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| <b>Form 5500</b><br><br>Department of the Treasury<br>Internal Revenue Service<br><br>Department of Labor<br>Employee Benefits Security<br>Administration<br><br>Pension Benefit Guaranty Corporation | <b>Annual Return/Report of Employee Benefit Plan</b><br>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).<br><br><p style="text-align: center;">▶ <b>Complete all entries in accordance with the instructions to the Form 5500.</b></p> | OMB Nos. 1210-0110<br>1210-0089<br><br><b>2013</b><br><br><b>This Form is Open to Public Inspection</b> |
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| <b>Part I</b>                                                                                            | <b>Annual Report Identification Information</b>                                                                                                                                                                                           |
| For calendar plan year 2013 or fiscal plan year beginning <u>01/01/2013</u> and ending <u>12/31/2013</u> |                                                                                                                                                                                                                                           |
| A This return/report is for:                                                                             | <input type="checkbox"/> a multiemployer plan; <input type="checkbox"/> a multiple-employer plan; or<br><input checked="" type="checkbox"/> a single-employer plan; <input type="checkbox"/> a DFE (specify) ____                         |
| B This return/report is:                                                                                 | <input type="checkbox"/> the first return/report; <input type="checkbox"/> the final return/report;<br><input type="checkbox"/> an amended return/report; <input type="checkbox"/> a short plan year return/report (less than 12 months). |
| C If the plan is a collectively-bargained plan, check here. . . . .                                      | <input checked="" type="checkbox"/>                                                                                                                                                                                                       |
| D Check box if filing under:                                                                             | <input checked="" type="checkbox"/> Form 5558; <input type="checkbox"/> automatic extension; <input type="checkbox"/> the DFVC program;<br><input type="checkbox"/> special extension (enter description)                                 |

|                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                   |                                                                     |                                                             |                                                             |  |
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| <b>Part II</b>                                                                                                                                                                                              | <b>Basic Plan Information—enter all requested information</b>                                                                                                                                                                                                                                                                                                                     |                                                                     |                                                             |                                                             |  |
| <b>1a</b> Name of plan<br><u>AT&amp;T PUERTO RICO PENSION BENEFIT PLAN</u>                                                                                                                                  | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;"><b>1b</b> Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>007</u></td> </tr> <tr> <td colspan="2"><b>1c</b> Effective date of plan<br/><u>01/01/2007</u></td> </tr> </table>                                                                   | <b>1b</b> Three-digit plan number (PN) ▶                            | <u>007</u>                                                  | <b>1c</b> Effective date of plan<br><u>01/01/2007</u>       |  |
| <b>1b</b> Three-digit plan number (PN) ▶                                                                                                                                                                    | <u>007</u>                                                                                                                                                                                                                                                                                                                                                                        |                                                                     |                                                             |                                                             |  |
| <b>1c</b> Effective date of plan<br><u>01/01/2007</u>                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                   |                                                                     |                                                             |                                                             |  |
| <b>2a</b> Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan)<br><br><u>AT&amp;T INC.</u><br><br><u>P.O. BOX 132160</u><br><u>DALLAS, TX 75313-2160</u> | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td><b>2b</b> Employer Identification Number (EIN)<br/><u>43-1301883</u></td> </tr> <tr> <td><b>2c</b> Sponsor's telephone number<br/><u>210-351-3333</u></td> </tr> <tr> <td><b>2d</b> Business code (see instructions)<br/><u>517000</u></td> </tr> <tr> <td style="height: 40px;"></td> </tr> </table> | <b>2b</b> Employer Identification Number (EIN)<br><u>43-1301883</u> | <b>2c</b> Sponsor's telephone number<br><u>210-351-3333</u> | <b>2d</b> Business code (see instructions)<br><u>517000</u> |  |
| <b>2b</b> Employer Identification Number (EIN)<br><u>43-1301883</u>                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                   |                                                                     |                                                             |                                                             |  |
| <b>2c</b> Sponsor's telephone number<br><u>210-351-3333</u>                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                   |                                                                     |                                                             |                                                             |  |
| <b>2d</b> Business code (see instructions)<br><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.

|                                                                                                            |                                                   |            |                                                              |
|------------------------------------------------------------------------------------------------------------|---------------------------------------------------|------------|--------------------------------------------------------------|
| <b>SIGN HERE</b>                                                                                           | Filed with authorized/valid electronic signature. | 10/08/2014 | LARRY RUZICKA                                                |
|                                                                                                            | Signature of plan administrator                   | Date       | Enter name of individual signing as plan administrator       |
| <b>SIGN HERE</b>                                                                                           |                                                   |            |                                                              |
|                                                                                                            | Signature of employer/plan sponsor                | Date       | Enter name of individual signing as employer or plan sponsor |
| <b>SIGN HERE</b>                                                                                           |                                                   |            |                                                              |
|                                                                                                            | Signature of DFE                                  | Date       | Enter name of individual signing as DFE                      |
| Preparer's name (including firm name, if applicable) and address; include room or suite number. (optional) |                                                   |            | Preparer's telephone number (optional)                       |

|                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>3a</b> Plan administrator's name and address <input type="checkbox"/> Same as Plan Sponsor Name <input checked="" type="checkbox"/> Same as Plan Sponsor Address<br><br>AT&T SERVICES, INC.                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                               | <b>3b</b> Administrator's EIN<br>74-2782655                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                               | <b>3c</b> Administrator's telephone number<br><br>                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>4</b> 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:<br><b>a</b> Sponsor's name                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                               | <b>4b</b> EIN<br><br><b>4c</b> PN                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>5</b> Total number of participants at the beginning of the plan year                                                                                                                                                                                                                                                                                                                                                               | <b>5</b>                                                                                                                                                                                                                                                                                      | 1387                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>6</b> Number of participants as of the end of the plan year (welfare plans complete only lines <b>6a</b> , <b>6b</b> , <b>6c</b> , and <b>6d</b> ).                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>a</b> Active participants .....                                                                                                                                                                                                                                                                                                                                                                                                    | <b>6a</b>                                                                                                                                                                                                                                                                                     | 1110                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>b</b> Retired or separated participants receiving benefits .....                                                                                                                                                                                                                                                                                                                                                                   | <b>6b</b>                                                                                                                                                                                                                                                                                     | 53                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>c</b> Other retired or separated participants entitled to future benefits.....                                                                                                                                                                                                                                                                                                                                                     | <b>6c</b>                                                                                                                                                                                                                                                                                     | 237                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>d</b> Subtotal. Add lines <b>6a</b> , <b>6b</b> , and <b>6c</b> .....                                                                                                                                                                                                                                                                                                                                                              | <b>6d</b>                                                                                                                                                                                                                                                                                     | 1400                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>e</b> Deceased participants whose beneficiaries are receiving or are entitled to receive benefits .....                                                                                                                                                                                                                                                                                                                            | <b>6e</b>                                                                                                                                                                                                                                                                                     | 4                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>f</b> Total. Add lines <b>6d</b> and <b>6e</b> .....                                                                                                                                                                                                                                                                                                                                                                               | <b>6f</b>                                                                                                                                                                                                                                                                                     | 1404                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>g</b> Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) .....                                                                                                                                                                                                                                                                                       | <b>6g</b>                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>h</b> Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested .....                                                                                                                                                                                                                                                                                           | <b>6h</b>                                                                                                                                                                                                                                                                                     | 6                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>7</b> Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....                                                                                                                                                                                                                                                                                                   | <b>7</b>                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>8a</b> If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:<br>1A 1C 3H 3J                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>b</b> If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>9a</b> Plan funding arrangement (check all that apply)<br>(1) <input type="checkbox"/> Insurance<br>(2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts<br>(3) <input checked="" type="checkbox"/> Trust<br>(4) <input type="checkbox"/> General assets of the sponsor                                                                                                                                         | <b>9b</b> Plan benefit arrangement (check all that apply)<br>(1) <input type="checkbox"/> Insurance<br>(2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts<br>(3) <input checked="" type="checkbox"/> Trust<br>(4) <input type="checkbox"/> General assets of the sponsor |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>10</b> Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>a Pension Schedules</b><br>(1) <input checked="" type="checkbox"/> <b>R</b> (Retirement Plan Information)<br><br>(2) <input type="checkbox"/> <b>MB</b> (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary<br><br>(3) <input checked="" type="checkbox"/> <b>SB</b> (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary |                                                                                                                                                                                                                                                                                               | <b>b General Schedules</b><br>(1) <input checked="" type="checkbox"/> <b>H</b> (Financial Information)<br>(2) <input type="checkbox"/> <b>I</b> (Financial Information – Small Plan)<br>(3) <input type="checkbox"/> <b>A</b> (Insurance Information)<br>(4) <input type="checkbox"/> <b>C</b> (Service Provider Information)<br>(5) <input checked="" type="checkbox"/> <b>D</b> (DFE/Participating Plan Information)<br>(6) <input type="checkbox"/> <b>G</b> (Financial Transaction Schedules) |

|                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                    |                                                                                           |
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| <b>SCHEDULE SB</b><br><b>(Form 5500)</b><br><br>Department of the Treasury<br>Internal Revenue Service<br><br>Department of Labor<br>Employee Benefits Security Administration<br><br>Pension Benefit Guaranty Corporation | <b>Single-Employer Defined Benefit Plan</b><br><b>Actuarial Information</b><br><br>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).<br><br>▶ <b>File as an attachment to Form 5500 or 5500-SF.</b> | OMB No. 1210-0110<br><br><b>2013</b><br><br><b>This Form is Open to Public Inspection</b> |
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For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013

▶ **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.

|                                                                                                                                           |                                                                                                                                                         |
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| <b>A</b> Name of plan<br><u>AT&amp;T PUERTO RICO PENSION BENEFIT PLAN</u>                                                                 | <b>B</b> Three-digit plan number (PN) ▶ <u>007</u>                                                                                                      |
| <b>C</b> Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF<br><u>AT&amp;T INC.</u>                                          | <b>D</b> Employer Identification Number (EIN)<br><u>43-1301883</u>                                                                                      |
| <b>E</b> Type of plan: <input checked="" type="checkbox"/> Single <input type="checkbox"/> Multiple-A <input type="checkbox"/> Multiple-B | <b>F</b> Prior year plan size: <input type="checkbox"/> 100 or fewer <input type="checkbox"/> 101-500 <input checked="" type="checkbox"/> More than 500 |

|                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                           |                                   |                           |                                                                                                                                                                                                                |                     |                 |                                                  |                      |                |                                   |  |  |                                      |              |               |                                  |              |                 |                              |                          |                 |                     |                       |                 |
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| <b>Part I</b>                                                                                                                                                                                                  | <b>Basic Information</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                           |                                   |                           |                                                                                                                                                                                                                |                     |                 |                                                  |                      |                |                                   |  |  |                                      |              |               |                                  |              |                 |                              |                          |                 |                     |                       |                 |
| <b>1</b>                                                                                                                                                                                                       | Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2013</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                           |                                   |                           |                                                                                                                                                                                                                |                     |                 |                                                  |                      |                |                                   |  |  |                                      |              |               |                                  |              |                 |                              |                          |                 |                     |                       |                 |
| <b>2</b>                                                                                                                                                                                                       | Assets:<br><table><tr><td><b>a</b> Market value .....</td><td><b>2a</b></td><td><u>21755000</u></td></tr><tr><td><b>b</b> Actuarial value .....</td><td><b>2b</b></td><td><u>21089000</u></td></tr></table>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>a</b> Market value .....                                               | <b>2a</b>                         | <u>21755000</u>           | <b>b</b> Actuarial value .....                                                                                                                                                                                 | <b>2b</b>           | <u>21089000</u> |                                                  |                      |                |                                   |  |  |                                      |              |               |                                  |              |                 |                              |                          |                 |                     |                       |                 |
| <b>a</b> Market value .....                                                                                                                                                                                    | <b>2a</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <u>21755000</u>                                                           |                                   |                           |                                                                                                                                                                                                                |                     |                 |                                                  |                      |                |                                   |  |  |                                      |              |               |                                  |              |                 |                              |                          |                 |                     |                       |                 |
| <b>b</b> Actuarial value .....                                                                                                                                                                                 | <b>2b</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <u>21089000</u>                                                           |                                   |                           |                                                                                                                                                                                                                |                     |                 |                                                  |                      |                |                                   |  |  |                                      |              |               |                                  |              |                 |                              |                          |                 |                     |                       |                 |
| <b>3</b>                                                                                                                                                                                                       | Funding target/participant count breakdown:<br><table><tr><td></td><td><b>(1) Number of participants</b></td><td><b>(2) Funding Target</b></td></tr><tr><td><b>a</b> For retired participants and beneficiaries receiving payment.....</td><td><b>3a</b> <u>65</u></td><td><u>6264000</u></td></tr><tr><td><b>b</b> For terminated vested participants.....</td><td><b>3b</b> <u>196</u></td><td><u>2270000</u></td></tr><tr><td><b>c</b> For active participants:</td><td></td><td></td></tr><tr><td>    <b>(1)</b> Non-vested benefits .....</td><td><b>3c(1)</b></td><td><u>464000</u></td></tr><tr><td>    <b>(2)</b> Vested benefits .....</td><td><b>3c(2)</b></td><td><u>11075000</u></td></tr><tr><td>    <b>(3)</b> Total active.....</td><td><b>3c(3)</b> <u>1175</u></td><td><u>11539000</u></td></tr><tr><td><b>d</b> Total.....</td><td><b>3d</b> <u>1436</u></td><td><u>20073000</u></td></tr></table> |                                                                           | <b>(1) Number of participants</b> | <b>(2) Funding Target</b> | <b>a</b> For retired participants and beneficiaries receiving payment.....                                                                                                                                     | <b>3a</b> <u>65</u> | <u>6264000</u>  | <b>b</b> For terminated vested participants..... | <b>3b</b> <u>196</u> | <u>2270000</u> | <b>c</b> For active participants: |  |  | <b>(1)</b> Non-vested benefits ..... | <b>3c(1)</b> | <u>464000</u> | <b>(2)</b> Vested benefits ..... | <b>3c(2)</b> | <u>11075000</u> | <b>(3)</b> Total active..... | <b>3c(3)</b> <u>1175</u> | <u>11539000</u> | <b>d</b> Total..... | <b>3d</b> <u>1436</u> | <u>20073000</u> |
|                                                                                                                                                                                                                | <b>(1) Number of participants</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>(2) Funding Target</b>                                                 |                                   |                           |                                                                                                                                                                                                                |                     |                 |                                                  |                      |                |                                   |  |  |                                      |              |               |                                  |              |                 |                              |                          |                 |                     |                       |                 |
| <b>a</b> For retired participants and beneficiaries receiving payment.....                                                                                                                                     | <b>3a</b> <u>65</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <u>6264000</u>                                                            |                                   |                           |                                                                                                                                                                                                                |                     |                 |                                                  |                      |                |                                   |  |  |                                      |              |               |                                  |              |                 |                              |                          |                 |                     |                       |                 |
| <b>b</b> For terminated vested participants.....                                                                                                                                                               | <b>3b</b> <u>196</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <u>2270000</u>                                                            |                                   |                           |                                                                                                                                                                                                                |                     |                 |                                                  |                      |                |                                   |  |  |                                      |              |               |                                  |              |                 |                              |                          |                 |                     |                       |                 |
| <b>c</b> For active participants:                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                           |                                   |                           |                                                                                                                                                                                                                |                     |                 |                                                  |                      |                |                                   |  |  |                                      |              |               |                                  |              |                 |                              |                          |                 |                     |                       |                 |
| <b>(1)</b> Non-vested benefits .....                                                                                                                                                                           | <b>3c(1)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <u>464000</u>                                                             |                                   |                           |                                                                                                                                                                                                                |                     |                 |                                                  |                      |                |                                   |  |  |                                      |              |               |                                  |              |                 |                              |                          |                 |                     |                       |                 |
| <b>(2)</b> Vested benefits .....                                                                                                                                                                               | <b>3c(2)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <u>11075000</u>                                                           |                                   |                           |                                                                                                                                                                                                                |                     |                 |                                                  |                      |                |                                   |  |  |                                      |              |               |                                  |              |                 |                              |                          |                 |                     |                       |                 |
| <b>(3)</b> Total active.....                                                                                                                                                                                   | <b>3c(3)</b> <u>1175</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <u>11539000</u>                                                           |                                   |                           |                                                                                                                                                                                                                |                     |                 |                                                  |                      |                |                                   |  |  |                                      |              |               |                                  |              |                 |                              |                          |                 |                     |                       |                 |
| <b>d</b> Total.....                                                                                                                                                                                            | <b>3d</b> <u>1436</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <u>20073000</u>                                                           |                                   |                           |                                                                                                                                                                                                                |                     |                 |                                                  |                      |                |                                   |  |  |                                      |              |               |                                  |              |                 |                              |                          |                 |                     |                       |                 |
| <b>4</b>                                                                                                                                                                                                       | If the plan is in at-risk status, check the box and complete lines (a) and (b)..... <input type="checkbox"/><br><table><tr><td><b>a</b> Funding target disregarding prescribed at-risk assumptions .....</td><td><b>4a</b></td><td></td></tr><tr><td><b>b</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.....</td><td><b>4b</b></td><td></td></tr></table>                                                                                                                                                                                                                                                                                                                                                                                                     | <b>a</b> Funding target disregarding prescribed at-risk assumptions ..... | <b>4a</b>                         |                           | <b>b</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..... | <b>4b</b>           |                 |                                                  |                      |                |                                   |  |  |                                      |              |               |                                  |              |                 |                              |                          |                 |                     |                       |                 |
| <b>a</b> Funding target disregarding prescribed at-risk assumptions .....                                                                                                                                      | <b>4a</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                           |                                   |                           |                                                                                                                                                                                                                |                     |                 |                                                  |                      |                |                                   |  |  |                                      |              |               |                                  |              |                 |                              |                          |                 |                     |                       |                 |
| <b>b</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..... | <b>4b</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                           |                                   |                           |                                                                                                                                                                                                                |                     |                 |                                                  |                      |                |                                   |  |  |                                      |              |               |                                  |              |                 |                              |                          |                 |                     |                       |                 |
| <b>5</b>                                                                                                                                                                                                       | Effective interest rate .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>5</b> <u>6.64 %</u>                                                    |                                   |                           |                                                                                                                                                                                                                |                     |                 |                                                  |                      |                |                                   |  |  |                                      |              |               |                                  |              |                 |                              |                          |                 |                     |                       |                 |
| <b>6</b>                                                                                                                                                                                                       | Target normal cost .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>6</b> <u>1870000</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.

|                  |                                                                                                                                                                                                                                    |                                                                                                                                                            |
|------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>SIGN HERE</b> | <br><br><u>THOMAS MIANO, FSA, EA</u><br><br>Type or print name of actuary<br><br><u>AON CONSULTING, INC.</u><br><br>Firm name<br><u>2711 NORTH HASKELL AVENUE, 8TH FLOOR</u><br><u>DALLAS, TX 75204</u><br><br>Address of the firm | <u>09/19/2014</u><br><br>Date<br><u>14-04601</u><br><br>Most recent enrollment number<br><u>214-989-0000</u><br><br>Telephone number (including area code) |
|------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|

