58,292	\$65,546	\$61,924	\$61,148
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
65-69	Count	--	1	8	50	9	6	8	16	11	28	137
	Average Pay	--	--	--	\$60,712	--	--	--	--	--	\$60,351	\$58,577
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
70+	Count	--	--	2	9	3	--	--	--	1	2	17
	Average Pay	--	--	--	--	--	--	--	--	--	--	--
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
Total	Count	205	412	1,835	10,152	1,241	691	1,388	2,278	972	318	19,492
	Average Pay	\$38,464	\$62,371	\$58,307	\$61,731	\$60,561	\$60,917	\$59,390	\$59,761	\$63,578	\$62,177	\$60,777
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--



AT&T Inc.

**Number of active bargained participants, average valuation pay and cash balance by age and service
West**

Age on valuation		Years of completed service										Total
		0-1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
0-24	Count	--	7	--	--	--	--	--	--	--	--	7
	Average Pay	--	--	--	--	--	--	--	--	--	--	--
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
25-29	Count	5	61	107	56	--	--	--	--	--	--	229
	Average Pay	--	\$74,623	\$65,336	\$63,126	--	--	--	--	--	--	\$66,960
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
30-34	Count	3	97	341	1,295	17	--	--	--	--	--	1,753
	Average Pay	--	\$75,490	\$63,936	\$66,586	--	--	--	--	--	--	\$66,478
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
35-39	Count	5	82	353	2,233	287	30	--	--	--	--	2,990
	Average Pay	--	\$81,577	\$66,234	\$67,615	\$63,944	\$66,157	--	--	--	--	\$67,429
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
40-44	Count	2	58	274	1,788	352	270	10	--	--	--	2,754
	Average Pay	--	\$82,534	\$70,451	\$68,358	\$66,336	\$64,603	--	--	--	--	\$68,189
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
45-49	Count	1	46	160	1,280	232	212	220	122	--	--	2,273
	Average Pay	--	\$83,381	\$68,941	\$69,096	\$66,880	\$67,195	\$66,086	\$68,521	--	--	\$68,641
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
50-54	Count	4	42	128	967	158	118	530	1,146	37	--	3,130
	Average Pay	--	\$81,704	\$73,572	\$68,855	\$66,239	\$68,696	\$67,748	\$67,715	\$68,130	--	\$68,438
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
55-59	Count	1	29	65	602	75	83	273	887	490	75	2,580
	Average Pay	--	\$75,958	\$73,599	\$66,951	\$65,773	\$67,952	\$68,352	\$67,898	\$68,072	\$69,251	\$67,959
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
60-64	Count	--	18	39	218	38	23	87	277	269	231	1,200
	Average Pay	--	--	\$64,787	\$66,581	\$62,345	\$70,448	\$68,642	\$67,616	\$68,277	\$68,444	\$67,632
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
65-69	Count	--	1	8	42	5	7	12	25	43	68	211
	Average Pay	--	--	--	\$67,257	--	--	--	\$65,828	\$67,353	\$70,283	\$68,363
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
70+	Count	--	--	1	6	5	--	5	7	4	17	45
	Average Pay	--	--	--	--	--	--	--	--	--	--	\$66,134
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
Total	Count	21	441	1,476	8,487	1,169	743	1,137	2,464	843	391	17,172
	Average Pay	\$44,447	\$78,483	\$67,658	\$67,874	\$65,547	\$66,625	\$67,523	\$67,797	\$68,113	\$68,962	\$67,889
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--



AT&T Inc.

**Number of active bargained participants, average valuation pay and cash balance by age and service
East**

Age on valuation		Years of completed service										Total
		0-1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
0-24	Count	3	3	--	--	--	--	--	--	--	--	6
	Average Pay	--	--	--	--	--	--	--	--	--	--	--
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
25-29	Count	5	13	17	6	--	--	--	--	--	--	41
	Average Pay	--	--	--	--	--	--	--	--	--	--	\$47,902
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	\$7,667
30-34	Count	2	9	26	123	2	--	--	--	--	--	162
	Average Pay	--	--	\$57,424	\$60,599	--	--	--	--	--	--	\$59,464
	Average Cash Balance	--	--	\$13,602	\$25,587	--	--	--	--	--	--	\$22,328
35-39	Count	--	4	23	304	51	6	--	--	--	--	388
	Average Pay	--	--	\$51,943	\$64,844	\$70,209	--	--	--	--	--	\$64,762
	Average Cash Balance	--	--	\$13,589	\$32,477	\$44,816	--	--	--	--	--	\$33,259
40-44	Count	4	4	33	284	71	143	8	--	--	--	547
	Average Pay	--	--	\$46,599	\$65,911	\$69,722	\$68,406	--	--	--	--	\$65,532
	Average Cash Balance	--	--	\$11,257	\$34,634	\$45,424	\$92,672	--	--	--	--	\$50,494
45-49	Count	1	5	25	189	63	241	137	13	--	--	674
	Average Pay	--	--	\$54,737	\$65,279	\$65,993	\$67,385	\$67,625	--	--	--	\$66,164
	Average Cash Balance	--	--	\$14,913	\$34,772	\$46,434	\$100,233	\$135,059	--	--	--	\$81,858
50-54	Count	--	9	19	151	43	139	144	180	8	--	693
	Average Pay	--	--	--	\$64,749	\$61,906	\$65,943	\$65,900	\$68,027	--	--	\$65,444
	Average Cash Balance	--	--	--	\$34,457	\$43,380	\$104,772	\$148,950	\$206,316	--	--	\$119,139
55-59	Count	2	9	18	97	20	72	58	137	91	19	523
	Average Pay	--	--	--	\$60,773	\$64,599	\$65,281	\$64,118	\$68,694	\$67,914	--	\$64,793
	Average Cash Balance	--	--	--	\$30,738	\$42,145	\$109,929	\$157,662	\$232,200	\$286,595	--	\$163,314
60-64	Count	--	3	14	43	6	23	17	33	50	41	230
	Average Pay	--	--	--	\$61,922	--	\$59,880	--	\$63,722	\$70,660	\$68,342	\$64,183
	Average Cash Balance	--	--	--	\$33,043	--	\$109,405	--	\$221,142	\$319,844	\$351,436	\$195,798
65-69	Count	1	--	3	15	3	4	--	4	3	8	41
	Average Pay	--	--	--	--	--	--	--	--	--	--	\$55,356
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	\$139,543
70+	Count	--	--	--	2	--	2	--	1	1	1	7
	Average Pay	--	--	--	--	--	--	--	--	--	--	--
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
Total	Count	18	59	178	1,214	259	630	364	368	153	69	3,312
	Average Pay	--	\$55,141	\$50,750	\$63,981	\$66,858	\$66,559	\$66,062	\$67,718	\$68,608	\$68,521	\$64,616
	Average Cash Balance	--	\$10,864	\$12,462	\$32,582	\$44,871	\$100,683	\$145,514	\$216,728	\$291,428	\$361,333	\$96,540



AT&T Inc.