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) 2013**  
**v. 130118**

| 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) .....                                   | 0                     | 1218000                |
| 8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year) .....                                | 0                     | 911000                 |
| 9 Amount remaining (line 7 minus line 8) .....                                                                                      | 0                     | 307000                 |
| 10 Interest on line 9 using prior year's actual return of <u>12.94</u> % .....                                                      |                       | 40000                  |
| 11 Prior year's excess contributions to be added to prefunding balance:                                                             |                       |                        |
| a Present value of excess contributions (line 38a from prior year) .....                                                            |                       | 0                      |
| b Interest on (a) using prior year's effective interest rate of <u>7.00</u> % except as otherwise provided (see instructions) ..... |                       |                        |
| 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 .....                                                                            |                       | 0                      |
| 12 Other reductions in balances due to elections or deemed elections .....                                                          | 0                     | 0                      |
| 13 Balance at beginning of current year (line 9 + line 10 + line 11d – line 12) .....                                               | 0                     | 347000                 |

| Part III Funding Percentages                                                                                                                                        |    |          |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|----------|
| 14 Funding target attainment percentage .....                                                                                                                       | 14 | 103.33 % |
| 15 Adjusted funding target attainment percentage .....                                                                                                              | 15 | 105.06 % |
| 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 | 105.19 % |
| 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<br>(MM-DD-YYYY)                                                          | (b) Amount paid by<br>employer(s) | (c) Amount paid by<br>employees | (a) Date<br>(MM-DD-YYYY) | (b) Amount paid by<br>employer(s) | (c) Amount paid by<br>employees |
| 09/15/2014                                                                        | 1340000                           |                                 |                          |                                   |                                 |
|                                                                                   |                                   |                                 |                          |                                   |                                 |
|                                                                                   |                                   |                                 |                          |                                   |                                 |
|                                                                                   |                                   |                                 |                          |                                   |                                 |
|                                                                                   |                                   |                                 |                          |                                   |                                 |
|                                                                                   |                                   |                                 |                          |                                   |                                 |
|                                                                                   |                                   |                                 | Totals ►                 | 18(b)                             | 1340000 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                                                                 | 1201000 |
| 20 Quarterly contributions and liquidity shortfalls:                                                                          |                                                                     |         |
| a Did the plan have a "funding shortfall" for the prior year? .....                                                           | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |         |
| b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? .....              | <input type="checkbox"/> Yes <input type="checkbox"/> No            |         |
| c If line 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**

|                                                                                                                                                                                              |                       |                       |                                                     |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|-----------------------------------------------------|
| <b>21</b> Discount rate:                                                                                                                                                                     |                       |                       |                                                     |
| <b>a</b> Segment rates:                                                                                                                                                                      | 1st segment:<br>5.23% | 2nd segment:<br>6.51% | 3rd segment:<br>7.16 %                              |
|                                                                                                                                                                                              |                       |                       | <input type="checkbox"/> N/A, full yield curve used |
| <b>b</b> Applicable month (enter code).....                                                                                                                                                  |                       |                       | <b>21b</b> 4                                        |
| <b>22</b> Weighted average retirement age .....                                                                                                                                              |                       |                       | <b>22</b> 59                                        |
| <b>23</b> Mortality table(s) (see instructions) <input type="checkbox"/> Prescribed - combined <input checked="" type="checkbox"/> Prescribed - separate <input type="checkbox"/> Substitute |                       |                       |                                                     |

**Part VI Miscellaneous Items**

|                                                                                                                                                                        |                                                                     |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|
| <b>24</b> Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment. .... | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| <b>25</b> Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment. ....                                      | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| <b>26</b> Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment. ....                            | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| <b>27</b> If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment. ....                                   | <b>27</b>                                                           |

**Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years**

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

**Part VIII Minimum Required Contribution For Current Year**

|                                                                                                                                                                                      |                     |                    |               |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|--------------------|---------------|
| <b>31</b> Target normal cost and excess assets (see instructions):                                                                                                                   |                     |                    |               |
| <b>a</b> Target normal cost (line 6).....                                                                                                                                            |                     | <b>31a</b>         | 1870000       |
| <b>b</b> Excess assets, if applicable, but not greater than line 31a .....                                                                                                           |                     | <b>31b</b>         | 669000        |
| <b>32</b> Amortization installments:                                                                                                                                                 | Outstanding Balance |                    | Installment   |
| <b>a</b> Net shortfall amortization installment.....                                                                                                                                 | 0                   |                    | 0             |
| <b>b</b> Waiver amortization installment .....                                                                                                                                       | 0                   |                    | 0             |
| <b>33</b> 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 ..... |                     | <b>33</b>          |               |
| <b>34</b> Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)...                                                            |                     | <b>34</b>          | 1201000       |
|                                                                                                                                                                                      | Carryover balance   | Prefunding balance | Total balance |
| <b>35</b> Balances elected for use to offset funding requirement.....                                                                                                                | 0                   | 0                  | 0             |
| <b>36</b> Additional cash requirement (line 34 minus line 35).....                                                                                                                   |                     | <b>36</b>          | 1201000       |
| <b>37</b> Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c).....                                                   |                     | <b>37</b>          | 1201000       |
| <b>38</b> Present value of excess contributions for current year (see instructions)                                                                                                  |                     |                    |               |
| <b>a</b> Total (excess, if any, of line 37 over line 36) .....                                                                                                                       |                     | <b>38a</b>         | 0             |
| <b>b</b> Portion included in line 38a attributable to use of prefunding and funding standard carryover balances .....                                                                |                     | <b>38b</b>         | 0             |
| <b>39</b> Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37) .....                                                                      |                     | <b>39</b>          | 0             |
| <b>40</b> Unpaid minimum required contributions for all years .....                                                                                                                  |                     | <b>40</b>          | 0             |

**Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)**

|                                                                                                |  |                                                                                                                         |  |
|------------------------------------------------------------------------------------------------|--|-------------------------------------------------------------------------------------------------------------------------|--|
| <b>41</b> If an election was made to use PRA 2010 funding relief for this plan:                |  |                                                                                                                         |  |
| <b>a</b> Schedule elected .....                                                                |  | <input type="checkbox"/> 2 plus 7 years <input type="checkbox"/> 15 years                                               |  |
| <b>b</b> Eligible plan year(s) for which the election in line 41a was made .....               |  | <input type="checkbox"/> 2008 <input type="checkbox"/> 2009 <input type="checkbox"/> 2010 <input type="checkbox"/> 2011 |  |
| <b>42</b> Amount of acceleration adjustment .....                                              |  | <b>42</b>                                                                                                               |  |
| <b>43</b> Excess installment acceleration amount to be carried over to future plan years ..... |  | <b>43</b>                                                                                                               |  |



**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)**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  
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**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

|                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                              |                                                                                                          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| <b>SCHEDULE H</b><br><b>(Form 5500)</b><br><br><small>Department of the Treasury<br/>Internal Revenue Service</small><br><br><small>Department of Labor<br/>Employee Benefits Security Administration</small><br><br><small>Pension Benefit Guaranty Corporation</small> | <b>Financial Information</b><br><br>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).<br><br><b>► File as an attachment to Form 5500.</b> | <small>OMB No. 1210-0110</small><br><br><b>2013</b><br><br><b>This Form is Open to Public Inspection</b> |
| For calendar plan year 2013 or fiscal plan year beginning <u>01/01/2013</u> and ending <u>12/31/2013</u>                                                                                                                                                                 |                                                                                                                                                                                                                                                                              |                                                                                                          |
| <b>A</b> Name of plan<br><u>AT&amp;T PUERTO RICO PENSION BENEFIT PLAN</u>                                                                                                                                                                                                |                                                                                                                                                                                                                                                                              | <b>B</b> Three-digit plan number (PN) <span style="float: right;"><u>007</u></span>                      |
| <b>C</b> Plan sponsor's name as shown on line 2a of Form 5500<br><u>AT&amp;T INC.</u>                                                                                                                                                                                    |                                                                                                                                                                                                                                                                              | <b>D</b> Employer Identification Number (EIN)<br><br><u>43-1301883</u>                                   |

| Part I                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Asset and Liability Statement |                       |                 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-----------------------|-----------------|
| <b>1</b> 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. <b>Round off amounts to the nearest dollar.</b> 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 |
| <b>a</b> Total noninterest-bearing cash .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>1a</b>                     |                       |                 |
| <b>b</b> Receivables (less allowance for doubtful accounts):                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                               |                       |                 |
| <b>(1)</b> Employer contributions.....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>1b(1)</b>                  |                       |                 |
| <b>(2)</b> Participant contributions.....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>1b(2)</b>                  |                       |                 |
| <b>(3)</b> Other.....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>1b(3)</b>                  | 0                     | 1340000         |
| <b>c</b> General investments:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                               |                       |                 |
| <b>(1)</b> Interest-bearing cash (include money market accounts & certificates of deposit).....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <b>1c(1)</b>                  |                       |                 |
| <b>(2)</b> U.S. Government securities .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>1c(2)</b>                  |                       |                 |
| <b>(3)</b> Corporate debt instruments (other than employer securities):                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                               |                       |                 |
| <b>(A)</b> Preferred .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>1c(3)(A)</b>               |                       |                 |
| <b>(B)</b> All other .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>1c(3)(B)</b>               |                       |                 |
| <b>(4)</b> Corporate stocks (other than employer securities):                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                               |                       |                 |
| <b>(A)</b> Preferred .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>1c(4)(A)</b>               |                       |                 |
| <b>(B)</b> Common.....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>1c(4)(B)</b>               |                       |                 |
| <b>(5)</b> Partnership/joint venture interests .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>1c(5)</b>                  |                       |                 |
| <b>(6)</b> Real estate (other than employer real property).....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <b>1c(6)</b>                  |                       |                 |
| <b>(7)</b> Loans (other than to participants) .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>1c(7)</b>                  |                       |                 |
| <b>(8)</b> Participant loans.....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>1c(8)</b>                  |                       |                 |
| <b>(9)</b> Value of interest in common/collective trusts .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>1c(9)</b>                  |                       |                 |
| <b>(10)</b> Value of interest in pooled separate accounts .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <b>1c(10)</b>                 |                       |                 |
| <b>(11)</b> Value of interest in master trust investment accounts .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>1c(11)</b>                 | 21755000              | 23324000        |
| <b>(12)</b> Value of interest in 103-12 investment entities.....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>1c(12)</b>                 |                       |                 |
| <b>(13)</b> Value of interest in registered investment companies (e.g., mutual funds).....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>1c(13)</b>                 |                       |                 |
| <b>(14)</b> Value of funds held in insurance company general account (unallocated contracts).....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>1c(14)</b>                 |                       |                 |
| <b>(15)</b> Other .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>1c(15)</b>                 |                       |                 |

| <b>1d</b> Employer-related investments:                              |              | (a) Beginning of Year | (b) End of Year |
|----------------------------------------------------------------------|--------------|-----------------------|-----------------|
| (1) Employer securities .....                                        | <b>1d(1)</b> |                       |                 |
| (2) Employer real property .....                                     | <b>1d(2)</b> |                       |                 |
| <b>e</b> Buildings and other property used in plan operation .....   | <b>1e</b>    |                       |                 |
| <b>f</b> Total assets (add all amounts in lines 1a through 1e) ..... | <b>1f</b>    | 21755000              | 24664000        |

**Liabilities**

|                                                                           |           |   |   |
|---------------------------------------------------------------------------|-----------|---|---|
| <b>g</b> Benefit claims payable .....                                     | <b>1g</b> |   |   |
| <b>h</b> Operating payables .....                                         | <b>1h</b> |   |   |
| <b>i</b> Acquisition indebtedness .....                                   | <b>1i</b> |   |   |
| <b>j</b> Other liabilities .....                                          | <b>1j</b> |   |   |
| <b>k</b> Total liabilities (add all amounts in lines 1g through 1j) ..... | <b>1k</b> | 0 | 0 |

**Net Assets**

|                                                           |           |          |          |
|-----------------------------------------------------------|-----------|----------|----------|
| <b>l</b> Net assets (subtract line 1k from line 1f) ..... | <b>1l</b> | 21755000 | 24664000 |
|-----------------------------------------------------------|-----------|----------|----------|

**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 |
|------------------------------------------------------------------------------------------------------------|-----------------|------------|-----------|
| <b>a Contributions:</b>                                                                                    |                 |            |           |
| (1) Received or receivable in cash from: <b>(A)</b> Employers .....                                        | <b>2a(1)(A)</b> | 1340000    |           |
| <b>(B)</b> Participants .....                                                                              | <b>2a(1)(B)</b> |            |           |
| <b>(C)</b> Others (including rollovers) .....                                                              | <b>2a(1)(C)</b> |            |           |
| (2) Noncash contributions .....                                                                            | <b>2a(2)</b>    |            |           |
| (3) Total contributions. Add lines <b>2a(1)(A)</b> , <b>(B)</b> , <b>(C)</b> , and line <b>2a(2)</b> ..... | <b>2a(3)</b>    |            | 1340000   |
| <b>b Earnings on investments:</b>                                                                          |                 |            |           |
| (1) Interest:                                                                                              |                 |            |           |
| <b>(A)</b> Interest-bearing cash (including money market accounts and certificates of deposit) .....       | <b>2b(1)(A)</b> |            |           |
| <b>(B)</b> U.S. Government securities .....                                                                | <b>2b(1)(B)</b> |            |           |
| <b>(C)</b> Corporate debt instruments .....                                                                | <b>2b(1)(C)</b> |            |           |
| <b>(D)</b> Loans (other than to participants) .....                                                        | <b>2b(1)(D)</b> |            |           |
| <b>(E)</b> Participant loans .....                                                                         | <b>2b(1)(E)</b> |            |           |
| <b>(F)</b> Other .....                                                                                     | <b>2b(1)(F)</b> |            |           |
| (G) Total interest. Add lines <b>2b(1)(A)</b> through <b>(F)</b> .....                                     | <b>2b(1)(G)</b> |            | 0         |
| (2) Dividends: <b>(A)</b> Preferred stock .....                                                            | <b>2b(2)(A)</b> |            |           |
| <b>(B)</b> Common stock .....                                                                              | <b>2b(2)(B)</b> |            |           |
| <b>(C)</b> Registered investment company shares (e.g. mutual funds) .....                                  | <b>2b(2)(C)</b> |            |           |
| (D) Total dividends. Add lines <b>2b(2)(A)</b> , <b>(B)</b> , and <b>(C)</b> .....                         | <b>2b(2)(D)</b> |            | 0         |
| (3) Rents .....                                                                                            | <b>2b(3)</b>    |            |           |
| (4) Net gain (loss) on sale of assets: <b>(A)</b> Aggregate proceeds .....                                 | <b>2b(4)(A)</b> |            |           |
| <b>(B)</b> Aggregate carrying amount (see instructions) .....                                              | <b>2b(4)(B)</b> |            |           |
| <b>(C)</b> Subtract line <b>2b(4)(B)</b> from line <b>2b(4)(A)</b> and enter result .....                  | <b>2b(4)(C)</b> |            | 0         |
| (5) Unrealized appreciation (depreciation) of assets: <b>(A)</b> Real estate .....                         | <b>2b(5)(A)</b> |            |           |
| <b>(B)</b> Other .....                                                                                     | <b>2b(5)(B)</b> |            |           |
| (C) Total unrealized appreciation of assets. Add lines <b>2b(5)(A)</b> and <b>(B)</b> .....                | <b>2b(5)(C)</b> |            | 0         |

|                                                                                                 |        | (a) Amount | (b) Total |
|-------------------------------------------------------------------------------------------------|--------|------------|-----------|
| (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)  |            | 2732000   |
| (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 <b>income</b> amounts in column (b) and enter total .....               | 2d     |            | 4072000   |

**Expenses**

|                                                                                      |       |         |         |
|--------------------------------------------------------------------------------------|-------|---------|---------|
| e Benefit payment and payments to provide benefits:                                  |       |         |         |
| (1) Directly to participants or beneficiaries, including direct rollovers .....      | 2e(1) | 1163000 |         |
| (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) |         | 1163000 |
| 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 <b>expense</b> amounts in column (b) and enter total ..... | 2j    |         | 1163000 |

**Net Income and Reconciliation**

|                                                          |       |  |         |
|----------------------------------------------------------|-------|--|---------|
| k Net income (loss). Subtract line 2j from line 2d ..... | 2k    |  | 2909000 |
| l Transfers of assets:                                   |       |  |         |
| (1) To this plan .....                                   | 2l(1) |  |         |
| (2) From this plan .....                                 | 2l(2) |  |         |

**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 lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

**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.) .....

**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.) .....

|    | Yes | No | Amount |
|----|-----|----|--------|
| 4a |     | X  |        |
| 4b |     | X  |        |

|                                                                                                                                                                                                                               | Yes | No | Amount   |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|----|----------|
| <b>c</b> 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  |          |
| <b>d</b> 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  |          |
| <b>e</b> Was this plan covered by a fidelity bond? .....                                                                                                                                                                      | X   |    | 25000000 |
| <b>f</b> Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty? .....                                                                                       |     | X  |          |
| <b>g</b> 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  |          |
| <b>h</b> 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  |          |
| <b>i</b> Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.) .....                                                                |     | X  |          |
| <b>j</b> 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  |          |
| <b>k</b> Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC? .....                                                           |     | X  |          |
| <b>l</b> Has the plan failed to provide any benefit when due under the plan? .....                                                                                                                                            |     | X  |          |
| <b>m</b> If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.) .....                                                                                                  |     |    |          |
| <b>n</b> 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. ....                                      |     |    |          |

**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) |
|-----------------------|--------------|-------------|
|                       |              |             |
|                       |              |             |
|                       |              |             |
|                       |              |             |

**5c** If the plan is a defined benefit plan, is it covered under the PBGC insurance program (see ERISA section 4021)? .... ☒ Yes ☐ No ☐ Not determined

## Part V Trust Information (optional)

|                         |                       |
|-------------------------|-----------------------|
| <b>6a</b> Name of trust | <b>6b</b> Trust's EIN |
|                         |                       |

|                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                            |                                                                                            |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| <b>SCHEDULE R</b><br><b>(Form 5500)</b><br><br>Department of the Treasury<br>Internal Revenue Service<br><br>Department of Labor<br>Employee Benefits Security Administration<br><br>Pension Benefit Guaranty Corporation | <b>Retirement Plan Information</b><br><br>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).<br><br>▶ <b>File as an attachment to Form 5500.</b> | OMB No. 1210-0110<br><br><b>2013</b><br><br><b>This Form is Open to Public Inspection.</b> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|

For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013

|                                                                                       |                                                                    |
|---------------------------------------------------------------------------------------|--------------------------------------------------------------------|
| <b>A</b> Name of plan<br><u>AT&amp;T PUERTO RICO PENSION BENEFIT PLAN</u>             | <b>B</b> Three-digit plan number (PN) ▶<br><u>007</u>              |
| <b>C</b> Plan sponsor's name as shown on line 2a of Form 5500<br><u>AT&amp;T INC.</u> | <b>D</b> Employer Identification Number (EIN)<br><u>43-1301883</u> |

|               |                      |
|---------------|----------------------|
| <b>Part I</b> | <b>Distributions</b> |
|---------------|----------------------|

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

|                                                                                                                                                                                                                                                                    |          |           |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|-----------|
| <b>1</b> Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....                                                                                                                              | <b>1</b> | <u>0</u>  |
| <b>2</b> 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):<br><br>EIN(s): <u>04-6568107</u> |          |           |
| <b>Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.</b>                                                                                                                                                                                            |          |           |
| <b>3</b> Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....                                                                                                                                    | <b>3</b> | <u>52</u> |

|                |                                                                                                                                                                              |
|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Part II</b> | <b>Funding Information</b> (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) |
|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|                                                                                                                                                                                                                                                                                                                                                                           |                              |                                        |                                         |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|----------------------------------------|-----------------------------------------|
| <b>4</b> Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....                                                                                                                                                                                                                                                       | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | <input type="checkbox"/> N/A            |
| <b>If the plan is a defined benefit plan, go to line 8.</b>                                                                                                                                                                                                                                                                                                               |                              |                                        |                                         |
| <b>5</b> 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. <b>Date:</b> Month _____ Day _____ Year _____<br><b>If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.</b> |                              |                                        |                                         |
| <b>6 a</b> Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived).....                                                                                                                                                                                                                             | <b>6a</b>                    |                                        |                                         |
| <b>b</b> Enter the amount contributed by the employer to the plan for this plan year.....                                                                                                                                                                                                                                                                                 | <b>6b</b>                    |                                        |                                         |
| <b>c</b> 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) .....                                                                                                                                                                                                                          | <b>6c</b>                    |                                        |                                         |
| <b>If you completed line 6c, skip lines 8 and 9.</b>                                                                                                                                                                                                                                                                                                                      |                              |                                        |                                         |
| <b>7</b> Will the minimum funding amount reported on line 6c be met by the funding deadline?.....                                                                                                                                                                                                                                                                         | <input type="checkbox"/> Yes | <input type="checkbox"/> No            | <input type="checkbox"/> N/A            |
| <b>8</b> 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?.....                                                                                                | <input type="checkbox"/> Yes | <input type="checkbox"/> No            | <input checked="" type="checkbox"/> N/A |

|                 |                   |
|-----------------|-------------------|
| <b>Part III</b> | <b>Amendments</b> |
|-----------------|-------------------|

|                                                                                                                                                                                                                            |                                   |                                   |                               |                                        |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|-------------------------------|----------------------------------------|
| <b>9</b> 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..... | <input type="checkbox"/> Increase | <input type="checkbox"/> Decrease | <input type="checkbox"/> Both | <input checked="" type="checkbox"/> No |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|-------------------------------|----------------------------------------|

|                |                                                                                                                                                   |
|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Part IV</b> | <b>ESOPs</b> (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. |
|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------|

|                                                                                                                                                                                             |                              |                             |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|-----------------------------|
| <b>10</b> Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? .....                                                     | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| <b>11 a</b> Does the ESOP hold any preferred stock? .....                                                                                                                                   | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| <b>b</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.)..... | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| <b>12</b> Does the ESOP hold any stock that is not readily tradable on an established securities market?.....                                                                               | <input type="checkbox"/> Yes | <input type="checkbox"/> 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 lines 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 lines 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 lines 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 lines 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 lines 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 lines 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:

|                                                                          |            |  |
|--------------------------------------------------------------------------|------------|--|
| <b>a</b> The current year .....                                          | <b>14a</b> |  |
| <b>b</b> The plan year immediately preceding the current plan year ..... | <b>14b</b> |  |
| <b>c</b> The second preceding plan year .....                            | <b>14c</b> |  |

- 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:

|                                                                                                       |            |  |
|-------------------------------------------------------------------------------------------------------|------------|--|
| <b>a</b> The corresponding number for the plan year immediately preceding the current plan year ..... | <b>15a</b> |  |
| <b>b</b> The corresponding number for the second preceding plan year .....                            | <b>15b</b> |  |

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

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

- 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 lines (a) through (c)

**a** Enter the percentage of plan assets held as:  
 Stock: 42% Investment-Grade Debt: 31% High-Yield Debt: 3% Real Estate: 11% Other: 13%

**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 line 19(b)?  
☒ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

FINANCIAL STATEMENTS

AT&T Pension Benefit Plan  
AT&T Puerto Rico Pension Benefit Plan  
Years Ended December 31, 2013 and 2012  
With Report of Independent Auditors

Ernst & Young LLP



Building a better  
working world

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

Financial Statements

Years Ended December 31, 2013 and 2012

**Contents**

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## Report of Independent Auditors

AT&T Inc.  
Plan Administrator

We have audited the accompanying financial statements of both the AT&T Pension Benefit Plan and the AT&T Puerto Rico Pension Benefit Plan, which comprise the statements of net assets available for benefits as of December 31, 2013 and 2012, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the AT&T Pension Benefit Plan and the AT&T Puerto Rico Pension Benefit Plan at December 31, 2013 and 2012, and the changes in their financial status for the years then ended, in conformity with U.S. generally accepted accounting principles.

*Ernst & Young LLP*

September 2, 2014

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

|                                              | 2013                         |                                             | 2012                         |                                             |
|----------------------------------------------|------------------------------|---------------------------------------------|------------------------------|---------------------------------------------|
|                                              | AT&T Pension<br>Benefit Plan | AT&T Puerto Rico<br>Pension Benefit<br>Plan | AT&T Pension<br>Benefit Plan | AT&T Puerto Rico<br>Pension Benefit<br>Plan |
| Assets                                       |                              |                                             |                              |                                             |
| Investments, at fair value                   |                              |                                             |                              |                                             |
| Plan interest in SBC Master Pension<br>Trust | \$ 56,746,307                | \$ 23,324                                   | \$ 45,160,264                | \$ 21,755                                   |
| Contributions receivable                     | —                            | 1,340                                       | —                            | —                                           |
| Net assets available for benefits            | <u>\$ 56,746,307</u>         | <u>\$ 24,664</u>                            | <u>\$ 45,160,264</u>         | <u>\$ 21,755</u>                            |

*See accompanying notes.*

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

|                                                                    | <b>2013</b>                              |                                                          | <b>2012</b>                              |                                                      |
|--------------------------------------------------------------------|------------------------------------------|----------------------------------------------------------|------------------------------------------|------------------------------------------------------|
|                                                                    | <b>AT&amp;T Pension<br/>Benefit Plan</b> | <b>AT&amp;T Puerto Rico<br/>Pension Benefit<br/>Plan</b> | <b>AT&amp;T Pension<br/>Benefit Plan</b> | <b>AT&amp;T Puerto Rico<br/>Pension Benefit Plan</b> |
| Additions                                                          |                                          |                                                          |                                          |                                                      |
| Net investment gain from Plan's interest in:                       |                                          |                                                          |                                          |                                                      |
| SBC Master Pension Trust                                           | \$ 6,273,183                             | \$ 2,732                                                 | \$ 5,176,983                             | \$ 2,069                                             |
| Contributions                                                      | <b>9,279,000</b>                         | <b>1,340</b>                                             | —                                        | —                                                    |
| Total additions                                                    | <b>15,552,183</b>                        | <b>4,072</b>                                             | 5,176,983                                | 2,069                                                |
| Deductions                                                         |                                          |                                                          |                                          |                                                      |
| Pension and death benefits                                         | <b>3,965,200</b>                         | <b>1,163</b>                                             | 5,735,761                                | 1,396                                                |
| Total deductions                                                   | <b>3,965,200</b>                         | <b>1,163</b>                                             | 5,735,761                                | 1,396                                                |
| Net increase (decrease) before transfers                           | <b>11,586,983</b>                        | <b>2,909</b>                                             | (558,778)                                | 673                                                  |
| Transfers due to Mandatory Portability Agreement ( <i>Note 1</i> ) | <b>(940)</b>                             | —                                                        | 2,951                                    | 100                                                  |
| Transfers to YP Holdings ( <i>Note 1</i> )                         | —                                        | —                                                        | (165,912)                                | —                                                    |
| Net assets available for benefits, beginning of year               | <b>45,160,264</b>                        | <b>21,755</b>                                            | 45,882,003                               | 20,982                                               |
| Net assets available for benefits, end of year                     | <b>\$ 56,746,307</b>                     | <b>\$ 24,664</b>                                         | <b>\$ 45,160,264</b>                     | <b>\$ 21,755</b>                                     |

*See accompanying notes*

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**  
*(dollars in thousands)*

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**1. Plan Descriptions**

This report includes the 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 Plan Administrator at the following address: AT&T Services, Inc., ATTN: Plan Documents, P.O. Box 132160, Dallas, TX 75313-2160. There may be 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.

In June 2012, as a result of the sale of AT&T's Advertising Solutions and Interactive businesses, approximately \$84,000 of retirement obligations and \$166,000 of assets related to active bargained participants (YP Holdings) were transferred from the AT&T Plan to a successor plan sponsored by the acquirer.

*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, 2013 and 2012, 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 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 Nonbargained Program also contains benefits of certain individuals who were formerly employees of Ameritech Publishing Ventures, Inc. (APVI) and whose benefit was frozen in 1993.
- 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.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**DECEMBER 31, 2013 AND 2012**

*(dollars in thousands)*

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- 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 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 Company, as defined by the AT&T Plan, but excludes most new hires after various negotiated dates beginning August 8, 2009. The Midwest Program also contains benefits of certain individuals who were formerly employees of Ameritech Publishing Ventures, Inc. (APVI) and whose benefit was frozen in 1993.
- 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 certain 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, 2009.
- The Management Cash Balance Program maintains benefits of specified nonbargained 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).
- The Southeast Management Program maintains benefits for certain nonbargained employees hired prior to January 1, 2007, employed by a Southeast Management Participating Company, as defined by the AT&T Plan.
- The Southeast 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 Southeast Participating Company, as defined by the AT&T Plan 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 calculated using a cash balance formula applying 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. Treasury securities.

Employees of certain collectively bargained units 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 using a cash balance formula applying 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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2013 AND 2012**  
*(dollars in thousands)*

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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 of certain collectively bargained units 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. Treasury securities.

The program is limited to eligible employees hired prior to January 1, 2007. Employees 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.

Effective January 1, 2013, this program document was restructured to include benefits previously provided under the Midwest Publishing Ventures Program and the Midwest Publishing Ventures Program document was eliminated.

*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 of certain collectively bargained units 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 if elected within the applicable time period specified under the AT&T Plan, 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 and promotion credits where applicable, 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. Treasury securities.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2013 AND 2012**  
*(dollars in thousands)*

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Employees of certain collectively bargained units 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 of certain collectively bargained units 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.

Effective January 1, 2013, this program document was restructured to include benefits previously provided under the Midwest Publishing Ventures Program and the Midwest Publishing Ventures Program document was eliminated.

*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 interest at a market rate based on the yield on 30-year Treasury securities.

Employees of certain collectively bargained units 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.

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.

*AT&T Legacy Management Program*

Under the AT&T Legacy Management Program, employee pension benefits are generally 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.

The program is limited to eligible employees hired prior to January 1, 2007. Employees 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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2013 AND 2012**  
*(dollars in thousands)*

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*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 of certain collectively bargained units 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.

*Management Cash Balance Program*

Under the Management Cash Balance Program, employee pension benefits are calculated using a cash balance formula applying 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.

*Southeast Management Program*

Under the Southeast Management Program, employee pension benefits are generally calculated using 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 Treasury securities. 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 credited service through December 31, 2005. Participants with an accrued benefit from the prior plan formula will receive the greater amount.

The program is limited to eligible employees hired prior to January 1, 2007. Employees 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 generally calculated using 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. Treasury securities. Benefits prior to January 1, 1999, remain under the traditional dollar per year of service annuity pension formula.

Employees of certain collectively bargained units 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 generally calculated using 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 U.S. Treasury securities, 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).

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### DECEMBER 31, 2013 AND 2012

(dollars in thousands)

Employees of certain collectively bargained units 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 (hired prior to certain dates, as discussed below) of the participating subsidiaries of AT&T who reside in the Commonwealth of Puerto Rico. Effective January 1, 2012, no new employees can enter the Plan. 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, 2013 and 2012 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 hired prior to January 1, 2007 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 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 bargained employees hired prior to August 9, 2009 who are residents of the Commonwealth of Puerto Rico of participating companies as defined by the PR Plan.
- The Mobility Program maintains benefits of all employees hired prior to January 1, 2006 for nonbargained employees and January 1, 2012 for bargained 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. The program is limited to eligible employees hired prior to January 1, 2007. Employees 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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2013 AND 2012**  
*(dollars in thousands)*

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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).

The program is limited to employees hired prior to August 9, 2009. Employees 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 U.S. Treasury securities. The program is limited to eligible employees hired prior to January 1, 2006 for management employees and prior to January 1, 2012 for bargained employees. Employees 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.

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. Management believes that the portfolio is well-diversified with no significant concentrations of risk. 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, fixed income funds, hedge funds, private equity funds, real estate funds and other commingled (103-12) investment entities are valued at the net asset values of units held at year-end.

Alternative investments not having an established market are valued at fair value as determined by the investment managers. 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 reviewed 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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2013 AND 2012**  
*(dollars in thousands)*

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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.

In substantiating the reasonableness of the pricing data provided by third parties, the general partner or fund manager evaluates a variety of factors including review of methods and assumptions used by external sources, recently executed transactions, existing contracts, economic conditions, industry and market developments and overall credit ratings. The Company meets with and monitors the performance of the fund managers on a periodic basis throughout the year. 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.

The Preferred Interests (as defined and discussed later in this Note under *Contributions and Actuarial Method*) is appraised by an independent investment manager using generally accepted methods of analysis. A discounted cash flow (DCF) model of the Preferred Interests' expected distribution and option settlement proceeds is developed. It considers the credit quality of Mobility and the Preferred Interests, the potential timing of put or call option exercises, the liquidity of the Preferred Interests, the potential settlement of the Preferred Interests with AT&T unregistered common shares, and the cap on the number of AT&T shares that AT&T has committed to use in an option settlement (Capped Number of AT&T Shares). The investment manager further analyzes the DCF model with methods it deems appropriate. For example, in recognition of the uncertainty of the date on which an option may be exercised for the Preferred Interests, the investment manager uses the Black-Derman-Toy (BDT) binomial lattice to see how sensitive the DCF result is to the assumed exercise date. The investment manager also uses Monte Carlo simulation to model future movements of AT&T's stock price and short term interest rates on a stochastic basis to determine the potential of the Capped Number of AT&T Shares to impact the valuation of the Preferred Interests.

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.

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

**Recent Accounting Standards**

In January 2013, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2013-01, *Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities*. This update amends Accounting Standards Codification (ASC) 210, *Balance Sheet*, specifically the disclosure requirements created by ASU 2011-11, *Disclosures About Offsetting Assets and Liabilities*, issued by the FASB in December 2011. This update clarifies the scope of the disclosure requirements to be applicable to derivatives including bifurcated embedded derivatives, repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions that are either offset in accordance with Section 210-20-45 or Section 815-10-45 or are subject to a master netting arrangement or similar agreement. The disclosure requirements are effective for fiscal years beginning on or after January 1, 2013 and are required to be provided retrospectively for all comparative periods presented. Adoption of ASU 2013-01 did not have an effect on the Plan's net assets available for benefits or its changes in net assets available for benefits.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**DECEMBER 31, 2013 AND 2012**

*(dollars in thousands)*

In June 2014, the FASB issued ASU 2014-11, Transfers and Servicing (Topic 860): Repurchase-to-Maturity Transactions, Repurchase Financing, and Disclosure, (ASU 2014-11). ASU 2014-11 requires repurchase-to-maturity transactions to be accounted for as secured borrowings rather than as sales with a forward repurchase commitment and eliminates current guidance on repurchase financing. ASU 2014-11 requires separate accounting for a transfer of a financial asset executed contemporaneously with a repurchase agreement with the same counterparty that will result in secured borrowing accounting for the repurchase agreement. The ASU requires new disclosures for repurchase agreements, securities lending transactions and repurchase-to-maturity transactions that are accounted for as secured borrowings. These disclosures include information about the types of assets pledged and the relationship between those assets and the related obligation to return the proceeds. The ASU also requires new disclosures for transfers of financial assets that are accounted for as sales that involve an agreement with the transferee entered into in contemplation of the initial transfer that result in the transferor retaining substantially all of the exposure to the economic return on the transferred financial assets throughout the term of the transaction. The accounting and disclosure changes are effective for annual periods beginning after December 15, 2014. Management is currently evaluating this updated guidance.

### 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:

|                                       | 2013  | 2012  |
|---------------------------------------|-------|-------|
| Effective interest rate:              |       |       |
| AT&T Pension Benefit Plan             | 5.77% | 6.98% |
| AT&T Puerto Rico Pension Benefit Plan | 5.80% | 7.00% |

On September 9, 2013 (Contribution Date), AT&T made a voluntary contribution of 320 million Series A Cumulative Perpetual Preferred Membership Interests (Preferred Interests) in AT&T Mobility II LLC (Mobility), the holding company for its wireless business, to the MPT, which was allocated in its entirety to the AT&T Plan and is accounted for an equity investment. The MPT is entitled to receive cumulative cash distributions of \$560,000 per annum, which will be distributed quarterly in equal amounts and will be accounted for as investment income. In addition, AT&T contributed \$175,000 in cash at the Contribution Date and has committed to the Department of Labor (DOL) to contribute an additional \$525,000 in cash over a three year period beginning in 2015.

The Preferred Interests are transferable only through their call and put features. The call option gives AT&T and Mobility the right to purchase from the MPT all or any portion of the Preferred Interests, at a price per Preferred Interests equal to the greater of the fair market value the Preferred Interests or \$25.00 plus any accrued and unpaid cumulative dividends (Option Price), at any time and from time to time: (1) during the 12 month period following the date AT&T issues an annual report reflecting that the AT&T Plan is fully funded as determined under U.S. GAAP and calculated including the fair market value of the Preferred Interests; (2) on or after a Change of Control of Mobility (AT&T's ownership of Mobility is less than 50% or there is a transaction that results in the transfer of 50% or more of AT&T Plan's liabilities or the MPT's assets to an entity not under common control with AT&T); or (3) on or after the fifth anniversary of the Contribution Date. The put option gives the MPT the right to require Mobility to purchase the Preferred Interests, at a price per Preferred Interests equal to the Option Price, at any time and from time to time on or after the earlier of: (1) the first date that the ratio of debt to total capitalization of Mobility exceeds that of AT&T; (2) the date on which AT&T is rated below investment grade for two consecutive calendar quarters by at least two of the following rating agencies: Standard & Poor's Rating Services, Moody's

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### DECEMBER 31, 2013 AND 2012

(dollars in thousands)

Investor Services, Inc. or FitchRatings, Inc.; (3) upon a Change of Control of Mobility; or (4) the seventh anniversary of the Contribution Date; provided, however, that except in the event of a Change of Control of Mobility AT&T will not be required to purchase more than 106,666,667 Preferred Interests in any 12 month period. In the event AT&T elects or is required to purchase the preferred equity interest, AT&T may elect to settle the purchase price in cash or shares of AT&T unregistered common stock or a combination thereof.

On September 9, 2013, the DOL published a proposed exemption that authorizes retroactive approval of this voluntary contribution. The proposal was open for public comment and was approved retroactively by the DOL on July 24, 2014. The Preferred Interests had a value of \$9,104,000 on the Contribution Date and were valued at \$9,208,543 as of December 31, 2013.

The Pension Plans have met the ERISA minimum funding requirements for 2013 and 2012.

#### 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, 2013 and December 31, 2012 include (a) rates of retirement, withdrawal, and disability based on experience studies of participating subsidiary employees; (b) rates of mortality based on RP-2000 Combined Healthy Projection BB-2D Mortality Table (fully generational); (c) the following interest rates:

|                                       | 2013  | 2012  |
|---------------------------------------|-------|-------|
| Expected Return on Assets:            |       |       |
| AT&T Pension Benefit Plan             | 7.75% | 7.75% |
| AT&T Puerto Rico Pension Benefit Plan | 7.75% | 7.75% |

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.

#### 3. Fair Value Measurements

ASC Topic 820, *Fair Value Measurement* 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:

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**DECEMBER 31, 2013 AND 2012**

*(dollars in thousands)*

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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. 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, 2013 and 2012.

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

### **4. Accumulated Plan Benefits**

The Pension Plans' actuarial present value of accumulated plan benefits as of December 31, 2013 and 2012 presented below were determined using 7.75% as of December 31, 2013 and 7.75% as of December 31, 2012. The Pension Plans use the expected rate of return on plan assets as a basis for determining the interest rate assumption.

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, 2013 the projected benefit obligation for the plan sponsor was determined using an interest rate of 5.00%, resulting in an obligation of \$56,530,911 for the AT&T Plan and \$29,376 for the PR Plan. At December 31, 2012 the projected benefit obligation for the plan sponsor was determined using an interest rate of 4.30%, resulting in an obligation of \$58,881,634 for the AT&T Plan and \$29,190 for the PR Plan.