**Number of active bargained participants, average valuation pay and cash balance by age and service
Midwest**

Age on valuation		Years of completed service										Total
		0-1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
0-24	Count	12	13	--	--	--	--	--	--	--	--	25
	Average Pay	--	--	--	--	--	--	--	--	--	--	\$42,678
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
25-29	Count	28	92	195	89	--	--	--	--	--	--	404
	Average Pay	\$40,810	\$52,197	\$60,765	\$67,289	--	--	--	--	--	--	\$58,868
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
30-34	Count	12	102	814	1,132	38	--	--	--	--	--	2,098
	Average Pay	--	\$56,145	\$63,071	\$67,080	\$65,916	--	--	--	--	--	\$64,833
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
35-39	Count	11	66	753	1,721	637	19	--	--	--	--	3,207
	Average Pay	--	\$57,435	\$63,613	\$67,379	\$66,926	--	--	--	--	--	\$66,092
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
40-44	Count	14	73	553	1,445	828	553	8	--	--	--	3,474
	Average Pay	--	\$62,419	\$64,278	\$66,803	\$66,786	\$66,652	--	--	--	--	\$66,166
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
45-49	Count	9	56	444	993	609	803	252	100	--	--	3,266
	Average Pay	--	\$58,167	\$65,423	\$67,257	\$66,553	\$66,603	\$64,917	\$65,494	--	--	\$66,240
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
50-54	Count	2	53	278	667	399	539	347	1,300	91	--	3,676
	Average Pay	--	\$51,913	\$62,939	\$66,144	\$65,094	\$65,551	\$64,433	\$64,881	\$65,351	--	\$64,851
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
55-59	Count	6	26	161	343	241	206	139	633	856	199	2,810
	Average Pay	--	\$54,064	\$63,580	\$65,284	\$64,107	\$65,840	\$63,312	\$65,103	\$66,466	\$66,900	\$65,293
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
60-64	Count	1	13	59	107	94	53	37	99	191	302	956
	Average Pay	--	--	\$62,437	\$62,345	\$63,330	\$64,984	\$64,609	\$64,817	\$67,608	\$68,444	\$65,850
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
65-69	Count	--	1	6	19	13	7	5	10	10	31	102
	Average Pay	--	--	--	--	--	--	--	--	--	\$65,690	\$63,985
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
70+	Count	--	--	1	4	2	--	2	3	1	6	19
	Average Pay	--	--	--	--	--	--	--	--	--	--	--
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
Total	Count	95	495	3,264	6,520	2,861	2,180	790	2,145	1,149	538	20,037
	Average Pay	\$40,111	\$55,906	\$63,591	\$66,844	\$66,156	\$66,226	\$64,344	\$64,946	\$66,585	\$67,749	\$65,459
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--



AT&T Inc.

**Number of active bargained participants, average valuation pay and cash balance by age and service
Bargained Cash Balance**

Age on valuation		Years of completed service										Total
		0-1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
0-24	Count	18	33	--	--	--	--	--	--	--	--	51
	Average Pay	--	\$39,146	--	--	--	--	--	--	--	--	\$38,433
	Average Cash Balance	--	\$2,412	--	--	--	--	--	--	--	--	\$1,561
25-29	Count	35	93	19	2	--	--	--	--	--	--	149
	Average Pay	\$45,722	\$44,442	--	--	--	--	--	--	--	--	\$46,992
	Average Cash Balance	\$34	\$3,486	--	--	--	--	--	--	--	--	\$4,308
30-34	Count	28	86	76	67	--	--	--	--	--	--	257
	Average Pay	\$45,046	\$43,538	\$62,091	\$65,076	--	--	--	--	--	--	\$54,804
	Average Cash Balance	\$0	\$3,184	\$17,194	\$19,339	--	--	--	--	--	--	\$11,192
35-39	Count	27	55	53	96	5	1	--	--	--	--	237
	Average Pay	\$45,248	\$46,353	\$65,498	\$63,929	--	--	--	--	--	--	\$57,763
	Average Cash Balance	\$468	\$3,537	\$18,214	\$22,667	--	--	--	--	--	--	\$14,855
40-44	Count	30	32	38	65	14	11	--	--	--	--	190
	Average Pay	\$46,272	\$45,455	\$62,929	\$63,433	--	--	--	--	--	--	\$57,072
	Average Cash Balance	\$147	\$5,828	\$18,819	\$21,536	--	--	--	--	--	--	\$15,380
45-49	Count	19	29	26	46	10	22	2	--	--	--	154
	Average Pay	--	\$48,428	\$64,071	\$61,944	--	\$53,008	--	--	--	--	\$56,161
	Average Cash Balance	--	\$3,922	\$20,278	\$26,360	--	\$33,915	--	--	--	--	\$19,532
50-54	Count	8	22	18	33	8	21	4	3	--	--	117
	Average Pay	--	\$46,632	--	\$61,477	--	\$53,346	--	--	--	--	\$55,438
	Average Cash Balance	--	\$4,807	--	\$24,735	--	\$30,806	--	--	--	--	\$21,342
55-59	Count	12	20	16	15	10	11	4	4	2	--	94
	Average Pay	--	\$48,807	--	--	--	--	--	--	--	--	\$56,248
	Average Cash Balance	--	\$5,948	--	--	--	--	--	--	--	--	\$24,612
60-64	Count	2	14	9	12	8	14	--	3	2	--	64
	Average Pay	--	--	--	--	--	--	--	--	--	--	\$52,549
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	\$32,065
65-69	Count	--	--	1	8	--	2	--	--	1	--	12
	Average Pay	--	--	--	--	--	--	--	--	--	--	--
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
70+	Count	--	1	--	--	--	1	--	--	--	1	3
	Average Pay	--	--	--	--	--	--	--	--	--	--	--
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
Total	Count	179	385	256	344	55	83	10	10	5	1	1,328
	Average Pay	\$44,666	\$44,640	\$62,838	\$63,087	\$58,676	\$53,242	--	--	--	--	\$54,361
	Average Cash Balance	\$914	\$3,774	\$18,438	\$23,300	\$28,838	\$32,665	--	--	--	--	\$15,312



AT&T Inc.