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

## DECEMBER 31, 2013 AND 2012

(dollars in thousands)

The actuarial present values of the Pension Plans' accumulated plan benefits at December 31, 2013 and 2012 are presented below:

|                                           | AT&T Pension<br>Benefit Plan | AT&T Puerto Rico<br>Pension Benefit<br>Plan |
|-------------------------------------------|------------------------------|---------------------------------------------|
| December 31, 2013                         |                              |                                             |
| Vested benefits:                          |                              |                                             |
| Participants currently receiving payments | \$21,189,547                 | \$2,638                                     |
| Other participants                        | 20,960,844                   | 16,471                                      |
| Nonvested benefits                        | 1,619,916                    | 589                                         |
| Total                                     | <u>\$43,770,307</u>          | <u>\$19,698</u>                             |

|                                           | AT&T Pension<br>Benefit Plan | AT&T Puerto Rico<br>Pension Benefit<br>Plan |
|-------------------------------------------|------------------------------|---------------------------------------------|
| December 31, 2012                         |                              |                                             |
| Vested benefits:                          |                              |                                             |
| Participants currently receiving payments | \$20,602,608                 | \$5,726                                     |
| Other participants                        | 19,468,801                   | 12,135                                      |
| Nonvested benefits                        | 1,505,767                    | 426                                         |
| Total                                     | <u>\$41,577,176</u>          | <u>\$18,287</u>                             |

The significant changes in the Pension Plans accumulated plan benefits between the December 31, 2012 and December 31, 2013 actuarial valuations are as follows:

|                                                                              | AT&T Pension<br>Benefit Plan | AT&T Puerto Rico<br>Pension Benefit Plan |
|------------------------------------------------------------------------------|------------------------------|------------------------------------------|
| Actuarial present value of accumulated plan benefits as of December 31, 2012 | \$41,577,176                 | \$18,287                                 |
| Increase (decrease) during the year attributable to:                         |                              |                                          |
| Increase due to increase in discount period                                  | 3,071,447                    | 1,373                                    |
| Plan amendments                                                              | 645,883                      | -                                        |
| Change in lump sum conversion rate                                           | (393,760)                    | 1,025                                    |
| Change in mortality scale                                                    | 1,266,483                    | 244                                      |
| Additional benefits earned and experience gains/losses                       | 1,445,715                    | 407                                      |
| Benefits paid                                                                | (3,965,200)                  | (1,163)                                  |
| Change in decrement tables                                                   | 122,563                      | (475)                                    |
| Net increase                                                                 | <u>2,193,131</u>             | <u>1,411</u>                             |
| Actuarial present value of accumulated plan benefits as of December 31, 2013 | <u>\$43,770,307</u>          | <u>\$19,698</u>                          |

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)****DECEMBER 31, 2013 AND 2012***(dollars in thousands)*

The change due to plan amendments for 2013 includes pension band increases for the bargained covered employees in the Southwest and West programs and some bargained covered employees in the Midwest and AT&T Legacy Bargained programs. The annual cash balance credit was increased for several bargained covered employee groups in the Bargained Cash Balance #2 program. Also, Lump Sum Offers were extended to managers that agreed to retire before December 31, 2013 in the Management Cash Balance, Nonbargained and AT&T Legacy Management programs.

The significant changes in the Pension Plans accumulated plan benefits between the December 31, 2011 and December 31, 2012 actuarial valuations are as follows:

|                                                                              | AT&T Pension<br>Benefit Plan | AT&T Puerto Rico<br>Pension Benefit Plan |
|------------------------------------------------------------------------------|------------------------------|------------------------------------------|
| Actuarial present value of accumulated plan benefits as of December 31, 2011 | \$42,186,320                 | \$16,736                                 |
| Increase (decrease) during the year attributable to:                         |                              |                                          |
| Increase for interest due to decrease in discount period                     | 3,248,460                    | 1,324                                    |
| Plan amendments                                                              | 75,751                       | 26                                       |
| Transfer of death benefits                                                   | (846,929)                    | -                                        |
| Transfer of YP Holdings                                                      | (83,932)                     | -                                        |
| Additional benefits earned and experience gains/losses                       | 401,232                      | 1,654                                    |
| Benefits paid                                                                | (5,735,761)                  | (1,396)                                  |
| Assumption changes                                                           | 2,332,035                    | (57)                                     |
| Net (decrease) increase                                                      | (609,144)                    | 1,551                                    |
| Actuarial present value of accumulated plan benefits as of December 31, 2012 | <u>\$41,577,176</u>          | <u>\$18,287</u>                          |

The change due to plan amendments for 2012 includes pension band increases for the majority of covered employees. Effective December 31, 2012, the AT&T Plan was amended such that pensioner death benefits are now payable outside of the AT&T Plan for certain current and future management or non-management/nonunion retirees who die on or after December 31, 2012, and current bargained retirees who terminated prior to January 1, 2009 and die on or after December 31, 2012.

**5. Voluntary Enhanced Pension and Retirement Benefit Programs**

In October 2013, certain retirement-eligible employees were offered to elect a full lump sum payment of their accrued pension if they retired as of December 30, 2013. The lump sum value was calculated using the August 2012 discount rates for some pension programs and was equal to the cash balance amount for the management new hire pension program. The payments were distributed in 2014 and totaled approximately \$2,673,023.

During 2013 and 2012, 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 \$15,708 during the year ended December 31, 2013, and \$39,879 during the year ended December 31, 2012 in pension benefit lump sum payments under this program.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2013 AND 2012**  
*(dollars in thousands)*

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**6. Tax Status**

The AT&T Plan has received a determination letter from the Internal Revenue Service (IRS), pursuant to its 2009 Cycle C determination letter filing, dated June 10, 2014 stating that the AT&T Plan is qualified under Section 401(a) of the Internal Revenue Code (IRC) and, therefore, that the related trust is exempt from taxation. Subsequent to this determination by the IRS, this plan was amended and restated. The AT&T Plan filed for a new determination letter on January 21, 2014, again pursuant to the IRS Cycle C determination letter filing process, and that request is still pending. The PR Plan received a determination letter from the IRS, pursuant to its 2009 Cycle C determination letter filing, dated June 9, 2014, stating that the PR Plan is qualified under Section 401(a) of the Internal Revenue Code (IRC) and, therefore, that the related trust is exempt from taxation. Subsequent to this determination by the IRS, the PR Plan was amended and restated. The PR Plan filed for a new determination letter on April 30, 2013, again pursuant to the IRS Cycle C determination letter filing process, and the request is still pending. Once qualified, the Pension Plans are required to operate in conformity with the IRC to maintain their qualification. The plan administrator has indicated that it will take the necessary steps, if any, to bring the Plans' operations into compliance with the IRC.

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 on 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 and restated. Once qualified, the PR Plan is required to operate in conformity with Puerto Rico Code to maintain its qualified status. The PR Plan filed for a new Treasury determination letter on April 9, 2014 and that request is still pending. The plan administrator has indicated that it will take the necessary steps, if any, to bring the PR Plan's operations into compliance with the Puerto Rico Code.

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, 2013, 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 2010.

**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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2013 AND 2012**  
*(dollars in thousands)*

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**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. Except for the Preferred Interests discussed in Note 2, 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 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, 2013 and 2012, JPMorgan Chase Bank N.A. was the trustee for the MPT, and the following plans were participants:

|                                        | <b>2013</b>   | <b>2012</b> |
|----------------------------------------|---------------|-------------|
| Allocation of Master Trust Investments |               |             |
| AT&T Pension Benefit Plan              | <b>99.96%</b> | 99.95%      |
| AT&T Puerto Rico Pension Benefit Plan  | <b>.04%</b>   | .05%        |

The Preferred Interests, as defined in Note 2, has a fair value of \$9,104,000 at December 31, 2013, which represents 5% or more of the MPT's net assets available for benefits.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)****DECEMBER 31, 2013 AND 2012***(dollars in thousands)***Net Assets of the SBC Master Pension Trust**

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

|                                                                  | 2013                 | 2012                 |
|------------------------------------------------------------------|----------------------|----------------------|
| <b>Assets</b>                                                    |                      |                      |
| Non-interest bearing cash                                        | \$ 465,108           | \$ 453,563           |
| Interest bearing investments                                     | 3,679,755            | 2,591,312            |
| Pooled separate accounts                                         | 576,739              | 566,111              |
| Common/collective trust funds                                    | 1,186,377            | 1,276,852            |
| 103-12 investments                                               | 1,060,126            | 1,023,660            |
| U.S. Government and governmental agencies bonds and notes        | 5,985,095            | 6,656,637            |
| U.S. Government and governmental agencies bonds and notes-loaned | 1,320,801            | 1,254,972            |
| Corporate and other bonds and notes                              | 6,321,241            | 5,848,948            |
| Corporate and other bonds and notes-loaned                       | 445,508              | 672,450              |
| Equities                                                         | 23,587,297           | 13,878,659           |
| Equities-loaned                                                  | 1,617,793            | 830,695              |
| Partnership/joint venture interests                              | 8,233,050            | 7,407,256            |
| Real estate                                                      | 3,533,808            | 3,628,916            |
| Registered investment companies                                  | 109,990              | 119,510              |
| Purchased options                                                | 342                  | 491                  |
| Collateral – securities lending*                                 | 3,464,293            | 2,798,441            |
| Total investments                                                | 61,122,215           | 48,554,910           |
| Receivable for securities sold                                   | 1,300,059            | 412,804              |
| Contribution receivable                                          | 1,340                | –                    |
| Receivable for investments sold short                            | 69,409               | 184,153              |
| Unrealized appreciation on foreign currency contracts            | 2,603                | 1,424                |
| Variation margin receivable                                      | 5,757                | 69,029               |
| Accrued income                                                   | 252,993              | 110,854              |
| Written options receivable                                       | 17                   | –                    |
| Other receivables                                                | 8,980                | 5,521                |
| Total assets                                                     | 63,228,481           | 49,792,258           |
| <b>Liabilities</b>                                               |                      |                      |
| Overdrafts                                                       | 61,969               | 77,646               |
| Payable securities lending                                       | 3,464,399            | 2,802,330            |
| Payable for securities purchased                                 | 2,308,548            | 1,113,863            |
| Investments sold short (proceeds of \$462,521 and \$404,408)     | 550,855              | 482,133              |
| Written options payable (premiums of (\$684) and (\$8))          | 308                  | 4                    |
| Unrealized depreciation on foreign currency contracts            | 4,744                | 7,303                |
| Short sales payable                                              | 11,871               | 89,387               |
| Accrued liabilities                                              | 54,816               | 37,573               |
| Total liabilities                                                | 6,457,510            | 4,610,239            |
| <b>Net assets of the SBC Master Pension Trust</b>                | <b>\$ 56,770,971</b> | <b>\$ 45,182,019</b> |

\*includes noncash of \$1,019,736 and \$1,156,026 at December 31, 2013 and 2012.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2013 AND 2012**  
*(dollars in thousands)*

The following is the net increase (decrease) in the fair value of net assets for the MPT:

|                                                                    | <b>Year Ended December 31,</b> |               |
|--------------------------------------------------------------------|--------------------------------|---------------|
|                                                                    | <b>2013</b>                    | <b>2012</b>   |
| <b>Additions</b>                                                   |                                |               |
| Net appreciation (depreciation) in fair value of investments:      |                                |               |
| Interest-bearing cash                                              | \$ 370                         | \$ (39,456)   |
| Pooled separate accounts                                           | (18,112)                       | 353           |
| Common/collective trust funds                                      | 37,842                         | (56,210)      |
| 103-12 investments                                                 | 163,661                        | 43,432        |
| U.S. Government and governmental agencies bonds and notes          | (714,543)                      | 91,028        |
| Corporate and other bonds and notes                                | (320,718)                      | 32,458        |
| Equities                                                           | 3,577,839                      | 2,251,408     |
| Partnership/joint venture interests                                | 1,725,070                      | 684,265       |
| Real estate                                                        | 405,076                        | 358,832       |
| Registered investment companies                                    | (1,466)                        | 22,877        |
| Foreign currency contracts                                         | 4,013                          | (10,358)      |
| Option contracts                                                   | 2,291                          | (222)         |
| Future contracts                                                   | 363,233                        | 372,465       |
| Securities lending collateral                                      | 3,782                          | 15,461        |
| Total net appreciation in fair value of investments                | 5,228,338                      | 3,766,333     |
| Investment income                                                  | 1,256,898                      | 1,658,644     |
| Employer contributions                                             | 9,280,340                      | 2,972         |
| Transfer of assets resulting from Mandatory Portability Agreement  | (940)                          | 3,051         |
| Total additions                                                    | 15,764,636                     | 5,431,000     |
| <b>Deductions</b>                                                  |                                |               |
| Pension and death benefits                                         | 3,966,363                      | 5,737,157     |
| Trustee and investment management fees and administrative expenses | 209,321                        | 245,925       |
| Transfer of assets resulting from YP Holdings                      | -                              | 165,912       |
| Total deductions                                                   | 4,175,684                      | 6,148,994     |
| Net increase (decrease)                                            | 11,588,952                     | (717,994)     |
| Net assets of the SBC Master Pension Trust:                        |                                |               |
| Beginning of year                                                  | 45,182,019                     | 45,900,013    |
| End of year                                                        | \$ 56,770,971                  | \$ 45,182,019 |

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**
**DECEMBER 31, 2013 AND 2012**
*(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, 2013:

| <b>SBC Master Pension Trust Assets and Liabilities at Fair Value</b> |                |                |                |               |
|----------------------------------------------------------------------|----------------|----------------|----------------|---------------|
|                                                                      | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b>  |
| Non-interest bearing cash                                            | \$ 465,108     | \$ —           | \$ —           | \$ 465,108    |
| Interest bearing cash                                                | —              | 324,342        | —              | 324,342       |
| Foreign currency contracts                                           | —              | 2,603          | —              | 2,603         |
| Equity securities:                                                   |                |                |                |               |
| Domestic equities:                                                   |                |                |                |               |
| Large cap                                                            | 6,522,042      | —              | 9,208,543      | 15,730,585    |
| Small cap                                                            | 3,319,989      | 2,846          | 97             | 3,322,932     |
| International equities:                                              |                |                |                |               |
| Developed markets                                                    | 5,407,891      | 5,264          | —              | 5,413,155     |
| Emerging markets                                                     | 1,022,830      | 1,577          | 433            | 1,024,840     |
| Fixed income securities:                                             |                |                |                |               |
| Asset-backed securities                                              | —              | 544,695        | 10,731         | 555,426       |
| Mortgage-backed securities                                           | —              | 2,469,791      | —              | 2,469,791     |
| Collateralized mortgage-backed securities                            | —              | 363,907        | —              | 363,907       |
| Collateralized mortgage obligations/REMICS                           | —              | 514,731        | —              | 514,731       |
| Other corporate and other bonds and notes:                           |                |                |                |               |
| Core                                                                 | —              | 2,650,749      | 104,605        | 2,755,354     |
| Long duration                                                        | —              | 2,288,181      | 11,204         | 2,299,385     |
| U.S. Government and governmental agencies                            | 14,861         | 4,316,189      | —              | 4,331,050     |
| Municipal bonds                                                      | —              | 250,290        | —              | 250,290       |
| Convertible and preferred securities                                 | 151,946        | 206,196        | 908            | 359,050       |
| Fixed income funds                                                   | —              | —              | 449,409        | 449,409       |
| Private equity funds                                                 | —              | —              | 5,875,439      | 5,875,439     |
| Real assets:                                                         |                |                |                |               |
| Real assets                                                          | —              | —              | 2,452,778      | 2,452,778     |
| Real estate funds                                                    | —              | —              | 2,802,917      | 2,802,917     |
| Commingled funds:                                                    |                |                |                |               |
| Interest bearing investments                                         | —              | 3,392,438      | —              | 3,392,438     |
| Hedge funds                                                          | —              | 539,629        | 3,992          | 543,621       |
| Equities                                                             | —              | 1,077,057      | —              | 1,077,057     |
| Fixed income                                                         | —              | 1,349,100      | —              | 1,349,100     |
| Securities lending collateral                                        | 389,916        | 3,074,377      | —              | 3,464,293     |
| Purchased options                                                    | 264            | 78             | —              | 342           |
| Receivable for investments sold short                                | 69,409         | —              | —              | 69,409        |
| Receivable for variation margin                                      | 5,757          | —              | —              | 5,757         |
| Assets at fair value                                                 | 17,370,310     | 23,374,152     | 20,921,056     | 61,665,109    |
| Overdrafts                                                           | 61,969         | —              | —              | 61,969        |
| Unrealized depreciation on foreign currency contracts                | —              | 4,744          | —              | 4,744         |
| Investments sold short                                               | 116,847        | 434,008        | —              | 550,855       |
| Written options payable                                              | 233            | 75             | —              | 308           |
| Liabilities at fair value                                            | 179,049        | 438,827        | —              | 617,876       |
| Net assets and liabilities at fair value                             | \$ 17,191,261  | \$ 22,935,325  | \$ 20,921,056  | \$ 61,047,233 |
| Other assets (liabilities)                                           |                |                |                | (4,276,262)   |
| Net assets of the SBC Master Pension Trust                           |                |                |                | \$ 56,770,971 |

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2013 AND 2012

(dollars in thousands)

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.

## Additional Disclosures Related to MPT Assets Measured at NAV as of December 31, 2013:

| Investment Class-Sub Class |                                           | Fair Value           | Unfunded Commitments | Redemption Frequency (If Currently Eligible) | Redemption Notice Period |
|----------------------------|-------------------------------------------|----------------------|----------------------|----------------------------------------------|--------------------------|
| Fixed income:              | Closed-end funds <sup>6</sup>             | \$ 449,409           | \$ 183,809           | No redemption rights                         | NA                       |
| Real assets:               | Open-end funds <sup>2</sup>               | 276,586              | –                    | Quarterly                                    | 45-90 days               |
|                            | Closed-end funds <sup>3</sup>             | 2,526,331            | 744,572              | No redemption rights                         | NA                       |
| Private equity             | Closed-end funds <sup>4</sup>             | 5,875,439            | 1,500,759            | No redemption rights                         | NA                       |
| Commingled funds:          | Interest bearing investments <sup>9</sup> | 3,392,438            | –                    | Daily                                        | NA                       |
|                            | Hedge funds <sup>1</sup>                  | 543,621              | –                    | Monthly, Annually                            | 3-90 days                |
|                            | Fixed income <sup>7</sup>                 | 344,367              | –                    | Daily, Monthly                               | 3-5 days                 |
|                            | Equities <sup>8</sup>                     | 1,077,057            | –                    | Daily, Monthly, Quarterly, Annually          | 1-30 days                |
|                            | Open-end funds <sup>5</sup>               | \$ 1,004,733         | \$ –                 | Monthly, Quarterly                           | 5-30 days                |
| Total                      |                                           | <u>\$ 15,489,981</u> | <u>\$ 2,429,140</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 3 years given favorable market conditions.

(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 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 10 years given favorable market conditions. 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 10 years given favorable conditions. 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.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**DECEMBER 31, 2013 AND 2012**

*(dollars in thousands)*

- (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 10 years given favorable market conditions. There are no current plans to sell any of these funds.
- (7) This class includes fixed income commingled funds that invest primarily in publicly traded 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 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.

Real assets held by the MPT consist of approximately 80 separate real estate properties totaling \$2,452,778 at December 31, 2013. These Level 3 investments are valued by an independent real estate appraiser in accordance with the Uniform Standards of Professional Appraisal Practice and in compliance with the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute. The reports are reviewed and approved by a member of the Appraisal Institute with the professional designation MAI as well as an independent valuation consultant retained by the MPT.

Properties are appraised using common methods of analysis: the cost, sales comparison and income capitalization approach, with the final estimated fair value giving most consideration to the method(s) deemed most applicable to the specific characteristics of the property.

The cost approach includes analyzing comparable land sales to determine the underlying land value of the property, which is valued based upon its highest and best use. Replacement cost is estimated using actual cost comparison and/or the current version of a nationally recognized cost estimating service.

The sales comparison approach utilizes market comparable properties, and includes analysis of the properties, the nature of the buyers and sellers, and a description of the transaction including terms of the sale and the source of the data.

The income capitalization approach includes analysis of market rent, existing contract rent, competitive occupancy rates, existing property vacancy and forecast absorption, historical, current and market expenses, projected capital expenditures and the derived net operating income and cash flow. In this valuation, net operating income is converted to value under the direct capitalization and discounted cash flow methods. The following significant inputs were made available in the third-party appraisals of the MPT's real assets, the significant inputs by property type at December 31, 2013:

|                            | Weighted-Average<br>Discount Rate | One-Year<br>Capitalization rate |
|----------------------------|-----------------------------------|---------------------------------|
| Retail – Regional Mall     | 6.25%                             | 5.54%                           |
| Retail – Non-Regional Mall | 7.12%                             | 6.54%                           |
| Office                     | 6.83%                             | 5.01%                           |
| Industrial                 | 7.43%                             | 4.64%                           |
| Residential                | 6.96%                             | 4.74%                           |

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)****DECEMBER 31, 2013 AND 2012***(dollars in thousands)*

The estimated fair values may vary significantly from the prices at which the properties would actually sell, since market prices of the investments can only be determined by negotiation between a willing buyer and seller. Management believes these estimates to be reasonable approximations of market prices.

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, 2013.

|                            | <b>Equities</b> | <b>Fixed<br/>Income</b> | <b>Preferred<br/>Interest</b> | <b>Hedge<br/>Funds</b> | <b>Private<br/>Equity<br/>Funds</b> | <b>Real Assets</b>  | <b>Total</b>         |
|----------------------------|-----------------|-------------------------|-------------------------------|------------------------|-------------------------------------|---------------------|----------------------|
| Balance, beginning of year | \$ 133          | \$ 1,064,490            | \$ -                          | \$ 6,579               | \$ 5,815,123                        | \$ 4,876,733        | \$ 11,763,058        |
| Realized gains (losses)    | (2,604)         | 52,482                  | -                             | -                      | 389,705                             | 122,222             | 561,805              |
| Unrealized gains (losses)  | 2,737           | (1,577)                 | 104,543                       | 1                      | 680,111                             | 475,875             | 1,261,690            |
| Transfers in               | 258             | 4,425                   | -                             | -                      | -                                   | -                   | 9,108,683            |
| Transfers out              | -               | (442,055)               | -                             | -                      | -                                   | -                   | (442,055)            |
| Purchases                  | 24              | 74,183                  | 9,104,000                     | 124                    | 1,213,881                           | 354,004             | 1,642,216            |
| Sales                      | (18)            | (175,091)               | -                             | (2,712)                | (2,223,381)                         | (573,139)           | (2,974,341)          |
| Balance, end of year       | <u>\$ 530</u>   | <u>\$ 576,857</u>       | <u>\$ 9,208,543</u>           | <u>\$ 3,992</u>        | <u>\$ 5,875,439</u>                 | <u>\$ 5,255,695</u> | <u>\$ 20,921,056</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, 2013 AND 2012**

*(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, 2012.

| SBC Master Pension Trust Assets and Liabilities at Fair Value |               |               |               |               |
|---------------------------------------------------------------|---------------|---------------|---------------|---------------|
|                                                               | Level 1       | Level 2       | Level 3       | Total         |
| Non-interest bearing cash                                     | \$ 453,563    | \$ —          | \$ —          | \$ 453,563    |
| Interest bearing cash                                         | 55,677        | 235,244       | —             | 290,921       |
| Foreign currency contracts                                    | —             | 1,424         | —             | 1,424         |
| Equity securities:                                            |               |               |               |               |
| Domestic equities:                                            |               |               |               |               |
| Large cap                                                     | 4,619,318     | —             | —             | 4,619,318     |
| Small cap                                                     | 3,671,477     | 47            | 49            | 3,671,573     |
| International equities:                                       |               |               |               |               |
| Developed markets                                             | 5,043,421     | 25,201        | —             | 5,068,622     |
| Emerging markets                                              | 1,317,494     | 3,594         | 84            | 1,321,172     |
| Fixed income securities:                                      |               |               |               |               |
| Asset-backed securities                                       | —             | 542,623       | 14,597        | 557,220       |
| Mortgage-backed securities                                    | —             | 2,323,513     | —             | 2,323,513     |
| Collateralized mortgage-backed securities                     | —             | 310,788       | —             | 310,788       |
| Collateralized mortgage obligations/REMICs                    | —             | 522,831       | 961           | 523,792       |
| Other Corporate and other bonds and notes:                    |               |               |               |               |
| Core                                                          | 779           | 2,620,195     | 134,272       | 2,755,246     |
| Long duration                                                 | —             | 2,066,462     | 5,577         | 2,072,039     |
| U.S. Government and governmental agencies                     | 50,467        | 5,007,605     | —             | 5,058,072     |
| Municipal bonds                                               | —             | 293,315       | —             | 293,315       |
| Convertible and preferred securities                          | 138,235       | 217,217       | 290           | 355,742       |
| Fixed income funds                                            | —             | —             | 490,288       | 490,288       |
| Private equity funds                                          | —             | —             | 5,815,123     | 5,815,123     |
| Real assets:                                                  |               |               |               |               |
| Real assets                                                   | —             | —             | 2,143,862     | 2,143,862     |
| Real estate funds                                             | —             | —             | 2,732,871     | 2,732,871     |
| Commingled funds:                                             |               |               |               |               |
| Interest bearing investments                                  | —             | 2,281,368     | —             | 2,281,368     |
| Hedge funds                                                   | —             | 756,399       | 6,579         | 762,978       |
| Equities                                                      | —             | 991,927       | —             | 991,927       |
| Fixed income                                                  | —             | 898,412       | 417,816       | 1,316,228     |
| Securities lending collateral                                 | 867,849       | 1,929,903     | 689           | 2,798,441     |
| Purchased options                                             | 262           | 229           | —             | 491           |
| Receivable for investments sold short                         | 184,153       | —             | —             | 184,153       |
| Receivable for variation margin                               | 69,029        | —             | —             | 69,029        |
| Assets at fair value                                          | 16,471,724    | 21,028,297    | 11,763,058    | 49,263,079    |
|                                                               |               | \$            |               |               |
| Overdrafts                                                    |               |               |               |               |
| Unrealized depreciation on foreign currency contracts         | 77,646        | —             | —             | 77,646        |
| Investments sold short                                        | —             | 7,303         | —             | 7,303         |
| Variation margin payable                                      | 74,087        | 408,046       | —             | 482,133       |
| Written options payable                                       | 4             | —             | —             | 4             |
| Liabilities at fair value                                     | 151,737       | 415,349       | —             | 567,086       |
| Net assets and liabilities at fair value                      | \$ 16,319,987 | \$ 20,612,948 | \$ 11,763,058 | \$ 48,695,993 |
| Other assets (liabilities)                                    |               |               |               | (3,513,974)   |
| Net assets of the SBC Master Plan Trust                       |               |               |               | \$ 45,182,019 |

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2013 AND 2012

(dollars in thousands)

## Additional Disclosures Related to MPT Assets Measured at NAV as of December 31, 2012:

| Investment Class-Sub Class |                                           | Fair Value           | Unfunded Commitments | Redemption Frequency (If Currently Eligible) | Redemption Notice Period |
|----------------------------|-------------------------------------------|----------------------|----------------------|----------------------------------------------|--------------------------|
| Fixed income:              | Closed-end funds <sup>6</sup>             | \$ 490,288           | \$ 250,029           | No redemption rights                         | NA                       |
| Real assets:               | Open-end funds <sup>2</sup>               | 251,557              | –                    | Quarterly                                    | 45-90 days               |
|                            | Closed-end funds <sup>3</sup>             | 2,481,314            | 657,949              | No redemption rights                         | NA                       |
| Private equity             | Closed-end funds <sup>4</sup>             | 5,815,123            | 1,476,678            | No redemption rights                         | NA                       |
| Commingled funds:          | Interest bearing investments <sup>9</sup> | 2,281,368            | –                    | Daily                                        | NA                       |
|                            | Hedge funds <sup>1</sup>                  | 762,978              | –                    | Monthly, Annually                            | 3-90 days                |
|                            | Fixed income <sup>7</sup>                 | 332,300              | –                    | Daily, Monthly                               | 3-5 days                 |
|                            | Equities <sup>8</sup>                     | 991,927              | –                    | Daily, Monthly, Quarterly, Annually          | 1-30 days                |
|                            | Open-end funds <sup>5</sup>               | \$ 983,928           | \$ –                 | Monthly, Quarterly                           | 5-30 days                |
| Total                      |                                           | <u>\$ 14,390,783</u> | <u>\$ 2,384,656</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, 2013 AND 2012**

*(dollars in thousands)*

- (7) This class includes fixed income commingled funds that invest primarily in publicly traded 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 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.

Real assets held by the MPT consist of approximately 100 separate real estate properties totaling \$2,143,862 at December 31, 2012. These Level 3 investments are valued by an independent real estate appraiser in accordance with the Uniform Standards of Professional Appraisal Practice and in compliance with the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute. The reports are reviewed and approved by a member of the Appraisal Institute with the professional designation MAI as well as an independent valuation consultant retained by the MPT.

Properties are appraised using common methods of analysis: the cost, sales comparison and income capitalization approach, with the final estimated fair value giving most consideration to the method(s) deemed most applicable to the specific characteristics of the property.

The cost approach includes analyzing comparable land sales to determine the underlying land value of the property, which is valued based upon its highest and best use. Replacement cost is estimated using actual cost comparison and/or the current version of a nationally recognized cost estimating service.

The sales comparison approach utilizes market comparable properties, and includes analysis of the properties, the nature of the buyers and sellers, and a description of the transaction including terms of the sale and the source of the data.

The income capitalization approach includes analysis of market rent, existing contract rent, competitive occupancy rates, existing property vacancy and forecast absorption, historical, current and market expenses, projected capital expenditures and the derived net operating income and cash flow. In this valuation, net operating income is converted to value under the direct capitalization and discounted cash flow methods. The following significant inputs were made available in the third-party appraisals of the MPT's real assets, the significant inputs by property type at December 31, 2013:

|                            | Weighted-Average<br>Discount Rate | One-Year<br>Capitalization rate |
|----------------------------|-----------------------------------|---------------------------------|
| Retail – Regional Mall     | 6.50%                             | 5.78%                           |
| Retail – Non-Regional Mall | 7.65%                             | 6.85%                           |
| Office                     | 7.06%                             | 5.00%                           |
| Industrial                 | 7.68%                             | 4.87%                           |
| Residential                | 7.32%                             | 4.79%                           |

The estimated fair values may vary significantly from the prices at which the properties would actually sell, since market prices of the investments can only be determined by negotiation between a willing buyer and seller. Management believes these estimates to be reasonable approximations of market prices.

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**DECEMBER 31, 2013 AND 2012**

*(dollars in thousands)*

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, 2012.

|                            | Equities | Fixed Income | Hedge Funds | Private Equity<br>Funds | Real Assets  | Total         |
|----------------------------|----------|--------------|-------------|-------------------------|--------------|---------------|
| Balance, beginning of year | \$ 3,804 | \$ 816,389   | \$ 8,881    | \$ 5,926,912            | \$ 5,243,318 | \$ 11,999,304 |
| Realized gains (losses)    | (1,314)  | 15,793       | —           | 459,334                 | 165,084      | 638,897       |
| Unrealized gains (losses)  | 1,412    | 60,462       | (1)         | 53,665                  | 90,339       | 205,877       |
| Transfers in               | 8        | 119,893      | —           | 12,329                  | 24,287       | 156,517       |
| Transfers out              | —        | (1,812)      | —           | —                       | —            | (1,812)       |
| Purchases                  | 1        | 141,886      | 311         | 609,863                 | 918,082      | 1,670,143     |
| Sales                      | (3,778)  | (88,121)     | (2,612)     | (1,246,980)             | (1,564,377)  | (2,905,868)   |
| Balance, end of year       | \$ 133   | \$ 1,064,490 | \$ 6,579    | \$ 5,815,123            | \$ 4,876,733 | \$ 11,763,058 |

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 derivatives may involve, in varying degrees, elements of credit and market risks in excess of more traditional investment holdings, such as equity and debt instruments. The contract or notional amounts disclosed in this footnote and the amounts of realized and unrealized gain and loss on derivative instruments during the period presented below provide a measure of the MPT's involvement in such instruments but are not indicative of potential loss. The intent is to use derivative financial instruments as investments to gain exposure to certain markets and as economic hedges to manage equity price and foreign currency exchange rate risk associated with the MPT's investments. 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 tables show the gross amounts of recognized financial assets and liabilities (i.e. before offsetting) and the amounts offset in the MPT statement of net assets. Financial assets and liabilities are only offset when the MPT currently has a legally enforceable right to set off the recognized amounts and the MPT intends to either settle on a net basis or realize the asset and settle the liability simultaneously. A right of set off is the MPT's legal right to settle an amount payable to a creditor by applying against it an amount receivable from the same counterparty. The relevant legal jurisdiction and laws applicable to the relationships between the parties need to be considered when assessing whether a current legally enforceable right to set off exists. The MPT has collateral held at the futures clearing house related to futures contracts in the tables below.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**DECEMBER 31, 2013 AND 2012**

*(dollars in thousands)*

As of December 31, 2013 gross and offset amounts reflected in the MPT statement was:

|                                                      | <b>Gross Amount<br/>Recognized</b> | <b>Gross Amount<br/>Offset</b> | <b>Net Amount<br/>Recognized</b> | <b>Cash Collateral<br/>received/<br/>(pledged)</b> | <b>Net Amount</b> |
|------------------------------------------------------|------------------------------------|--------------------------------|----------------------------------|----------------------------------------------------|-------------------|
| Forward foreign currency<br>exchange rate contracts: |                                    |                                |                                  |                                                    |                   |
| Assets                                               | \$ 2,603                           | \$ -                           | \$ 2,603                         | \$ -                                               | \$ 2,603          |
| Liabilities                                          | (4,744)                            | -                              | (4,744)                          | -                                                  | (4,744)           |
| Net                                                  | (2,141)                            | -                              | (2,141) <sup>1</sup>             | -                                                  | (2,141)           |
| Futures contracts:                                   |                                    |                                |                                  |                                                    |                   |
| Assets                                               |                                    |                                |                                  |                                                    |                   |
| Bond index                                           | 1,452,580                          | (1,456,816)                    | (4,236)                          | 14,772                                             | 10,536            |
| Equity index                                         | 2,436,470                          | (2,428,012)                    | 8,458                            | 122,447                                            | 130,905           |
| Interest rate                                        | 1,623,255                          | (1,623,596)                    | (341)                            | 2,999                                              | 2,658             |
| Liabilities                                          |                                    |                                |                                  |                                                    |                   |
| Bond index                                           | (1,897,322)                        | 1,899,228                      | 1,906                            | -                                                  | 1,906             |
| Equity index                                         | (57,132)                           | 57,132                         | -                                | (2,749)                                            | (2,749)           |
| Interest rate                                        | (35,298)                           | 35,268                         | (30)                             | -                                                  | (30)              |
| Net                                                  | 3,522,553                          | (3,516,796)                    | 5,757 <sup>2</sup>               | 137,469                                            | 143,226           |
| Options contracts:                                   |                                    |                                |                                  |                                                    |                   |
| Purchased options                                    | 342                                | -                              | 342 <sup>3</sup>                 | -                                                  | 342               |
| Written options                                      | (308)                              | -                              | (308) <sup>3</sup>               | -                                                  | (308)             |
| Net                                                  | 34                                 | -                              | 34                               | -                                                  | 34                |
| Total derivatives                                    | \$ 3,520,446                       | \$ (3,516,796)                 | \$ 3,650                         | \$ 137,469                                         | \$ 141,119        |

(1) These amounts are included within the balance of interest bearing investments and unrealized depreciation on foreign currency contracts of the Net Assets of the MPT.

(2) Recognized as variation margin receivable in the Net Assets of the MPT.

(3) Recognized as purchased options and written option payable in the Net Assets of the MPT.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2013 AND 2012**  
*(dollars in thousands)*

As of December 31, 2012 gross and offset amounts reflected in the MPT statement was:

|                                                      | <b>Gross Amount<br/>Recognized</b> | <b>Gross Amount<br/>Offset</b> | <b>Net Amount<br/>Recognized</b> | <b>Cash Collateral<br/>received/<br/>(pledged)</b> | <b>Net Amount</b> |
|------------------------------------------------------|------------------------------------|--------------------------------|----------------------------------|----------------------------------------------------|-------------------|
| Forward foreign currency<br>exchange rate contracts: |                                    |                                |                                  |                                                    |                   |
| Assets                                               | \$ 1,424                           | \$ -                           | \$ 1,424                         | \$ -                                               | \$ 1,424          |
| Liabilities                                          | (7,303)                            | -                              | (7,303)                          | -                                                  | (7,303)           |
| Net                                                  | (5,879)                            | -                              | (5,879) <sup>1</sup>             | -                                                  | (5,879)           |
| Futures contracts:                                   |                                    |                                |                                  |                                                    |                   |
| Assets                                               |                                    |                                |                                  |                                                    |                   |
| Bond index                                           | 701,618                            | (704,253)                      | (2,635)                          | 8,348                                              | 5,713             |
| Equity index                                         | 2,770,869                          | (2,701,340)                    | 69,529                           | 189,194                                            | 258,723           |
| Interest rate                                        | 484,501                            | (484,493)                      | 8                                | 132                                                | 140               |
| Liabilities                                          |                                    |                                |                                  |                                                    |                   |
| Bond index                                           | (1,773,601)                        | 1,775,728                      | 2,127                            | -                                                  | 2,127             |
| Equity index                                         | -                                  | -                              | -                                | (10)                                               | (10)              |
| Net                                                  | 2,183,387                          | (2,114,358)                    | 69,029 <sup>2</sup>              | 197,664                                            | 266,693           |
| Options contracts:                                   |                                    |                                |                                  |                                                    |                   |
| Purchased options                                    | 491                                | -                              | 491 <sup>3</sup>                 | -                                                  | 491               |
| Written options                                      | (4)                                | -                              | (4) <sup>3</sup>                 | -                                                  | (4)               |
| Net                                                  | 487                                | -                              | 487                              | -                                                  | 487               |
| <b>Total derivatives</b>                             | <b>\$ 2,177,995</b>                | <b>\$ (2,114,358)</b>          | <b>\$ 63,637</b>                 | <b>\$ 197,664</b>                                  | <b>\$ 261,301</b> |

(1) These amounts are included within the balance of interest bearing investments and unrealized depreciation on foreign currency contracts of the Net Assets of the MPT.

(2) Recognized as variation margin receivable in the Net Assets of the MPT.

(3) Recognized as purchased options and written option payable in the Net Assets of the MPT.