**Number of active bargained participants, average valuation pay and cash balance by age and service
Bargained Cash Balance 2**

Age on valuation		Years of completed service										Total
		0-1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
0-24	Count	4,085	1,502	1	--	--	--	--	--	--	--	5,588
	Average Pay	\$27,736	\$38,877	--	--	--	--	--	--	--	--	\$30,733
	Average Cash Balance	\$45	\$404	--	--	--	--	--	--	--	--	\$142
25-29	Count	3,283	3,073	52	--	--	--	--	--	--	--	6,408
	Average Pay	\$30,031	\$43,436	\$55,136	--	--	--	--	--	--	--	\$36,663
	Average Cash Balance	\$121	\$490	\$1,691	--	--	--	--	--	--	--	\$311
30-34	Count	1,781	2,509	135	55	--	--	--	--	--	--	4,480
	Average Pay	\$31,761	\$45,443	\$56,814	\$61,089	--	--	--	--	--	--	\$40,538
	Average Cash Balance	\$154	\$631	\$1,960	\$350	--	--	--	--	--	--	\$478
35-39	Count	1,043	1,694	111	80	2	1	--	--	--	--	2,931
	Average Pay	\$32,661	\$46,372	\$60,978	\$59,123	--	--	--	--	--	--	\$42,396
	Average Cash Balance	\$248	\$843	\$1,267	\$1,810	--	--	--	--	--	--	\$701
40-44	Count	711	1,020	69	57	5	3	1	--	--	--	1,866
	Average Pay	\$33,236	\$45,817	\$56,044	\$62,361	--	--	--	--	--	--	\$41,943
	Average Cash Balance	\$203	\$901	\$2,012	\$1,070	--	--	--	--	--	--	\$679
45-49	Count	465	728	46	58	6	7	7	1	--	--	1,318
	Average Pay	\$33,684	\$45,101	\$56,560	\$61,462	--	--	--	--	--	--	\$42,264
	Average Cash Balance	\$349	\$1,053	\$1,821	\$1,270	--	--	--	--	--	--	\$905
50-54	Count	298	466	26	31	10	6	11	8	--	--	856
	Average Pay	\$32,869	\$43,859	\$55,300	\$57,371	--	--	--	--	--	--	\$41,245
	Average Cash Balance	\$322	\$1,396	\$1,245	\$3,890	--	--	--	--	--	--	\$1,401
55-59	Count	202	304	11	15	7	4	7	14	10	--	574
	Average Pay	\$33,500	\$44,452	--	--	--	--	--	--	--	--	\$41,593
	Average Cash Balance	\$766	\$1,410	--	--	--	--	--	--	--	--	\$1,932
60-64	Count	58	115	6	1	2	2	1	2	3	--	190
	Average Pay	\$35,677	\$45,137	--	--	--	--	--	--	--	--	\$43,386
	Average Cash Balance	\$665	\$1,394	--	--	--	--	--	--	--	--	\$1,341
65-69	Count	5	15	--	--	--	1	--	--	--	1	22
	Average Pay	--	--	--	--	--	--	--	--	--	--	\$39,138
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	\$6,781
70+	Count	1	--	--	--	--	--	--	--	--	--	1
	Average Pay	--	--	--	--	--	--	--	--	--	--	--
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
Total	Count	11,932	11,426	457	297	32	24	27	25	13	1	24,234
	Average Pay	\$30,226	\$44,088	\$57,554	\$60,221	\$45,311	\$51,996	\$50,000	\$57,566	--	--	\$37,750
	Average Cash Balance	\$145	\$714	\$1,740	\$1,959	\$1,759	\$9,681	\$7,314	\$12,582	--	--	\$501



AT&T Inc.

**Number of active bargained participants, average valuation pay and cash balance by age and service
AT&T Legacy Bargained**

Age on valuation		Years of completed service										Total
		0-1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
0-24	Count	--	10	--	--	--	--	--	--	--	--	10
	Average Pay	--	--	--	--	--	--	--	--	--	--	--
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
25-29	Count	--	26	24	12	--	--	--	--	--	--	62
	Average Pay	--	\$48,744	\$42,832	--	--	--	--	--	--	--	\$47,257
	Average Cash Balance	--	\$3,219	\$9,767	--	--	--	--	--	--	--	\$8,614
30-34	Count	--	22	77	234	8	--	--	--	--	--	341
	Average Pay	--	\$52,836	\$51,562	\$57,257	--	--	--	--	--	--	\$55,682
	Average Cash Balance	--	\$3,939	\$13,944	\$22,486	--	--	--	--	--	--	\$19,544
35-39	Count	--	18	84	421	129	14	--	--	--	--	666
	Average Pay	--	--	\$57,198	\$59,999	\$57,033	--	--	--	--	--	\$58,947
	Average Cash Balance	--	--	\$15,502	\$24,469	\$32,178	--	--	--	--	--	\$24,722
40-44	Count	--	13	34	345	161	200	10	--	--	--	763
	Average Pay	--	--	\$52,202	\$59,079	\$57,869	\$59,484	--	--	--	--	\$58,613
	Average Cash Balance	--	--	\$13,393	\$24,548	\$33,659	\$51,901	--	--	--	--	\$33,438
45-49	Count	--	10	21	251	116	294	270	44	--	--	1,006
	Average Pay	--	--	\$58,430	\$61,935	\$58,247	\$61,510	\$62,946	\$64,156	--	--	\$61,621
	Average Cash Balance	--	--	\$17,566	\$25,956	\$36,416	\$57,396	\$78,955	\$98,589	--	--	\$53,379
50-54	Count	--	11	24	200	89	209	389	506	24	--	1,452
	Average Pay	--	--	\$55,093	\$59,532	\$55,872	\$60,525	\$62,560	\$63,897	\$62,184	--	\$61,749
	Average Cash Balance	--	--	\$14,407	\$26,043	\$37,662	\$63,708	\$88,365	\$111,961	\$137,388	--	\$80,333
55-59	Count	--	7	18	135	73	114	223	360	193	44	1,167
	Average Pay	--	--	--	\$56,932	\$55,168	\$59,811	\$62,884	\$64,149	\$66,005	\$68,603	\$62,145
	Average Cash Balance	--	--	--	\$26,100	\$41,403	\$73,572	\$106,235	\$135,378	\$181,888	\$220,733	\$113,469
60-64	Count	--	1	13	102	49	58	84	116	125	195	743
	Average Pay	--	--	--	\$54,978	\$54,592	\$59,087	\$60,700	\$64,804	\$70,138	\$69,862	\$63,851
	Average Cash Balance	--	--	--	\$26,059	\$48,817	\$87,467	\$121,177	\$165,355	\$232,030	\$277,941	\$165,461
65-69	Count	--	1	4	16	13	13	10	8	15	63	143
	Average Pay	--	--	--	--	--	--	--	--	--	\$71,285	\$64,732
	Average Cash Balance	--	--	--	--	--	--	--	--	--	\$347,553	\$224,227
70+	Count	--	--	--	3	2	4	3	1	1	2	16
	Average Pay	--	--	--	--	--	--	--	--	--	--	--
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
Total	Count	--	119	299	1,719	640	906	989	1,035	358	304	6,369
	Average Pay	--	\$52,364	\$52,744	\$58,994	\$56,807	\$60,384	\$62,583	\$64,102	\$67,248	\$69,921	\$60,928
	Average Cash Balance	--	\$4,970	\$14,868	\$24,768	\$36,862	\$61,976	\$92,827	\$126,246	\$200,894	\$284,770	\$79,811



AT&T Inc.