The following table presents the effect of realized and changes in unrealized gains (losses) with respect to these derivative instruments, by type of derivative. The gains (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.

|                                                     | <b>Year Ended<br/>December 31, 2013</b> | <b>Year Ended<br/>December 31, 2012</b> |
|-----------------------------------------------------|-----------------------------------------|-----------------------------------------|
| Futures contracts                                   | \$ 363,233                              | \$ 372,465                              |
| Option contracts                                    | \$ 2,291                                | \$ (222)                                |
| Forward foreign currency exchange rate<br>contracts | \$ 4,013                                | \$ (10,358)                             |

**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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2013 AND 2012**  
*(dollars in thousands)*

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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 receivable or 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, 2013 AND 2012

(dollars in thousands)

At December 31, 2013, open futures contracts held in the MPT were as follows:

| Risk Type     | Type of Contract         | Number of<br>Contracts |            | Notional    |            |
|---------------|--------------------------|------------------------|------------|-------------|------------|
|               |                          | Buy/(Sell)             | Expiration | Value       | Fair Value |
| Bond Index    | US Long Bonds CBT Future | 2,664                  | Mar-14     | 347,095     | (5,270)    |
| Bond Index    | U.S. 10-Year Note Future | 2,341                  | Mar-14     | 292,984     | (4,932)    |
| Bond Index    | U.S. 2-Year Note Future  | 855                    | Mar-14     | 188,294     | (354)      |
| Bond Index    | US Ultra Bond CBT Future | 3,002                  | Mar-14     | 416,641     | (7,618)    |
| Bond Index    | U.S. 5-Year Note Future  | 1,626                  | Mar-14     | 196,543     | (2,541)    |
| Bond Index    | Euro Bond Future         | 167                    | Mar-14     | 31,895      | (157)      |
| Bond Index    | US Long Bonds CBT Future | (909)                  | Mar-14     | (118,816)   | 2,180      |
| Bond Index    | US Ultra Bond CBT Future | (682)                  | Mar-14     | (95,159)    | 2,237      |
| Bond Index    | 10-Year Notes CBT Future | (2,438)                | Mar-14     | (304,259)   | 4,271      |
| Bond Index    | 2-Year Notes CBT Future  | (3,403)                | Mar-14     | (749,032)   | 1,010      |
| Bond Index    | 5-Year Notes CBT Future  | (5,362)                | Mar-14     | (646,988)   | 7,234      |
| Equity Index  | Russell 1000 Mini Future | 995                    | Mar-14     | 98,105      | 4,032      |
| Equity Index  | Russell 2000 Mini Future | 1,526                  | Mar-14     | 169,119     | 8,111      |
| Equity Index  | Mini MSCI EAFE Future    | 25                     | Mar-14     | 2,271       | 127        |
| Equity Index  | Mini MSCI EAFE Future    | 13                     | Mar-14     | 640         | 21         |
| Equity Index  | Taiwan Index Future      | 85                     | Jan-14     | 2,523       | 54         |
| Equity Index  | S&P 400 EMINI Future     | 1,224                  | Mar-14     | 158,092     | 5,850      |
| Equity Index  | S&P 500 Future           | 1,928                  | Mar-14     | 855,571     | 31,839     |
| Equity Index  | S&P 500 EMINI Future     | 11,920                 | Mar-14     | 1,060,526   | 36,769     |
| Equity Index  | SGX CNX Nifty Future     | 222                    | Jan-14     | 2,818       | 2          |
| Equity Index  | SPI 200 Futures          | (29)                   | Mar-14     | (3,450)     | 1          |
| Equity Index  | FTSE 100 (New Style)     | (90)                   | Mar-14     | (9,952)     | (10)       |
| Equity Index  | S&P 60 IX Futures        | (31)                   | Mar-14     | (4,528)     | (14)       |
| Equity Index  | CAC 40 Index             | (82)                   | Jan-14     | (4,847)     | (22)       |
| Equity Index  | DAX Index Future         | (15)                   | Mar-14     | (4,977)     | 0          |
| Equity Index  | Euro Stoxx 50            | (119)                  | Mar-14     | (5,112)     | 3          |
| Equity Index  | FTSE/MIB Future          | (9)                    | Mar-14     | (1,182)     | (1)        |
| Equity Index  | Future AEX Index         | (14)                   | Jan-14     | (1,548)     | (9)        |
| Equity Index  | IBEX 35 Index            | (12)                   | Jan-14     | (1,637)     | 0          |
| Equity Index  | Hang Seng Index          | (11)                   | Jan-14     | (1,654)     | (1)        |
| Equity Index  | Topix Index              | (135)                  | Mar-14     | (16,746)    | 5          |
| Equity Index  | OMXS30 Ind Future        | (70)                   | Jan-14     | (1,454)     | 0          |
| Interest Rate | 90 Day Eurodollar Future | 43                     | Jun-15     | 14,411      | (18)       |
| Interest Rate | 90 Day Eurodollar Future | 43                     | Mar-15     | 14,421      | (13)       |
| Interest Rate | 90 Day Eurodollar Future | 43                     | Sep-15     | 14,399      | (22)       |
| Interest Rate | 90 Day Eurodollar Future | 43                     | Dec-15     | 14,428      | (9)        |
| Interest Rate | 90 Day Eurodollar Future | 215                    | Dec-14     | 53,529      | (10)       |
| Interest Rate | 90 Day Eurodollar Future | 2,157                  | Dec-15     | 533,866     | (682)      |
| Interest Rate | 90 Day Eurodollar Future | 156                    | Dec-16     | 37,959      | 123        |
| Interest Rate | 90 Day Eurodollar Future | 587                    | Jun-15     | 145,879     | (120)      |
| Interest Rate | 90 Day Eurodollar Future | 193                    | Jun-16     | 47,515      | (107)      |
| Interest Rate | 90 Day Eurodollar Future | 33                     | Mar-15     | 8,204       | 2          |
| Interest Rate | 90 Day Eurodollar Future | 707                    | Mar-16     | 174,601     | (378)      |
| Interest Rate | 90 Day Eurodollar Future | 80                     | Mar-17     | 19,389      | 83         |
| Interest Rate | 90 Day Eurodollar Future | 1,499                  | Sep-15     | 371,308     | 182        |
| Interest Rate | 90 Day Eurodollar Future | 126                    | Jun-17     | 30,470      | 112        |
| Interest Rate | 90 Day Eurodollar Future | 587                    | Sep-16     | 143,236     | 498        |
| Interest Rate | 90 Day Eurodollar Future | (16)                   | Jun-15     | (3,973)     | 0          |
| Interest Rate | 90 Day Eurodollar Future | (24)                   | Jun-16     | (5,896)     | 1          |
| Interest Rate | 90 Day Eurodollar Future | (102)                  | Mar-14     | (25,412)    | (18)       |
|               | Total                    |                        |            | \$3,440,110 | \$82,441   |

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**DECEMBER 31, 2013 AND 2012**

*(dollars in thousands)*

At December 31, 2012, open futures contracts held in the MPT were as follows:

| <b>Risk Type</b> | <b>Type of Contract</b>  | <b>Number of<br/>Contracts<br/>Buy/(Sell)</b> | <b>Expiration</b> | <b>Cost/Notional<br/>Value</b> | <b>Fair Value</b> |
|------------------|--------------------------|-----------------------------------------------|-------------------|--------------------------------|-------------------|
| Bond Index       | Long Gilt Future         | 64                                            | Mar-13            | 12,201                         | (27)              |
| Bond Index       | US Long Bonds CBT Future | 1,314                                         | Mar-13            | 217,759                        | (4,112)           |
| Bond Index       | U.S. 10-Year Note Future | 1,267                                         | Mar-13            | 169,115                        | (881)             |
| Bond Index       | U.S. 2-Year Note Future  | 585                                           | Mar-13            | 128,943                        | 32                |
| Bond Index       | US Long Bonds CBT Future | 843                                           | Mar-13            | 125,752                        | (1,409)           |
| Bond Index       | U.S. 5-Year Note Future  | 436                                           | Mar-13            | 54,310                         | (65)              |
| Bond Index       | Euro Bond Future         | (73)                                          | Mar-13            | (13,699)                       | (98)              |
| Bond Index       | US Long Bonds CBT Future | (1,039)                                       | Mar-13            | (154,681)                      | 1,429             |
| Bond Index       | US Ultra Bond CBT Future | (684)                                         | Mar-13            | (113,230)                      | 2,016             |
| Bond Index       | 10-Year Notes CBT Future | (2,678)                                       | Mar-13            | (356,720)                      | 1,132             |
| Bond Index       | 2-Year Notes CBT Future  | (904)                                         | Mar-13            | (199,219)                      | (85)              |
| Bond Index       | 5-Year Notes CBT Future  | (7,559)                                       | Mar-13            | (940,389)                      | (56)              |
| Equity Index     | Russell 1000 Mini Future | 1,354                                         | Mar-13            | 105,830                        | 730               |
| Equity Index     | Russell 2000 Mini Future | 2,233                                         | Mar-13            | 183,715                        | 5,331             |
| Equity Index     | Mini MSCI EAFE Future    | 160                                           | Mar-13            | 12,687                         | 275               |
| Equity Index     | Mini MSCI EAFE Future    | 135                                           | Mar-13            | 7,047                          | 199               |
| Equity Index     | Taiwan Index Future      | 85                                            | Jan-13            | 2,303                          | 34                |
| Equity Index     | S&P 400 EMINI Future     | 1,804                                         | Mar-13            | 181,042                        | 2,623             |
| Equity Index     | S&P 500 Future           | 3,180                                         | Mar-13            | 1,128,212                      | 768               |
| Equity Index     | S&P 500 EMINI Future     | 16,019                                        | Mar-13            | 1,136,457                      | 972               |
| Equity Index     | SGX CNX Nifty Future     | 222                                           | Jan-13            | 2,635                          | 9                 |
| Interest Rate    | 90 Day Eurodollar Future | 13                                            | Dec-14            | 4,167                          | 11                |
| Interest Rate    | 90 Day Eurodollar Future | 5                                             | Jun-15            | 1,621                          | —                 |
| Interest Rate    | 90 Day Eurodollar Future | 6                                             | Mar-15            | 1,947                          | —                 |
| Interest Rate    | 90 Day Eurodollar Future | 8                                             | Sep-15            | 2,582                          | 3                 |
| Interest Rate    | 90 Day Eurodollar Future | 560                                           | Dec-15            | 138,790                        | (29)              |
| Interest Rate    | 90 Day Eurodollar Future | 674                                           | Jun-15            | 167,194                        | 143               |
| Interest Rate    | 90 Day Eurodollar Future | 9                                             | Jun-16            | 2,225                          | (1)               |
| Interest Rate    | 90 Day Eurodollar Future | 166                                           | Mar-16            | 41,097                         | (16)              |
| Interest Rate    | 90 Day Eurodollar Future | 496                                           | Sep-15            | 123,125                        | (86)              |
| Interest Rate    | 90 Day Eurodollar Future | 7                                             | Sep-16            | 1,728                          | (1)               |
|                  | Total                    |                                               |                   | <b>\$2,174,546</b>             | <b>\$8,841</b>    |

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)****DECEMBER 31, 2013 AND 2012***(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, 2013 the total number of written options held by the MPT was:

| <b>Risk Type</b> | <b>Type of Contract</b> | <b>Number of Contracts</b> | <b>Cost(Premium paid)</b> | <b>Notional Value</b> | <b>Fair Value</b> |
|------------------|-------------------------|----------------------------|---------------------------|-----------------------|-------------------|
| Interest Rate    | US Dollar Options       | (631)                      | \$ (317)                  | \$ (10,752)           | \$ (230)          |
| Foreign Exchange | Foreign Exchange Option | (33,350,000)               | (367)                     | 798                   | (78)              |
|                  | Total                   | (33,350,631)               | \$ (684)                  | \$ (9,954)            | \$ (308)          |

As of December 31, 2012, the total number of written options held by the MPT was:

| <b>Risk Type</b> | <b>Type of Contract</b> | <b>Number of Contracts</b> | <b>Cost(Premium paid)</b> | <b>Notional Value</b> | <b>Fair Value</b> |
|------------------|-------------------------|----------------------------|---------------------------|-----------------------|-------------------|
| Interest Rate    | US Dollar Options       | (142)                      | \$ (8)                    | \$ 35,056             | \$ (4)            |
|                  | Total                   | (142)                      | \$ (8)                    | \$ 35,056             | \$ (4)            |

As of December 31, 2013, the total number of purchased options held by the MPT was:

| <b>Risk Type</b> | <b>Type of Contract</b> | <b>Number of Contracts</b> | <b>Cost(Premium received)</b> | <b>Notional Value</b> | <b>Fair Value</b> |
|------------------|-------------------------|----------------------------|-------------------------------|-----------------------|-------------------|
| Currency         | Foreign Exchange Option | 33,350,000                 | \$ 136                        | \$ (797,833)          | \$ 78             |
| Interest Rate    | US Dollar Options       | 294                        | 246                           | 21,943,000            | 264               |
|                  | Total                   | 33,350,294                 | \$ 382                        | \$ 21,145,167         | \$ 342            |

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2013 AND 2012**  
*(dollars in thousands)*

As of December 31, 2012, 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 | 16,775,000          | \$ 146                 | \$ (29,206)    | \$ 64      |
| Interest Rate | Treasury note Option    | 986                 | 406                    | (3,478)        | 219        |
|               | Interest Rate Swaption  | 19,130,000          | -                      | -              | 208        |
|               | Total                   | 35,905,986          | \$ 552                 | \$ (32,684)    | \$ 491     |

**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 2013, foreign currency contracts (asset) for 2012 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, 2013 and 2012, the foreign currency contracts held by the MPT were:

|                        | Notional Value |              | Fair Value |            |
|------------------------|----------------|--------------|------------|------------|
|                        | 2013           | 2012         | 2013       | 2012       |
| Derivative assets      | \$ 662,930     | \$ 502,827   | \$ 2,603   | \$ 1,424   |
| Derivative liabilities | \$ (662,930)   | \$ (502,827) | \$ (4,744) | \$ (7,303) |

**Securities Lending**

During 2013 and 2012, 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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2013 AND 2012**  
*(dollars in thousands)*

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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. In the event the counterparty is unable to meet its contractual obligation under the securities lending arrangement, the MPT may incur losses equal to the amount by which the market value of the securities differ from the amount of collateral held. The MPT mitigates credit risk associated with securities lending arrangements by monitoring the fair value of the securities loaned on a daily basis, with additional collateral obtained or refunded as necessary. None of the securities lending arrangements provide for offsetting.

The MPT classifies the loaned securities as investments because it maintains effective control over the transferred financial assets. Since the securities received as collateral may be repledged or sold, the MPT recognizes the amount of collateral received and a corresponding obligation to return such collateral on the statement of net assets available for benefits. Securities on loan and collateral held under this program at December 31, 2013 and 2012 are reported on the accompanying MPT statements of net assets available for benefits at December 31, 2013 and 2012. The fair value of securities on loan was \$3,384,102 and \$2,758,117 as of December 31, 2013 and 2012 and the value of collateral held was \$3,464,293 and \$2,798,441 at December 31, 2013 and 2012. The reported collateral includes noncash holdings of \$1,019,736 and \$1,156,026 at December 31, 2013 and 2012. The amount of income earned for the years ended December 31, 2013 and 2012 was \$6,302 and \$12,665.

**Related-Party Transactions**

At December 31, 2013 and 2012, the MPT held \$77,141 and \$45,840 in AT&T common stock and \$17,887 and \$27,080 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 and Other 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 \$285,000. 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 former investment manager during 2006 and 2007, which was subsequently returned to the account, with interest. AT&T is currently working with the former 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.

Management evaluated subsequent events for the Pension Plans through September 2, 2014, the date the financial statements were available to be issued.

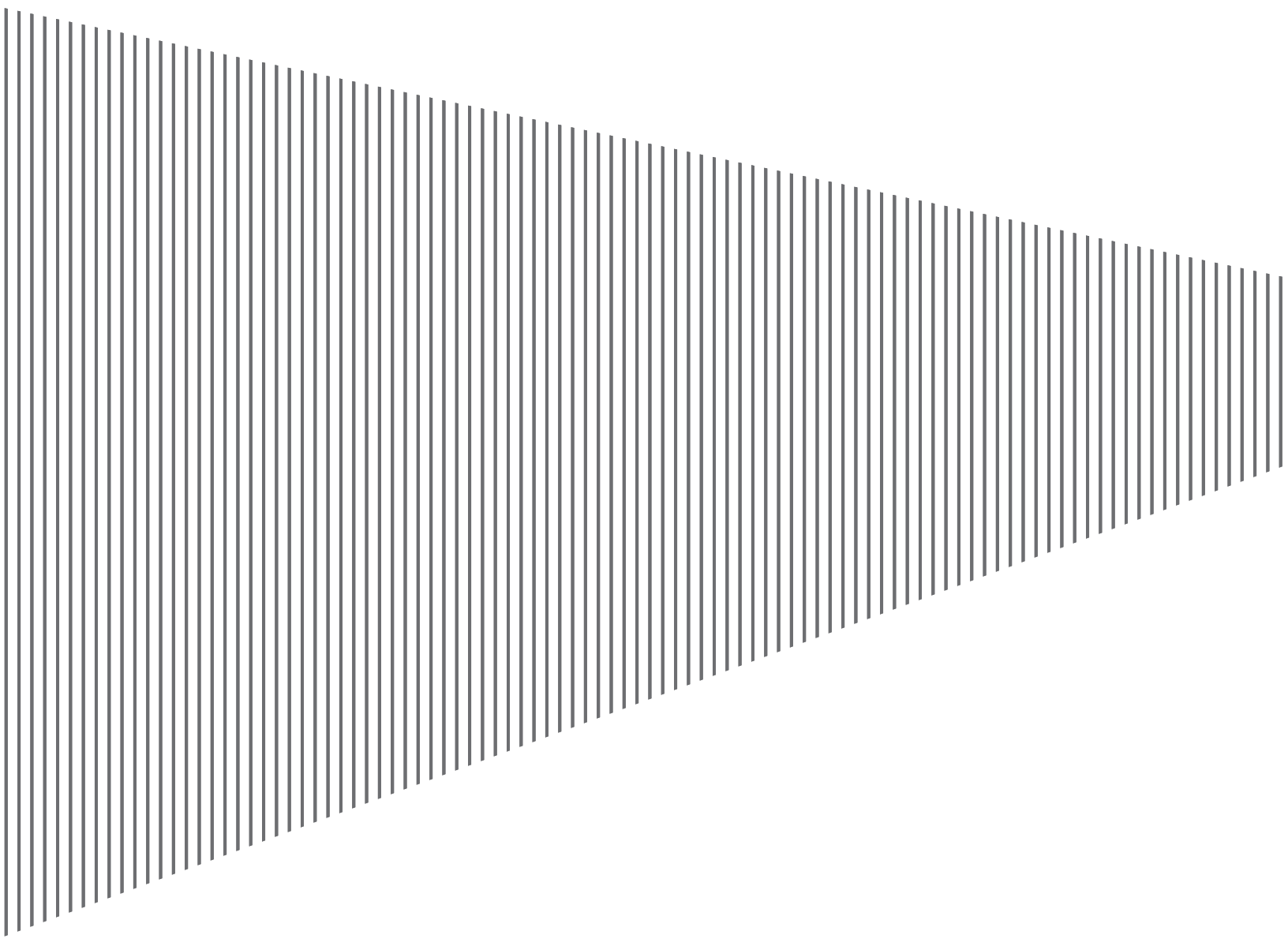
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**EIN 43-1301883/PN 007**

**AT&T Puerto Rico Pension Benefit Plan**  
**Summary of Attachments to 2013 Form 5500 Schedule SB**

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| Attachments | Description                                                              |
|-------------|--------------------------------------------------------------------------|
| Line 3      | Description of Funding Target/Participant Count breakdown                |
| Line 19     | Discounted Employer Contributions                                        |
| Line 22     | Description of Weighted Average Retirement Age                           |
| Part V      | Statement of Actuarial Assumptions/Methods<br>Summary of Plan Provisions |
| Line 24     | Change in Actuarial Assumptions                                          |
| Line 26     | Schedule of Active Participant Data                                      |

**EIN 43-1301883/PN 007**

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

**2013 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 007

**AT&T Puerto Rico Pension Benefit Plan**  
**2013 Schedule SB, Line 19 — Discounted Employer Contributions**

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**Discounted Employer Contributions**

| <u>Date of<br/>Contribution<br/>(mm/dd/yyyy)</u> | <u>Amount paid by<br/>employer(s)</u> | <u>Year<br/>Applied</u> | <u>Effective Interest<br/>Rate</u> | <u>Interest Adjusted<br/>Contribution as of<br/>January 1, 2013</u> | <u>Period during which rate(s) apply</u> |
|--------------------------------------------------|---------------------------------------|-------------------------|------------------------------------|---------------------------------------------------------------------|------------------------------------------|
| 9/15/2014                                        | \$1,340,000.00                        | 2013                    | 6.64%                              | \$1,201,000.00                                                      | 1/1/2013 - 9/15/2014                     |

**AT&T Puerto Rico Pension Benefit Plan**  
**2013 Schedule SB, Line 22 — Description of Weighted Average Retirement Age**

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**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. These rates have not changed from the prior year.

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.

**EIN 43-1301883/PN 007**

**AT&T Puerto Rico Pension Benefit Plan**  
**2013 Schedule SB, Part V — Statement of Actuarial Assumptions/Methods**

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**Description of Actuarial Assumptions**

The following pages fully describe the actuarial assumptions used to calculate the amounts shown in the Schedule SB.