**Number of active bargained participants, average valuation pay and cash balance by age and service
Southeast**

Age on valuation		Years of completed service										Total
		0-1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
0-24	Count	--	296	17	--	--	--	--	--	--	--	313
	Average Pay	--	\$44,285	--	--	--	--	--	--	--	--	\$44,862
	Average Cash Balance	--	\$7,043	--	--	--	--	--	--	--	--	\$7,524
25-29	Count	--	839	412	73	--	--	--	--	--	--	1,324
	Average Pay	--	\$50,232	\$56,710	\$59,951	--	--	--	--	--	--	\$52,784
	Average Cash Balance	--	\$9,265	\$19,952	\$33,593	--	--	--	--	--	--	\$13,932
30-34	Count	--	710	1,114	1,857	2	--	--	--	--	--	3,683
	Average Pay	--	\$52,656	\$58,108	\$61,711	--	--	--	--	--	--	\$58,878
	Average Cash Balance	--	\$10,387	\$25,103	\$40,108	--	--	--	--	--	--	\$29,846
35-39	Count	--	545	1,014	2,809	246	19	--	--	--	--	4,633
	Average Pay	--	\$55,169	\$58,426	\$61,926	\$63,519	--	--	--	--	--	\$60,439
	Average Cash Balance	--	\$10,764	\$26,121	\$41,859	\$49,218	--	--	--	--	--	\$35,186
40-44	Count	--	313	615	1,934	357	260	8	--	--	--	3,487
	Average Pay	--	\$56,740	\$58,546	\$62,030	\$62,878	\$59,693	--	--	--	--	\$60,837
	Average Cash Balance	--	\$11,276	\$26,807	\$42,509	\$49,669	\$51,450	--	--	--	--	\$38,360
45-49	Count	--	206	411	1,401	246	330	233	146	--	--	2,973
	Average Pay	--	\$54,444	\$59,288	\$62,069	\$64,129	\$60,202	\$57,719	\$57,463	--	--	\$60,552
	Average Cash Balance	--	\$10,796	\$26,766	\$42,627	\$52,439	\$52,306	\$56,363	\$60,911	--	--	\$42,089
50-54	Count	--	136	287	899	171	243	507	1,453	88	--	3,784
	Average Pay	--	\$54,247	\$58,953	\$61,588	\$63,757	\$59,606	\$57,791	\$59,067	\$60,019	--	\$59,582
	Average Cash Balance	--	\$12,157	\$27,958	\$42,615	\$51,625	\$52,927	\$60,431	\$65,607	\$73,302	--	\$53,407
55-59	Count	--	78	126	487	118	134	274	1,063	1,638	214	4,132
	Average Pay	--	\$58,121	\$55,674	\$61,294	\$62,731	\$59,981	\$59,739	\$59,802	\$62,121	\$60,977	\$60,886
	Average Cash Balance	--	\$11,699	\$26,090	\$42,679	\$50,337	\$51,091	\$61,410	\$66,892	\$75,838	\$76,440	\$64,444
60-64	Count	--	46	47	183	73	57	86	255	678	577	2,002
	Average Pay	--	\$60,207	\$56,201	\$60,137	\$61,930	\$54,878	\$58,987	\$58,263	\$62,282	\$61,702	\$60,851
	Average Cash Balance	--	\$13,823	\$26,577	\$42,384	\$52,426	\$48,492	\$63,594	\$62,962	\$74,057	\$80,162	\$67,043
65-69	Count	--	7	8	27	3	9	11	21	30	106	222
	Average Pay	--	--	--	\$59,158	--	--	--	\$55,798	\$61,644	\$63,234	\$60,193
	Average Cash Balance	--	--	--	\$39,790	--	--	--	\$58,903	\$70,853	\$85,728	\$66,864
70+	Count	--	--	1	5	1	--	1	2	3	10	23
	Average Pay	--	--	--	--	--	--	--	--	--	--	\$58,464
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	\$69,986
Total	Count	--	3,176	4,052	9,675	1,217	1,052	1,120	2,940	2,437	907	26,576
	Average Pay	--	\$52,506	\$58,173	\$61,802	\$63,282	\$59,550	\$58,281	\$59,151	\$62,084	\$61,707	\$59,697
	Average Cash Balance	--	\$10,117	\$25,476	\$41,817	\$50,607	\$51,810	\$59,876	\$65,552	\$75,195	\$80,066	\$44,088



AT&T Inc.

**Number of active bargained participants, average valuation pay and cash balance by age and service
AT&T Mobility Wireless (Bargained)**

Age on valuation		Years of completed service										Total
		0-1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
0-24	Count	883	4,253	114	--	--	--	--	--	--	--	5,250
	Average Pay	\$25,891	\$39,628	\$38,451	--	--	--	--	--	--	--	\$37,292
	Average Cash Balance	\$0	\$4,198	\$8,695	--	--	--	--	--	--	--	\$3,590
25-29	Count	807	5,866	1,113	30	--	--	--	--	--	--	7,816
	Average Pay	\$27,050	\$41,820	\$40,227	\$40,104	--	--	--	--	--	--	\$40,062
	Average Cash Balance	\$7	\$4,850	\$10,212	\$13,714	--	--	--	--	--	--	\$5,147
30-34	Count	381	2,577	1,420	273	--	--	--	--	--	--	4,651
	Average Pay	\$27,486	\$41,754	\$40,403	\$41,535	--	--	--	--	--	--	\$40,160
	Average Cash Balance	\$11	\$4,864	\$11,416	\$14,827	--	--	--	--	--	--	\$7,052
35-39	Count	204	1,225	845	411	35	--	--	--	--	--	2,720
	Average Pay	\$27,777	\$40,110	\$40,217	\$45,486	\$55,830	--	--	--	--	--	\$40,233
	Average Cash Balance	\$10	\$4,645	\$11,889	\$17,815	\$28,664	--	--	--	--	--	\$8,847
40-44	Count	119	813	612	344	119	16	--	--	--	--	2,023
	Average Pay	\$27,347	\$38,988	\$39,393	\$46,716	\$60,031	--	--	--	--	--	\$41,161
	Average Cash Balance	\$5	\$4,605	\$11,932	\$19,679	\$31,678	--	--	--	--	--	\$10,917
45-49	Count	98	574	476	299	99	33	--	--	--	--	1,579
	Average Pay	\$27,307	\$37,236	\$38,830	\$46,306	\$56,848	\$61,441	--	--	--	--	\$40,553
	Average Cash Balance	\$70	\$4,566	\$11,857	\$19,652	\$37,042	\$30,992	--	--	--	--	\$11,930
50-54	Count	65	435	425	230	74	22	7	7	--	--	1,265
	Average Pay	\$27,779	\$36,803	\$38,157	\$46,387	\$56,677	\$61,825	--	--	--	--	\$40,288
	Average Cash Balance	\$727	\$4,495	\$11,708	\$20,558	\$34,970	\$49,975	--	--	--	--	\$12,658
55-59	Count	40	341	310	148	49	11	7	6	6	--	918
	Average Pay	\$27,244	\$36,282	\$37,149	\$42,660	\$55,296	--	--	--	--	--	\$38,977
	Average Cash Balance	\$34	\$4,675	\$11,486	\$19,264	\$31,597	--	--	--	--	--	\$12,462
60-64	Count	11	122	177	112	24	14	3	3	6	1	473
	Average Pay	--	\$33,459	\$36,731	\$42,390	\$40,398	--	--	--	--	--	\$38,189
	Average Cash Balance	--	\$4,160	\$11,731	\$19,460	\$23,480	--	--	--	--	--	\$13,325
65-69	Count	1	24	35	33	3	3	1	1	--	1	102
	Average Pay	--	\$37,989	\$37,064	\$42,852	--	--	--	--	--	--	\$40,334
	Average Cash Balance	--	\$5,016	\$12,204	\$23,871	--	--	--	--	--	--	\$16,425
70+	Count	--	5	8	4	2	--	--	--	--	--	19
	Average Pay	--	--	--	--	--	--	--	--	--	--	--
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
Total	Count	2,609	16,235	5,535	1,884	405	99	18	17	12	2	26,816
	Average Pay	\$26,821	\$40,480	\$39,549	\$44,824	\$56,270	\$58,897	--	--	--	--	\$39,603
	Average Cash Balance	\$26	\$4,625	\$11,322	\$18,584	\$32,725	\$40,904	--	--	--	--	\$7,176



AT&T Inc.

**Number of active bargained participants, average valuation pay and cash balance by age and service
AT&T Mobility Wireless Bargained (District 6)**

Age on valuation		Years of completed service										Total
		0-1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
0-24	Count	--	516	16	--	--	--	--	--	--	--	532
	Average Pay	--	\$40,700	--	--	--	--	--	--	--	--	\$40,799
	Average Cash Balance	--	\$83	--	--	--	--	--	--	--	--	\$87
25-29	Count	--	976	284	8	--	--	--	--	--	--	1,268
	Average Pay	--	\$42,597	\$40,525	--	--	--	--	--	--	--	\$42,134
	Average Cash Balance	--	\$117	\$777	--	--	--	--	--	--	--	\$277
30-34	Count	--	469	475	90	--	--	--	--	--	--	1,034
	Average Pay	--	\$42,403	\$38,682	\$41,082	--	--	--	--	--	--	\$40,579
	Average Cash Balance	--	\$66	\$760	\$2,601	--	--	--	--	--	--	\$605
35-39	Count	--	277	318	146	10	--	--	--	--	--	751
	Average Pay	--	\$40,943	\$39,540	\$44,551	--	--	--	--	--	--	\$41,329
	Average Cash Balance	--	\$138	\$899	\$3,781	--	--	--	--	--	--	\$1,247
40-44	Count	--	217	233	110	30	3	--	--	--	--	593
	Average Pay	--	\$39,344	\$37,800	\$46,166	\$61,087	--	--	--	--	--	\$41,210
	Average Cash Balance	--	\$119	\$543	\$4,142	\$8,017	--	--	--	--	--	\$1,464
45-49	Count	--	161	182	90	33	9	--	--	--	--	475
	Average Pay	--	\$37,226	\$37,922	\$45,821	\$51,815	--	--	--	--	--	\$40,609
	Average Cash Balance	--	\$447	\$682	\$4,554	\$9,119	--	--	--	--	--	\$2,237
50-54	Count	1	136	163	78	24	8	2	3	--	--	415
	Average Pay	--	\$36,520	\$37,609	\$42,396	\$57,354	--	--	--	--	--	\$39,939
	Average Cash Balance	--	\$512	\$859	\$2,642	\$8,926	--	--	--	--	--	\$1,994
55-59	Count	--	85	149	50	16	7	3	4	3	--	317
	Average Pay	--	\$35,023	\$35,457	\$38,971	--	--	--	--	--	--	\$37,652
	Average Cash Balance	--	\$41	\$429	\$1,925	--	--	--	--	--	--	\$3,005
60-64	Count	--	46	83	37	10	1	1	--	--	--	178
	Average Pay	--	\$36,974	\$35,014	\$39,531	--	--	--	--	--	--	\$37,298
	Average Cash Balance	--	\$64	\$65	\$5,336	--	--	--	--	--	--	\$1,963
65-69	Count	--	9	18	6	2	--	--	--	--	--	35
	Average Pay	--	--	--	--	--	--	--	--	--	--	\$36,358
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	\$276
70+	Count	--	1	2	--	--	--	--	--	--	--	3
	Average Pay	--	--	--	--	--	--	--	--	--	--	--
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
Total	Count	1	2,893	1,923	615	125	28	6	7	3	--	5,601
	Average Pay	--	\$40,899	\$38,407	\$43,442	\$54,748	\$58,535	--	--	--	--	\$40,774
	Average Cash Balance	--	\$138	\$696	\$3,525	\$10,202	\$20,902	--	--	--	--	\$1,078



AT&T Inc.