### Summary of actuarial assumptions

|                                                               | 2013  | 2012  |
|---------------------------------------------------------------|-------|-------|
| <b>Effective interest rates for minimum funding</b>           |       |       |
| AT&T PR PBP                                                   | 6.64% | 7.00% |
| <b>Segment rates for minimum funding*</b>                     |       |       |
| 1st segment rate (years 0 to 4)                               | 5.23% | 5.54% |
| 2nd segment rate (years 5 to 19)                              | 6.51% | 6.85% |
| 3rd segment rate (years 20 and after)                         | 7.16% | 7.52% |
| <b>Segment rates for purposes other than minimum funding*</b> |       |       |
| 1st segment rate (years 0 to 4)                               | 1.75% | 2.06% |
| 2nd segment rate (years 5 to 19)                              | 4.62% | 5.25% |
| 3rd segment rate (years 20 and after)                         | 5.72% | 6.32% |
| <b>PBGC segment rates**</b>                                   |       |       |
| PBGC 1st segment rate (years 0 to 4)                          | 1.75% | 2.06% |
| PBGC 2nd segment rate (years 5 to 19)                         | 4.62% | 5.25% |
| PBGC 3rd segment rate (years 20 and after)                    | 5.72% | 6.32% |

\* The August segment rates (published in September) were used for both the 2013 and 2012 plan year. Beginning in 2012, each of the segment rates for minimum funding were adjusted as needed to fall within the 25-year average interest rate corridor under MAP-21. AT&T Inc. did not elect to defer the MAP-21 corridor extension under the Highway and Transportation Funding Act of 2014 (HATFA) for 2013 purposes.

\*\* The alternate method interest rates (i.e., Funding Target Liability interest rates) were used.



**Summary of actuarial assumptions  
 (continued)**

|                                                          | <b>2013</b>                        | <b>2012</b>                        |
|----------------------------------------------------------|------------------------------------|------------------------------------|
| <b>30-year treasury lump sum conversion rate</b>         |                                    |                                    |
| Legacy AT&T Management, Legacy AT&T Bargained            | 2.77% in 2013 and 2.80% thereafter | 3.65% in 2012 and 3.80% thereafter |
| All others                                               | 2.80%                              | 3.02% in 2012 and 3.80% thereafter |
| <b>417(e)(3) PPA effective lump sum conversion rate*</b> | 4.30%                              | 5.30%                              |
| <b>Cash balance crediting rate</b>                       |                                    |                                    |
| AT&T Legacy Bargained                                    | 3.75%                              | 3.02% in 2012 and 3.80% thereafter |
| All others                                               | 2.80%                              | 3.02% in 2012 and 3.80% thereafter |

\* 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.



## Summary of actuarial assumptions (continued)

### Other assumptions

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#### Form of payment

■ **AT&T PR PBP Mobility 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.

■ **Legacy AT&T nonbargained employees**

| Employees eligible for retirement |               |
|-----------------------------------|---------------|
| Age                               | Lump sum rate |
| All                               | 50%           |

| 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.

#### Maximum earnings

For 2013: \$255,000.

#### Maximum benefit

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



## **Summary of actuarial assumptions (continued)**

### **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 2013 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 2013.

### **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.



### Demographic assumptions – AT&T PR PBP

|                                  | Legacy AT&T                     |                                 | AT&T Mobility                   |                                 |
|----------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
|                                  | Bargained                       | Nonbargained                    | Bargained                       | Nonbargained                    |
| Expected rate of salary increase | Exhibit A-1                     | Exhibit A-2                     | Exhibit A-1                     | Exhibit A-2                     |
| Retirement rates                 | Exhibit B-1                     | Exhibit B-2                     | Exhibit B-3                     | Exhibit B-4                     |
| Withdrawal rates                 | Exhibit C-1                     | Exhibit C-2                     | Exhibit C-3                     | Exhibit C-4                     |
| Disability rates                 | Exhibit D-1                     | Exhibit D-2                     | Exhibit D-3                     | Exhibit D-4                     |
| Mortality rates*                 |                                 |                                 |                                 |                                 |
| - Healthy                        | Prescribed                      | Prescribed                      | Prescribed                      | Prescribed                      |
| - Disabled                       | Prescribed                      | Prescribed                      | Prescribed                      | Prescribed                      |
| Mortality for lump sum option    | 417(e)(3) PPA mortality         | 417(e)(3) PPA mortality         | 417(e)(3) PPA mortality         | 417(e)(3) PPA mortality         |
| Percent married                  |                                 |                                 |                                 |                                 |
| -Active employees                | 80% for male;<br>55% for female | 80% for male;<br>55% for female | 80% for male;<br>55% for female | 80% for male;<br>55% for female |
| -Retired employees               | N/A                             | N/A                             | N/A                             | N/A                             |

\* For funding, the mortality table, in accordance with Treasury regulations 1.430(h)(3), is the prescribed 2013 static mortality table, with separate rates for annuitants and non-annuitants.



Exhibit A-1

EIN 43-1301883/PN 007  
AT&T Puerto Rico Pension Benefit Plan  
Attachment to 2013 Schedule SB, Part V

**Annual rates of salary increase  
Bargained employees**

| Years of<br>service | Annual<br>increase |
|---------------------|--------------------|
| 0 - 1               | 10.00%             |
| 1 - 2               | 10.00              |
| 2 - 3               | 10.00              |
| 3 - 4               | 10.00              |
| 4 - 5               | 10.00              |
| 5 & over            | 2.50               |



Exhibit A-2

**Annual rates of salary increase  
 Nonbargained employees (as of December 31, 2011)**

| 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            |           |                 |



Exhibit A-2 (continued)

**Annual rates of salary increase  
 Nonbargained employees (as of December 31, 2012)**

| Age | Annual increase | Age | Annual increase | Age       | Annual increase |
|-----|-----------------|-----|-----------------|-----------|-----------------|
| 15  | 14.00%          | 35  | 4.40%           | 55        | 2.81%           |
| 16  | 14.00           | 36  | 4.20            | 56        | 2.78            |
| 17  | 14.00           | 37  | 4.00            | 57        | 2.75            |
| 18  | 13.40           | 38  | 3.90            | 58        | 2.72            |
| 19  | 12.80           | 39  | 3.80            | 59        | 2.69            |
| 20  | 12.20           | 40  | 3.70            | 60        | 2.66            |
| 21  | 11.60           | 41  | 3.60            | 61        | 2.63            |
| 22  | 11.00           | 42  | 3.50            | 62        | 2.60            |
| 23  | 10.40           | 43  | 3.40            | 63        | 2.60            |
| 24  | 9.80            | 44  | 3.30            | 64        | 2.60            |
| 25  | 9.20            | 45  | 3.20            | 65        | 2.60            |
| 26  | 8.60            | 46  | 3.10            | 66        | 2.60            |
| 27  | 8.00            | 47  | 3.00            | 67        | 2.60            |
| 28  | 7.40            | 48  | 2.98            | 68        | 2.60            |
| 29  | 6.80            | 49  | 2.96            | 69        | 2.60            |
| 30  | 6.20            | 50  | 2.94            | 70 & over | 2.60            |
| 31  | 5.60            | 51  | 2.92            |           |                 |
| 32  | 5.00            | 52  | 2.90            |           |                 |
| 33  | 4.80            | 53  | 2.87            |           |                 |
| 34  | 4.60            | 54  | 2.84            |           |                 |



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



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



Exhibit B-3

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

| Age        | Male                        |                             | Female                      |                             |
|------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|            | 20 - 29 years<br>of service | Over 30 years<br>of service | 20 - 29 years<br>of service | Over 30 years<br>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



Exhibit B-4

EIN 43-1301883/PN 007  
AT&T Puerto Rico Pension Benefit Plan  
Attachment to 2013 Schedule SB, Part V

**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 |



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 |



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 |



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 |



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 |



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  |                     |       |        |



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 |



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 |



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 |



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 |



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  |                     |       |        |



Exhibit C-3

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

| Select rates of withdrawal<br>(based on near years of service) |       |        | Ultimate rates of withdrawal<br>(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 |           |        |        |



Exhibit C-4

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

| Select rates of withdrawal*<br>(based on near years of service) |        | Ultimate rates of withdrawal<br>(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



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 |           |        |        |



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 |           |        |        |



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 |           |        |        |



Exhibit D-4

EIN 43-1301883/PN 007  
AT&T Puerto Rico Pension Benefit Plan  
Attachment to 2013 Schedule SB, Part V

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

| Age | Male    | Female  |
|-----|---------|---------|
| All | 0.00051 | 0.00103 |



## Actuarial methods Funding

### **Actuarial methods**

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#### **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 and PBGC premium funding target 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 assumptions is the ERISA funding target 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.

Per Treasury regulation section 1.430(d)-1(f)(4)(iii), the liabilities for the funding valuation are determined using the annuity substitution method.

#### **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 007**

**AT&T Puerto Rico Pension Benefit Plan**  
**2013 Schedule SB, Part V — Statement of Actuarial Assumptions/Methods**

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**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.

**EIN 43-1301883/PN 007**

**AT&T Puerto Rico Pension Benefit Plan  
2013 Schedule SB, Part V — Statement of Plan Provisions**

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**Description of Plan Provisions**

The following pages fully describe the plan provisions used to calculate the amounts shown in the Schedule SB.



## **Summary of plan provisions AT&T Puerto Rico Pension Benefit Plan**

### **Effective date**

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The AT&T Pension Plan and Cingular Wireless Pension Plan were merged into the AT&T Puerto Rico Pension Benefit Plan on December 31, 2009. All programs were last restated effective January 1, 2012.

### **Contributions**

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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**

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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.

### **Changes from prior plan year**

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- Updated pension band tables for certain groups within the PR ALB program.
- Additional cash balance credits granted to participants in PR ALB program in 2012 and 2013.
- Effective January 1, 2013, a minimum interest credit of 3.75% applies to certain participants in the PR ALB program.



## Summary of plan provisions AT&T Legacy Bargained Program of the AT&T Puerto Rico Pension Benefit Plan

### Employees eligible for participation

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Any (i) Puerto Rico employee represented by a union which agrees to the pension plan, (ii) Puerto Rico nonsalaried employee whose position is subject to wage progression or who is paid weekly or biweekly, (iii) Puerto Rico nonsalaried employee temporarily promoted to a salaried management position, (iv) Puerto Rico salaried-graded employee, or (v) Puerto Rico 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 April 1, 2010, employees hired or rehired on or after on or after August 8, 2009 are not eligible.

### Definitions

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#### 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 18<sup>th</sup> 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 now 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 December 31, 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.



#### **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**

After January 1, 2010, 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%. Effective January 1, 2013, the interest crediting rate shall not be less than 3.75%.

##### ■ **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. The credit is shown in the following table:

| <b>NCS<br/>(in whole years)</b> | <b>Differential pay<br/>credit</b> |
|---------------------------------|------------------------------------|
| 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.

■ **Additional credits**

On December 31, 2012, an additional credit was added to the account of certain participants represented by the Communications Workers of America. The additional credit is shown in the tables based on pension band amounts and Net Credited Service.

**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.

#### **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**

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##### **Eligibility**

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

##### **Forms of payment**

Single life annuity or cash payment under same conditions as Cash Balance Formula Benefit.

##### **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**

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**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.

**Forms of payment**

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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**

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No benefits are excluded that would materially affect the liabilities.



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

| Pension<br>Band | Terminations                                      |                                                   |                         | Pension<br>Band | Terminations                                      |                                                   |                         |
|-----------------|---------------------------------------------------|---------------------------------------------------|-------------------------|-----------------|---------------------------------------------------|---------------------------------------------------|-------------------------|
|                 | On or after<br>1/1/2013 and<br>before<br>1/1/2014 | On or after<br>1/1/2014 and<br>before<br>1/1/2015 | On or after<br>1/1/2015 |                 | On or after<br>1/1/2013 and<br>before<br>1/1/2014 | On or after<br>1/1/2014 and<br>before<br>1/1/2015 | On or after<br>1/1/2015 |
| 101             | \$38.00                                           | \$38.38                                           | \$38.76                 | 119             | \$66.88                                           | \$67.55                                           | \$68.23                 |
| 102             | 39.59                                             | 39.99                                             | 40.39                   | 120             | 68.46                                             | 69.14                                             | 69.83                   |
| 103             | 41.21                                             | 41.62                                             | 42.04                   | 121             | 70.05                                             | 70.75                                             | 71.46                   |
| 104             | 42.78                                             | 43.21                                             | 43.64                   | 122             | 71.69                                             | 72.41                                             | 73.13                   |
| 105             | 44.41                                             | 44.85                                             | 45.30                   | 123             | 73.25                                             | 73.98                                             | 74.72                   |
| 106             | 46.02                                             | 46.48                                             | 46.94                   | 124             | 74.88                                             | 75.63                                             | 76.39                   |
| 107             | 47.67                                             | 48.15                                             | 48.63                   | 125             | 76.51                                             | 77.28                                             | 78.05                   |
| 108             | 49.25                                             | 49.74                                             | 50.24                   | 126             | 78.08                                             | 78.86                                             | 79.65                   |
| 109             | 50.87                                             | 51.38                                             | 51.89                   | 127             | 79.69                                             | 80.49                                             | 81.29                   |
| 110             | 52.45                                             | 52.97                                             | 53.50                   | 128             | 81.28                                             | 82.09                                             | 82.91                   |
| 111             | 54.07                                             | 54.61                                             | 55.16                   | 129             | 82.89                                             | 83.72                                             | 84.56                   |
| 112             | 55.64                                             | 56.20                                             | 56.76                   | 130             | 84.49                                             | 85.33                                             | 86.18                   |
| 113             | 57.27                                             | 57.84                                             | 58.42                   | 131             | 86.11                                             | 86.97                                             | 87.84                   |
| 114             | 58.84                                             | 59.43                                             | 60.02                   | 132             | 87.70                                             | 88.58                                             | 89.47                   |
| 115             | 60.46                                             | 61.06                                             | 61.67                   | 133             | 89.29                                             | 90.18                                             | 91.08                   |
| 116             | 62.08                                             | 62.70                                             | 63.33                   | 134             | 90.95                                             | 91.86                                             | 92.78                   |
| 117             | 63.66                                             | 64.30                                             | 64.94                   | 135             | 92.50                                             | 93.43                                             | 94.36                   |
| 118             | 65.28                                             | 65.93                                             | 66.59                   |                 |                                                   |                                                   |                         |



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

| Pension<br>Band | On or after 1/1/2013 and before 1/1/2014<br>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             | \$1,072                                                                                                | \$1,252 | \$1,428 | \$1,785 | \$2,143 | \$2,506 | \$3,038 | \$3,571 |
| 102             | 1,109                                                                                                  | 1,297   | 1,485   | 1,853   | 2,224   | 2,602   | 3,150   | 3,708   |
| 103             | 1,157                                                                                                  | 1,352   | 1,542   | 1,929   | 2,311   | 2,699   | 3,281   | 3,857   |
| 104             | 1,201                                                                                                  | 1,403   | 1,604   | 2,004   | 2,401   | 2,799   | 3,401   | 4,003   |
| 105             | 1,246                                                                                                  | 1,453   | 1,667   | 2,080   | 2,485   | 2,905   | 3,533   | 4,154   |
| 106             | 1,284                                                                                                  | 1,504   | 1,716   | 2,143   | 2,568   | 3,006   | 3,645   | 4,290   |
| 107             | 1,333                                                                                                  | 1,553   | 1,773   | 2,218   | 2,669   | 3,106   | 3,776   | 4,434   |
| 108             | 1,373                                                                                                  | 1,604   | 1,835   | 2,294   | 2,754   | 3,213   | 3,897   | 4,585   |
| 109             | 1,423                                                                                                  | 1,659   | 1,892   | 2,367   | 2,843   | 3,313   | 4,028   | 4,734   |
| 110             | 1,458                                                                                                  | 1,704   | 1,948   | 2,435   | 2,926   | 3,407   | 4,139   | 4,874   |
| 111             | 1,509                                                                                                  | 1,760   | 2,010   | 2,512   | 3,012   | 3,514   | 4,266   | 5,016   |
| 112             | 1,547                                                                                                  | 1,804   | 2,067   | 2,586   | 3,101   | 3,621   | 4,390   | 5,166   |
| 113             | 1,597                                                                                                  | 1,860   | 2,123   | 2,657   | 3,196   | 3,720   | 4,516   | 5,316   |
| 114             | 1,635                                                                                                  | 1,910   | 2,181   | 2,725   | 3,276   | 3,814   | 4,634   | 5,450   |
| 115             | 1,679                                                                                                  | 1,960   | 2,235   | 2,799   | 3,362   | 3,921   | 4,759   | 5,601   |
| 116             | 1,723                                                                                                  | 2,017   | 2,300   | 2,876   | 3,451   | 4,028   | 4,890   | 5,749   |
| 117             | 1,773                                                                                                  | 2,060   | 2,361   | 2,949   | 3,538   | 4,128   | 5,011   | 5,900   |
| 118             | 1,809                                                                                                  | 2,110   | 2,418   | 3,019   | 3,621   | 4,222   | 5,131   | 6,032   |



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

| Pension<br>Band | On or after 1/1/2013 and before 1/1/2014                   |         |         |         |         |         |         |         |
|-----------------|------------------------------------------------------------|---------|---------|---------|---------|---------|---------|---------|
|                 | 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             | \$1,853                                                    | \$2,166 | \$2,473 | \$3,096 | \$3,708 | \$4,328 | \$5,254 | \$6,182 |
| 120             | 1,897                                                      | 2,218   | 2,529   | 3,162   | 3,802   | 4,429   | 5,387   | 6,332   |
| 121             | 1,942                                                      | 2,267   | 2,592   | 3,238   | 3,891   | 4,540   | 5,507   | 6,482   |
| 122             | 1,980                                                      | 2,311   | 2,642   | 3,307   | 3,971   | 4,634   | 5,619   | 6,613   |
| 123             | 2,029                                                      | 2,367   | 2,705   | 3,381   | 4,058   | 4,734   | 5,749   | 6,764   |
| 124             | 2,080                                                      | 2,424   | 2,769   | 3,458   | 4,147   | 4,835   | 5,881   | 6,914   |
| 125             | 2,118                                                      | 2,468   | 2,826   | 3,533   | 4,234   | 4,942   | 6,001   | 7,064   |
| 126             | 2,160                                                      | 2,519   | 2,882   | 3,602   | 4,316   | 5,042   | 6,113   | 7,196   |
| 127             | 2,210                                                      | 2,586   | 2,949   | 3,690   | 4,422   | 5,160   | 6,269   | 7,372   |
| 128             | 2,260                                                      | 2,630   | 3,012   | 3,758   | 4,510   | 5,261   | 6,394   | 7,520   |
| 129             | 2,294                                                      | 2,681   | 3,056   | 3,821   | 4,585   | 5,350   | 6,501   | 7,640   |
| 130             | 2,335                                                      | 2,725   | 3,112   | 3,891   | 4,666   | 5,444   | 6,613   | 7,779   |
| 131             | 2,380                                                      | 2,775   | 3,175   | 3,963   | 4,753   | 5,551   | 6,739   | 7,930   |
| 132             | 2,424                                                      | 2,826   | 3,233   | 4,038   | 4,840   | 5,656   | 6,864   | 8,080   |
| 133             | 2,468                                                      | 2,882   | 3,288   | 4,115   | 4,935   | 5,757   | 6,996   | 8,223   |
| 134             | 2,512                                                      | 2,931   | 3,345   | 4,178   | 5,016   | 5,850   | 7,109   | 8,362   |
| 135             | 2,550                                                      | 2,976   | 3,401   | 4,253   | 5,105   | 5,957   | 7,234   | 8,511   |