Number of active nonbargained participants, average valuation pay and cash balance by age and service
Nonbargained Plan

Age on valuation		Years of completed service										Total
		0-1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
0-24	Count	--	6	--	--	--	--	--	--	--	--	6
	Average Pay	--	--	--	--	--	--	--	--	--	--	--
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
25-29	Count	--	124	245	35	--	--	--	--	--	--	404
	Average Pay	--	\$81,073	\$79,045	\$71,586	--	--	--	--	--	--	\$79,021
	Average Cash Balance	--	\$43	\$1,830	\$1,037	--	--	--	--	--	--	\$1,213
30-34	Count	--	125	923	1,322	23	--	--	--	--	--	2,393
	Average Pay	--	\$94,795	\$84,919	\$85,881	\$88,610	--	--	--	--	--	\$86,001
	Average Cash Balance	--	\$642	\$6,484	\$12,973	\$25,334	--	--	--	--	--	\$9,945
35-39	Count	--	140	1,020	2,868	491	35	--	--	--	--	4,554
	Average Pay	--	\$104,101	\$95,338	\$92,501	\$93,405	\$92,508	--	--	--	--	\$93,590
	Average Cash Balance	--	\$424	\$9,182	\$21,297	\$34,129	\$52,269	--	--	--	--	\$19,564
40-44	Count	--	111	819	2,662	799	656	34	--	--	--	5,081
	Average Pay	--	\$113,476	\$104,931	\$98,369	\$103,760	\$102,146	\$95,623	--	--	--	\$101,074
	Average Cash Balance	--	\$1,431	\$10,929	\$27,644	\$49,845	\$71,613	\$92,223	--	--	--	\$33,977
45-49	Count	--	90	559	2,048	682	1,169	964	338	--	--	5,850
	Average Pay	--	\$134,403	\$107,554	\$101,992	\$110,520	\$111,725	\$107,667	\$98,972	--	--	\$106,722
	Average Cash Balance	--	\$2,033	\$11,406	\$35,438	\$63,326	\$102,767	\$124,262	\$130,258	--	--	\$69,449
50-54	Count	--	69	412	1,495	422	745	1,655	3,261	221	--	8,280
	Average Pay	--	\$110,798	\$107,460	\$100,915	\$109,827	\$115,110	\$116,014	\$104,347	\$101,035	--	\$107,427
	Average Cash Balance	--	\$8,042	\$12,113	\$39,013	\$70,871	\$116,639	\$165,256	\$172,329	\$209,765	--	\$128,320
55-59	Count	1	46	234	918	290	357	757	1,889	1,325	181	5,998
	Average Pay	--	\$106,835	\$103,140	\$103,154	\$106,542	\$119,357	\$116,340	\$109,203	\$107,532	\$106,049	\$108,922
	Average Cash Balance	--	\$518	\$12,236	\$46,602	\$79,426	\$133,177	\$173,082	\$218,549	\$261,976	\$310,376	\$177,294
60-64	Count	--	15	122	389	148	141	191	386	479	391	2,262
	Average Pay	--	--	\$104,941	\$98,370	\$110,936	\$107,039	\$116,461	\$104,103	\$106,557	\$108,039	\$106,111
	Average Cash Balance	--	--	\$12,232	\$52,095	\$101,236	\$143,734	\$175,574	\$224,407	\$252,405	\$321,459	\$187,336
65-69	Count	--	2	28	74	15	20	23	32	43	81	318
	Average Pay	--	--	\$99,041	\$101,057	--	\$105,768	\$99,345	\$103,677	\$99,207	\$109,331	\$103,127
	Average Cash Balance	--	--	\$13,026	\$55,609	--	\$135,845	\$163,736	\$225,282	\$189,021	\$338,963	\$172,573
70+	Count	--	--	1	9	1	4	--	1	3	7	26
	Average Pay	--	--	--	--	--	--	--	--	--	--	\$90,299
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	\$106,570
Total	Count	1	728	4,363	11,820	2,871	3,127	3,624	5,907	2,071	660	35,172
	Average Pay	--	\$104,598	\$97,435	\$96,800	\$104,978	\$110,893	\$113,588	\$105,573	\$106,418	\$107,510	\$102,930
	Average Cash Balance	--	\$1,466	\$9,363	\$29,644	\$59,027	\$104,536	\$155,835	\$188,400	\$252,453	\$318,917	\$93,813



AT&T Inc.

**Number of active nonbargained participants, average valuation pay and cash balance by age and service
Management Cash Balance**

Age on valuation		Years of completed service										Total
		0-1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
0-24	Count	697	999	5	--	--	--	--	--	--	--	1,701
	Average Pay	\$40,942	\$50,200	--	--	--	--	--	--	--	--	\$46,399
	Average Cash Balance	\$13	\$1,831	--	--	--	--	--	--	--	--	\$1,087
25-29	Count	743	3,041	151	7	--	--	--	--	--	--	3,942
	Average Pay	\$51,210	\$60,728	\$57,480	--	--	--	--	--	--	--	\$58,817
	Average Cash Balance	\$113	\$2,691	\$3,225	--	--	--	--	--	--	--	\$2,224
30-34	Count	659	2,548	321	142	1	--	--	--	--	--	3,671
	Average Pay	\$66,435	\$73,056	\$67,823	\$77,281	--	--	--	--	--	--	\$71,570
	Average Cash Balance	\$258	\$3,424	\$4,009	\$4,693	--	--	--	--	--	--	\$2,956
35-39	Count	611	2,148	279	294	31	2	--	--	--	--	3,365
	Average Pay	\$82,746	\$88,292	\$82,821	\$90,802	\$93,820	--	--	--	--	--	\$87,110
	Average Cash Balance	\$963	\$4,867	\$5,573	\$6,191	\$6,889	--	--	--	--	--	\$4,353
40-44	Count	484	1,794	233	276	105	31	2	--	--	--	2,925
	Average Pay	\$84,199	\$95,468	\$94,364	\$101,340	\$95,311	\$98,962	--	--	--	--	\$94,111
	Average Cash Balance	\$1,482	\$6,557	\$6,646	\$8,764	\$12,316	\$7,048	--	--	--	--	\$6,145
45-49	Count	383	1,301	212	195	112	88	68	5	--	--	2,364
	Average Pay	\$91,165	\$99,942	\$103,521	\$109,609	\$101,674	\$112,612	\$109,678	--	--	--	\$100,466
	Average Cash Balance	\$852	\$7,887	\$8,348	\$9,397	\$17,989	\$9,601	\$14,586	--	--	--	\$7,647
50-54	Count	241	893	135	199	91	62	149	82	5	--	1,857
	Average Pay	\$91,942	\$99,088	\$99,959	\$106,848	\$98,136	\$111,244	\$115,823	\$111,349	--	--	\$101,293
	Average Cash Balance	\$1,910	\$9,634	\$8,426	\$10,959	\$12,407	\$18,155	\$13,864	\$18,011	--	--	\$9,816
55-59	Count	137	487	92	109	53	44	62	100	33	6	1,123
	Average Pay	\$82,947	\$98,953	\$99,037	\$98,023	\$105,381	\$110,673	\$111,083	\$117,176	\$130,258	--	\$100,957
	Average Cash Balance	\$422	\$10,075	\$9,598	\$12,403	\$10,027	\$21,535	\$20,357	\$13,945	\$14,448	--	\$10,573
60-64	Count	58	263	56	67	37	11	20	36	36	23	607
	Average Pay	\$82,536	\$93,096	\$87,036	\$109,412	\$114,890	--	\$113,179	\$98,828	\$116,544	\$117,778	\$98,116
	Average Cash Balance	\$1,333	\$9,103	\$7,835	\$12,502	\$20,537	--	\$11,188	\$13,880	\$21,704	\$12,608	\$10,574
65-69	Count	10	45	12	13	6	5	3	1	2	4	101
	Average Pay	--	\$103,535	--	--	--	--	--	--	--	--	\$104,165
	Average Cash Balance	--	\$10,146	--	--	--	--	--	--	--	--	\$11,477
70+	Count	--	6	--	--	1	--	--	--	--	--	7
	Average Pay	--	--	--	--	--	--	--	--	--	--	--
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
Total	Count	4,023	13,525	1,496	1,302	437	243	304	224	76	33	21,663
	Average Pay	\$68,528	\$79,716	\$84,773	\$98,319	\$100,270	\$109,611	\$113,135	\$111,741	\$120,099	\$114,984	\$80,851
	Average Cash Balance	\$619	\$5,002	\$6,191	\$8,651	\$14,208	\$13,692	\$15,095	\$15,283	\$17,346	\$11,939	\$5,074



AT&T Inc.

**Number of active nonbargained participants, average valuation pay and cash balance by age and service
AT&T Legacy Management**

Age on valuation		Years of completed service										Total
		0-1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
0-24	Count	--	--	--	--	--	--	--	--	--	--	--
	Average Pay	--	--	--	--	--	--	--	--	--	--	--
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
25-29	Count	--	3	16	1	--	--	--	--	--	--	20
	Average Pay	--	--	--	--	--	--	--	--	--	--	\$107,711
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	\$18,924
30-34	Count	1	15	162	233	10	--	--	--	--	--	421
	Average Pay	--	--	\$111,954	\$100,461	--	--	--	--	--	--	\$104,538
	Average Cash Balance	--	--	\$28,277	\$34,401	--	--	--	--	--	--	\$31,196
35-39	Count	--	17	298	786	156	32	--	--	--	--	1,289
	Average Pay	--	--	\$120,668	\$112,384	\$114,856	\$92,655	--	--	--	--	\$114,260
	Average Cash Balance	--	--	\$38,588	\$48,411	\$59,925	\$53,526	--	--	--	--	\$47,284
40-44	Count	--	16	297	908	471	531	28	--	--	--	2,251
	Average Pay	--	--	\$129,613	\$118,965	\$126,608	\$117,745	\$105,608	--	--	--	\$121,540
	Average Cash Balance	--	--	\$52,561	\$64,214	\$86,317	\$96,866	\$96,396	--	--	--	\$75,116
45-49	Count	--	22	278	762	389	1,064	952	78	--	--	3,545
	Average Pay	--	\$110,767	\$143,786	\$127,221	\$131,174	\$130,397	\$124,384	\$110,534	--	--	\$128,676
	Average Cash Balance	--	\$25,567	\$77,774	\$88,349	\$113,180	\$143,015	\$162,663	\$165,962	--	--	\$127,927
50-54	Count	--	21	205	524	304	573	1,361	970	60	--	4,018
	Average Pay	--	\$129,800	\$139,222	\$124,480	\$138,164	\$131,554	\$132,540	\$127,108	\$118,023	--	\$130,572
	Average Cash Balance	--	\$38,965	\$93,920	\$111,173	\$152,248	\$181,455	\$219,911	\$246,422	\$260,921	--	\$194,766
55-59	Count	--	16	116	308	184	310	568	755	483	95	2,835
	Average Pay	--	--	\$145,945	\$127,043	\$128,661	\$127,460	\$137,659	\$132,280	\$120,898	\$110,712	\$129,882
	Average Cash Balance	--	--	\$122,929	\$142,372	\$173,843	\$223,878	\$288,855	\$327,614	\$343,017	\$362,510	\$272,230
60-64	Count	--	8	62	184	77	98	183	175	243	242	1,272
	Average Pay	--	--	\$146,881	\$123,535	\$124,803	\$125,522	\$135,111	\$137,328	\$121,668	\$122,648	\$127,948
	Average Cash Balance	--	--	\$140,950	\$164,318	\$198,651	\$266,831	\$340,133	\$417,013	\$408,539	\$440,417	\$331,620
65-69	Count	--	3	11	37	21	17	19	19	17	51	195
	Average Pay	--	--	--	\$113,426	\$134,783	--	--	--	--	\$136,448	\$133,694
	Average Cash Balance	--	--	--	\$157,554	\$257,712	--	--	--	--	\$535,097	\$366,223
70+	Count	--	--	--	6	2	3	3	1	--	4	19
	Average Pay	--	--	--	--	--	--	--	--	--	--	--
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
Total	Count	1	121	1,445	3,749	1,614	2,628	3,114	1,998	803	392	15,865
	Average Pay	--	\$120,048	\$131,623	\$119,684	\$128,733	\$127,017	\$130,947	\$129,690	\$121,260	\$122,666	\$126,533
	Average Cash Balance	--	\$29,806	\$67,162	\$82,758	\$119,992	\$156,098	\$222,377	\$291,596	\$359,671	\$438,894	\$173,386



AT&T Inc.

**Number of active nonbargained participants, average valuation pay and cash balance by age and service
Southeast Management**

Age on valuation		Years of completed service										Total
		0-1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
0-24	Count	--	2	1	--	--	--	--	--	--	--	3
	Average Pay	--	--	--	--	--	--	--	--	--	--	--
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
25-29	Count	--	33	115	6	--	--	--	--	--	--	154
	Average Pay	--	\$60,860	\$75,580	--	--	--	--	--	--	--	\$72,175
	Average Cash Balance	--	\$10,399	\$18,423	--	--	--	--	--	--	--	\$17,273
30-34	Count	--	53	445	428	--	--	--	--	--	--	926
	Average Pay	--	\$84,850	\$77,450	\$78,741	--	--	--	--	--	--	\$78,470
	Average Cash Balance	--	\$13,878	\$23,805	\$40,954	--	--	--	--	--	--	\$31,163
35-39	Count	--	42	500	1,092	132	9	--	--	--	--	1,775
	Average Pay	--	\$81,854	\$87,001	\$85,076	\$86,798	--	--	--	--	--	\$85,627
	Average Cash Balance	--	\$14,353	\$27,971	\$47,321	\$69,934	--	--	--	--	--	\$42,923
40-44	Count	--	34	370	910	269	214	12	--	--	--	1,809
	Average Pay	--	\$84,808	\$93,124	\$91,334	\$98,761	\$95,311	--	--	--	--	\$93,083
	Average Cash Balance	--	\$16,507	\$31,389	\$53,712	\$85,817	\$109,863	--	--	--	--	\$60,238
45-49	Count	--	24	304	681	204	479	237	84	--	--	2,013
	Average Pay	--	\$93,178	\$94,276	\$97,872	\$108,520	\$110,817	\$99,967	\$92,154	--	--	\$101,440
	Average Cash Balance	--	\$19,268	\$32,953	\$60,304	\$99,686	\$152,823	\$162,921	\$174,850	--	--	\$98,552
50-54	Count	--	16	179	462	123	260	383	903	59	--	2,385
	Average Pay	--	--	\$90,097	\$99,079	\$102,147	\$109,534	\$107,315	\$99,466	\$91,781	--	\$100,914
	Average Cash Balance	--	--	\$30,736	\$63,037	\$100,741	\$159,597	\$196,969	\$216,418	\$218,621	--	\$156,188
55-59	Count	--	10	144	247	63	116	197	655	744	120	2,296
	Average Pay	--	--	\$86,921	\$94,059	\$99,002	\$105,594	\$104,787	\$104,229	\$99,999	\$97,020	\$100,147
	Average Cash Balance	--	--	\$27,712	\$59,874	\$94,460	\$173,180	\$198,985	\$260,347	\$290,605	\$309,717	\$221,273
60-64	Count	--	10	99	143	25	35	40	179	375	239	1,145
	Average Pay	--	--	\$87,196	\$91,565	\$102,129	\$98,797	\$99,574	\$102,465	\$106,176	\$100,533	\$100,134
	Average Cash Balance	--	--	\$26,439	\$54,486	\$97,561	\$164,686	\$192,564	\$292,355	\$370,910	\$405,732	\$274,962
65-69	Count	--	4	23	35	1	2	6	9	10	42	132
	Average Pay	--	--	\$84,491	\$98,676	--	--	--	--	--	\$99,601	\$94,951
	Average Cash Balance	--	--	\$24,965	\$57,823	--	--	--	--	--	\$453,626	\$226,998
70+	Count	--	--	3	2	1	--	1	--	--	1	8
	Average Pay	--	--	--	--	--	--	--	--	--	--	--
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
Total	Count	--	228	2,183	4,006	818	1,115	876	1,830	1,188	402	12,646
	Average Pay	--	\$80,655	\$86,710	\$90,490	\$99,920	\$106,296	\$104,063	\$101,064	\$101,500	\$99,390	\$95,451
	Average Cash Balance	--	\$14,286	\$27,990	\$53,210	\$90,102	\$148,020	\$187,213	\$237,825	\$313,377	\$382,785	\$129,816



AT&T Inc.

**Number of active nonbargained participants, average valuation pay and cash balance by age and service
AT&T Mobility Wireless (Nonbargained)**

Age on valuation		Years of completed service										Total
		0-1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
0-24	Count	--	2	30	--	--	--	--	--	--	--	32
	Average Pay	--	--	\$57,039	--	--	--	--	--	--	--	\$55,933
	Average Cash Balance	--	--	\$12,313	--	--	--	--	--	--	--	\$11,694
25-29	Count	--	15	809	29	--	--	--	--	--	--	853
	Average Pay	--	--	\$59,193	\$67,317	--	--	--	--	--	--	\$59,316
	Average Cash Balance	--	--	\$14,257	\$17,814	--	--	--	--	--	--	\$14,233
30-34	Count	--	7	1,625	845	9	--	--	--	--	--	2,486
	Average Pay	--	--	\$66,205	\$70,756	--	--	--	--	--	--	\$67,780
	Average Cash Balance	--	--	\$18,313	\$24,016	--	--	--	--	--	--	\$20,305
35-39	Count	--	7	1,459	1,762	326	4	--	--	--	--	3,558
	Average Pay	--	--	\$83,415	\$84,024	\$98,662	--	--	--	--	--	\$85,079
	Average Cash Balance	--	--	\$25,925	\$31,251	\$46,386	--	--	--	--	--	\$30,441
40-44	Count	--	2	1,191	1,414	922	190	--	--	--	--	3,719
	Average Pay	--	--	\$95,320	\$97,074	\$107,451	\$128,808	--	--	--	--	\$100,680
	Average Cash Balance	--	--	\$30,839	\$38,226	\$55,728	\$81,805	--	--	--	--	\$42,413
45-49	Count	--	--	813	1,059	704	360	31	8	--	--	2,975
	Average Pay	--	--	\$102,836	\$100,386	\$111,440	\$134,943	\$143,924	--	--	--	\$108,294
	Average Cash Balance	--	--	\$34,647	\$41,759	\$62,417	\$102,602	\$125,447	--	--	--	\$53,225
50-54	Count	1	--	561	722	384	221	77	65	1	--	2,032
	Average Pay	--	--	\$102,060	\$100,537	\$109,575	\$125,534	\$155,211	\$147,834	--	--	\$108,987
	Average Cash Balance	--	--	\$33,780	\$41,672	\$64,009	\$107,359	\$194,984	\$219,882	--	--	\$62,679
55-59	Count	--	--	362	382	188	111	43	42	40	12	1,180
	Average Pay	--	--	\$95,242	\$94,620	\$111,471	\$120,696	\$137,259	\$153,333	\$134,608	--	\$105,513
	Average Cash Balance	--	--	\$32,082	\$42,806	\$70,656	\$118,522	\$179,641	\$279,465	\$245,630	--	\$74,309
60-64	Count	--	--	180	178	104	44	6	18	20	20	570
	Average Pay	--	--	\$93,201	\$92,702	\$92,992	\$106,424	--	--	\$134,913	\$123,499	\$99,491
	Average Cash Balance	--	--	\$32,467	\$44,500	\$63,804	\$83,899	--	--	\$321,827	\$366,298	\$79,935
65-69	Count	--	--	43	44	16	15	4	5	6	5	138
	Average Pay	--	--	\$107,599	\$78,916	--	--	--	--	--	--	\$101,445
	Average Cash Balance	--	--	\$33,732	\$34,997	--	--	--	--	--	--	\$79,024
70+	Count	--	--	5	8	2	1	1	--	--	2	19
	Average Pay	--	--	--	--	--	--	--	--	--	--	--
	Average Cash Balance	--	--	--	--	--	--	--	--	--	--	--
Total	Count	1	33	7,078	6,443	2,655	946	162	138	67	39	17,562
	Average Pay	--	\$51,554	\$83,314	\$90,446	\$107,361	\$128,010	\$147,141	\$147,908	\$134,381	\$131,878	\$93,312
	Average Cash Balance	--	\$7,729	\$25,771	\$35,749	\$58,915	\$100,922	\$176,710	\$250,579	\$271,380	\$344,824	\$43,270