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

| Pension<br>Band | On or after 1/1/2014 and before 1/1/2015<br>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             | \$1,083                                                                                                | \$1,265 | \$1,442 | \$1,803 | \$2,164 | \$2,531 | \$3,068 | \$3,607 |
| 102             | 1,120                                                                                                  | 1,310   | 1,500   | 1,872   | 2,246   | 2,628   | 3,182   | 3,745   |
| 103             | 1,169                                                                                                  | 1,366   | 1,557   | 1,948   | 2,334   | 2,726   | 3,314   | 3,896   |
| 104             | 1,213                                                                                                  | 1,417   | 1,620   | 2,024   | 2,425   | 2,827   | 3,435   | 4,043   |
| 105             | 1,258                                                                                                  | 1,468   | 1,684   | 2,101   | 2,510   | 2,934   | 3,568   | 4,196   |
| 106             | 1,297                                                                                                  | 1,519   | 1,733   | 2,164   | 2,594   | 3,036   | 3,681   | 4,333   |
| 107             | 1,346                                                                                                  | 1,569   | 1,791   | 2,240   | 2,696   | 3,137   | 3,814   | 4,478   |
| 108             | 1,387                                                                                                  | 1,620   | 1,853   | 2,317   | 2,782   | 3,245   | 3,936   | 4,631   |
| 109             | 1,437                                                                                                  | 1,676   | 1,911   | 2,391   | 2,871   | 3,346   | 4,068   | 4,781   |
| 110             | 1,473                                                                                                  | 1,721   | 1,967   | 2,459   | 2,955   | 3,441   | 4,180   | 4,923   |
| 111             | 1,524                                                                                                  | 1,778   | 2,030   | 2,537   | 3,042   | 3,549   | 4,309   | 5,066   |
| 112             | 1,562                                                                                                  | 1,822   | 2,088   | 2,612   | 3,132   | 3,657   | 4,434   | 5,218   |
| 113             | 1,613                                                                                                  | 1,879   | 2,144   | 2,684   | 3,228   | 3,757   | 4,561   | 5,369   |
| 114             | 1,651                                                                                                  | 1,929   | 2,203   | 2,752   | 3,309   | 3,852   | 4,680   | 5,505   |
| 115             | 1,696                                                                                                  | 1,980   | 2,257   | 2,827   | 3,396   | 3,960   | 4,807   | 5,657   |
| 116             | 1,740                                                                                                  | 2,037   | 2,323   | 2,905   | 3,486   | 4,068   | 4,939   | 5,806   |
| 117             | 1,791                                                                                                  | 2,081   | 2,385   | 2,978   | 3,573   | 4,169   | 5,061   | 5,959   |
| 118             | 1,827                                                                                                  | 2,131   | 2,442   | 3,049   | 3,657   | 4,264   | 5,182   | 6,092   |



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

| Pension<br>Band | On or after 1/1/2014 and before 1/1/2015<br>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             | \$1,872                                                                                                | \$2,188 | \$2,498 | \$3,127 | \$3,745 | \$4,371 | \$5,307 | \$6,244 |
| 120             | 1,916                                                                                                  | 2,240   | 2,554   | 3,194   | 3,840   | 4,473   | 5,441   | 6,395   |
| 121             | 1,961                                                                                                  | 2,290   | 2,618   | 3,270   | 3,930   | 4,585   | 5,562   | 6,547   |
| 122             | 2,000                                                                                                  | 2,334   | 2,668   | 3,340   | 4,011   | 4,680   | 5,675   | 6,679   |
| 123             | 2,049                                                                                                  | 2,391   | 2,732   | 3,415   | 4,099   | 4,781   | 5,806   | 6,832   |
| 124             | 2,101                                                                                                  | 2,448   | 2,797   | 3,493   | 4,188   | 4,883   | 5,940   | 6,983   |
| 125             | 2,139                                                                                                  | 2,493   | 2,854   | 3,568   | 4,276   | 4,991   | 6,061   | 7,135   |
| 126             | 2,182                                                                                                  | 2,544   | 2,911   | 3,638   | 4,359   | 5,092   | 6,174   | 7,268   |
| 127             | 2,232                                                                                                  | 2,612   | 2,978   | 3,727   | 4,466   | 5,212   | 6,332   | 7,446   |
| 128             | 2,283                                                                                                  | 2,656   | 3,042   | 3,796   | 4,555   | 5,314   | 6,458   | 7,595   |
| 129             | 2,317                                                                                                  | 2,708   | 3,087   | 3,859   | 4,631   | 5,404   | 6,566   | 7,716   |
| 130             | 2,358                                                                                                  | 2,752   | 3,143   | 3,930   | 4,713   | 5,498   | 6,679   | 7,857   |
| 131             | 2,404                                                                                                  | 2,803   | 3,207   | 4,003   | 4,801   | 5,607   | 6,806   | 8,009   |
| 132             | 2,448                                                                                                  | 2,854   | 3,265   | 4,078   | 4,888   | 5,713   | 6,933   | 8,161   |
| 133             | 2,493                                                                                                  | 2,911   | 3,321   | 4,156   | 4,984   | 5,815   | 7,066   | 8,305   |
| 134             | 2,537                                                                                                  | 2,960   | 3,378   | 4,220   | 5,066   | 5,909   | 7,180   | 8,446   |
| 135             | 2,576                                                                                                  | 3,006   | 3,435   | 4,296   | 5,156   | 6,017   | 7,306   | 8,596   |



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

| Pension<br>Band | On or after 1/1/2015 **                                    |         |         |         |         |         |         |         |
|-----------------|------------------------------------------------------------|---------|---------|---------|---------|---------|---------|---------|
|                 | 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             | \$1,094                                                    | \$1,278 | \$1,456 | \$1,821 | \$2,186 | \$2,556 | \$3,099 | \$3,643 |
| 102             | 1,131                                                      | 1,323   | 1,515   | 1,891   | 2,268   | 2,654   | 3,214   | 3,782   |
| 103             | 1,181                                                      | 1,380   | 1,573   | 1,967   | 2,357   | 2,753   | 3,347   | 3,935   |
| 104             | 1,225                                                      | 1,431   | 1,636   | 2,044   | 2,449   | 2,855   | 3,469   | 4,083   |
| 105             | 1,271                                                      | 1,483   | 1,701   | 2,122   | 2,535   | 2,963   | 3,604   | 4,238   |
| 106             | 1,310                                                      | 1,534   | 1,750   | 2,186   | 2,620   | 3,066   | 3,718   | 4,376   |
| 107             | 1,359                                                      | 1,585   | 1,809   | 2,262   | 2,723   | 3,168   | 3,852   | 4,523   |
| 108             | 1,401                                                      | 1,636   | 1,872   | 2,340   | 2,810   | 3,277   | 3,975   | 4,677   |
| 109             | 1,451                                                      | 1,693   | 1,930   | 2,415   | 2,900   | 3,379   | 4,109   | 4,829   |
| 110             | 1,488                                                      | 1,738   | 1,987   | 2,484   | 2,985   | 3,475   | 4,222   | 4,972   |
| 111             | 1,539                                                      | 1,796   | 2,050   | 2,562   | 3,072   | 3,584   | 4,352   | 5,117   |
| 112             | 1,578                                                      | 1,840   | 2,109   | 2,638   | 3,163   | 3,694   | 4,478   | 5,270   |
| 113             | 1,629                                                      | 1,898   | 2,165   | 2,711   | 3,260   | 3,795   | 4,607   | 5,423   |
| 114             | 1,668                                                      | 1,948   | 2,225   | 2,780   | 3,342   | 3,891   | 4,727   | 5,560   |
| 115             | 1,713                                                      | 2,000   | 2,280   | 2,855   | 3,430   | 4,000   | 4,855   | 5,714   |
| 116             | 1,757                                                      | 2,057   | 2,346   | 2,934   | 3,521   | 4,109   | 4,988   | 5,864   |
| 117             | 1,809                                                      | 2,102   | 2,409   | 3,008   | 3,609   | 4,211   | 5,112   | 6,019   |
| 118             | 1,845                                                      | 2,152   | 2,466   | 3,079   | 3,694   | 4,307   | 5,234   | 6,153   |

\*\* Subject to COLA



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

| Pension<br>Band | On or after 1/1/2015 **                                    |         |         |         |         |         |         |         |
|-----------------|------------------------------------------------------------|---------|---------|---------|---------|---------|---------|---------|
|                 | 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             | \$1,891                                                    | \$2,210 | \$2,523 | \$3,158 | \$3,782 | \$4,415 | \$5,360 | \$6,306 |
| 120             | 1,935                                                      | 2,262   | 2,580   | 3,226   | 3,878   | 4,518   | 5,495   | 6,459   |
| 121             | 1,981                                                      | 2,313   | 2,644   | 3,303   | 3,969   | 4,631   | 5,618   | 6,612   |
| 122             | 2,020                                                      | 2,357   | 2,695   | 3,373   | 4,051   | 4,727   | 5,732   | 6,746   |
| 123             | 2,069                                                      | 2,415   | 2,759   | 3,449   | 4,140   | 4,829   | 5,864   | 6,900   |
| 124             | 2,122                                                      | 2,472   | 2,825   | 3,528   | 4,230   | 4,932   | 5,999   | 7,053   |
| 125             | 2,160                                                      | 2,518   | 2,883   | 3,604   | 4,319   | 5,041   | 6,122   | 7,206   |
| 126             | 2,204                                                      | 2,569   | 2,940   | 3,674   | 4,403   | 5,143   | 6,236   | 7,341   |
| 127             | 2,254                                                      | 2,638   | 3,008   | 3,764   | 4,511   | 5,264   | 6,395   | 7,520   |
| 128             | 2,306                                                      | 2,683   | 3,072   | 3,834   | 4,601   | 5,367   | 6,523   | 7,671   |
| 129             | 2,340                                                      | 2,735   | 3,118   | 3,898   | 4,677   | 5,458   | 6,632   | 7,793   |
| 130             | 2,382                                                      | 2,780   | 3,174   | 3,969   | 4,760   | 5,553   | 6,746   | 7,936   |
| 131             | 2,428                                                      | 2,831   | 3,239   | 4,043   | 4,849   | 5,663   | 6,874   | 8,089   |
| 132             | 2,472                                                      | 2,883   | 3,298   | 4,119   | 4,937   | 5,770   | 7,002   | 8,243   |
| 133             | 2,518                                                      | 2,940   | 3,354   | 4,198   | 5,034   | 5,873   | 7,137   | 8,388   |
| 134             | 2,562                                                      | 2,990   | 3,412   | 4,262   | 5,117   | 5,968   | 7,252   | 8,530   |
| 135             | 2,602                                                      | 3,036   | 3,469   | 4,339   | 5,208   | 6,077   | 7,379   | 8,682   |

\*\* Subject to COLA



**2012 Additional credits  
 AT&T Legacy Bargained Program  
 (bands 101 to 135)**

| Pension<br>Band | Years of service in whole years<br>On December 31, 2012 |     |     | Pension<br>Band | Years of service in whole years<br>On December 31, 2012 |     |     |
|-----------------|---------------------------------------------------------|-----|-----|-----------------|---------------------------------------------------------|-----|-----|
|                 | 0-13                                                    | 14  | 15+ |                 | 0-13                                                    | 14  | 15+ |
| 101             | \$0                                                     | \$6 | \$0 | 119             | \$0                                                     | \$9 | \$0 |
| 102             | 0                                                       | 4   | 0   | 120             | 0                                                       | 14  | 0   |
| 103             | 0                                                       | 7   | 0   | 121             | 0                                                       | 11  | 0   |
| 104             | 0                                                       | 4   | 0   | 122             | 0                                                       | 14  | 0   |
| 105             | 0                                                       | 2   | 0   | 123             | 0                                                       | 12  | 0   |
| 106             | 0                                                       | 7   | 0   | 124             | 0                                                       | 7   | 0   |
| 107             | 0                                                       | 8   | 0   | 125             | 0                                                       | 11  | 0   |
| 108             | 0                                                       | 6   | 0   | 126             | 0                                                       | 8   | 0   |
| 109             | 0                                                       | 9   | 0   | 127             | 0                                                       | 11  | 0   |
| 110             | 0                                                       | 9   | 0   | 128             | 0                                                       | 8   | 0   |
| 111             | 0                                                       | 4   | 0   | 129             | 0                                                       | 12  | 0   |
| 112             | 0                                                       | 7   | 0   | 130             | 0                                                       | 12  | 0   |
| 113             | 0                                                       | 12  | 0   | 131             | 0                                                       | 9   | 0   |
| 114             | 0                                                       | 8   | 0   | 132             | 0                                                       | 12  | 0   |
| 115             | 0                                                       | 14  | 0   | 133             | 0                                                       | 15  | 0   |
| 116             | 0                                                       | 9   | 0   | 134             | 0                                                       | 13  | 0   |
| 117             | 0                                                       | 8   | 0   | 135             | 0                                                       | 17  | 0   |
| 118             | 0                                                       | 4   | 0   |                 |                                                         |     |     |

Table applies to additional credit made to cash balance accounts of CWA (AT&T of Puerto Rico, Inc.) participants on December 31, 2012



## Summary of plan provisions AT&T Legacy Management Program of the AT&T Puerto Rico Pension Benefit Plan

### **Employees eligible for participation**

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Any salaried management Puerto Rico employee who is employed by an AT&T Corp. Participating Company becomes a participant immediately upon attaining at least age 21. This plan was closed to new participants on December 31, 2006.

### **Definitions**

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#### **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 18<sup>th</sup> 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 (excluding short term incentive award payments), Team Management incentive compensation plan awards (APA), incentive compensation for directory or marketing employees, and area differential pay.

#### **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) and PR code section 1081.01(a)(12) compensation limits.



#### **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%.



■ **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 and 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 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 (i.e. 3-year of vesting service).

■ **Date payment begins**

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 is 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 payment begins**

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.



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**Deferred vested pension (frozen accrued benefit only)**

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**Eligibility**

Completion of 5 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.

**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.

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**Surviving spouse's benefit**

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**Eligibility**

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

**Forms of payment**

Single life annuity or cash payment under same conditions as Cash Balance Formula Benefit.

**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.

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**Death benefit if no surviving spouse**

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**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.



### **Forms of payment**

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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**

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No benefits are excluded that would materially affect the liabilities.



## **Summary of plan provisions**

### **Mobility Program of the AT&T Puerto Rico Pension Benefit Plan**

#### **Employees eligible for participation**

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Any nonbargained Puerto Rico employee, or bargained employee that bargained to participate in the Plan, who is regularly employed by AT&T Mobility Puerto Rico 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 Cingular Wireless that transferred from SBC Corporation 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. Eligibility for nonbargained employees was closed December 31, 2005. Eligibility for bargained employees was closed December 31, 2011.

#### **Definitions**

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##### **Transferred employee**

A former employee of SBC Corporation, 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.

##### **Years of service**

Years of Service will be calculated on an elapsed time basis for the number of whole 12-month periods of service. For actives on January 1, 2010, accrued benefits will now be vested after three years.

##### **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.

##### **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.



**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) and PR code section 1081.01(a)(12) 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.



**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.

- **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 AT&T Mobility Puerto Rico or 12 months prior to becoming a participant in the Plan.

## **Service pension**

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### **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.
- 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**

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##### **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 5 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 times a deferred to age 65 lump sum factor.
- the Accelerated Transition Benefit reduced for distribution prior to age 55, times an immediate lump sum factor.
- the Special ATB.
- the BellSouth Management Pension Plan Benefit times a deferred to age 65 lump sum factor.
- the BellSouth Management Pension Plan Benefit reduced for early commencement.
- times an immediate lump sum factor.
- 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 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**

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**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**

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**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**

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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 using the applicable mortality under IRC section 417(e) and the interest crediting rate at the time of conversion.

In lieu of the automatic form of payment, a 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**

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No benefits are excluded that would materially affect the liabilities.

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

**2013 Schedule SB, Line 24 — Change in Non-Prescribed Actuarial Assumptions**

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Effective January 1, 2013, 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 3.80% to 2.80%. 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 3.80% to 2.80%. This change was made to reflect the long term expectation of the 30-year Treasury Rate.

**Other changes in assumptions**

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- As of 1/1/2013, the lump sum elections changed from 30% to 50% for Legacy AT&T nonbargained future retirees.
- As of 1/1/2013, the salary scale for management participants changed from age graded rates with an average of 4.00% to age graded rates with an average of 3.00%.
- As of 1/1/2013, the assumed annual increase for the U.S. Social Security wage base was changed from 4.00% to 3.00%.

These changes were made to better reflect future expectations.

**AT&T Puerto Rico Pension Benefit Plan**  
**2013 Schedule SB, Line 26 — Schedule of Active Participant Data**

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The following pages show the schedule of active participant data used in the 2013 plan year valuation, by program. For all programs, the average compensation in any grouping that contains 20 or more participants is shown. In addition, for programs containing a cash balance account, the average cash balance account in any age/service bin that contains 20 or more participants is shown.



**Number of active bargained participants, average valuation pay and cash balance by age and service  
 AT&T Legacy Bargained (Puerto Rico)**

| Age on<br>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                | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
|                     | Average Pay          | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
|                     | Average Cash Balance | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
| 30-34               | Count                | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
|                     | Average Pay          | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
|                     | Average Cash Balance | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
| 35-39               | Count                | --                         | --  | --  | 1     | --    | --    | --    | --    | --    | --  | 1     |
|                     | Average Pay          | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
|                     | Average Cash Balance | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
| 40-44               | Count                | --                         | --  | --  | --    | --    | 1     | --    | --    | --    | --  | 1     |
|                     | Average Pay          | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
|                     | Average Cash Balance | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
| 45-49               | Count                | --                         | --  | --  | --    | 1     | 1     | --    | --    | --    | --  | 2     |
|                     | Average Pay          | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
|                     | Average Cash Balance | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
| 50-54               | Count                | --                         | --  | --  | --    | --    | --    | 1     | 1     | --    | --  | 2     |
|                     | Average Pay          | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
|                     | Average Cash Balance | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
| 55-59               | Count                | --                         | --  | --  | --    | --    | 1     | --    | 2     | --    | --  | 3     |
|                     | Average Pay          | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
|                     | Average Cash Balance | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
| 60-64               | Count                | --                         | --  | --  | --    | --    | --    | --    | 1     | --    | --  | 1     |
|                     | Average Pay          | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
|                     | Average Cash Balance | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
| 65-69               | Count                | --                         | --  | --  | --    | --    | --    | --    | --    | --    | 1   | 1     |
|                     | Average Pay          | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
|                     | Average Cash Balance | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
| 70+                 | Count                | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
|                     | Average Pay          | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
|                     | Average Cash Balance | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
| Total               | Count                | --                         | --  | --  | 1     | 1     | 3     | 1     | 4     | --    | 1   | 11    |
|                     | Average Pay          | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
|                     | Average Cash Balance | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |



**Number of active nonbargained participants, average valuation pay and cash balance by age and service  
 AT&T Legacy Management (Puerto Rico)**

| 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                | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
|                  | Average Pay          | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
|                  | Average Cash Balance | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
| 30-34            | Count                | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
|                  | Average Pay          | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
|                  | Average Cash Balance | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
| 35-39            | Count                | --                         | 1   | --  | --    | --    | --    | --    | --    | --    | --  | 1     |
|                  | Average Pay          | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
|                  | Average Cash Balance | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
| 40-44            | Count                | --                         | --  | --  | --    | --    | 1     | --    | --    | --    | --  | 1     |
|                  | Average Pay          | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
|                  | Average Cash Balance | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
| 45-49            | Count                | --                         | --  | --  | --    | 1     | 1     | 1     | --    | --    | --  | 3     |
|                  | Average Pay          | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
|                  | Average Cash Balance | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
| 50-54            | Count                | --                         | 1   | --  | --    | --    | --    | --    | 1     | --    | --  | 2     |
|                  | Average Pay          | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
|                  | Average Cash Balance | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
| 55-59            | Count                | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
|                  | Average Pay          | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
|                  | Average Cash Balance | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
| 60-64            | Count                | --                         | --  | --  | --    | --    | --    | --    | --    | --    | 1   | 1     |
|                  | Average Pay          | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
|                  | Average Cash Balance | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
| 65-69            | Count                | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
|                  | Average Pay          | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
|                  | Average Cash Balance | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
| 70+              | Count                | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
|                  | Average Pay          | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
|                  | Average Cash Balance | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
| Total            | Count                | --                         | 2   | --  | --    | 1     | 2     | 1     | 1     | --    | 1   | 8     |
|                  | Average Pay          | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |
|                  | Average Cash Balance | --                         | --  | --  | --    | --    | --    | --    | --    | --    | --  | --    |



**Number of active bargained participants, average valuation pay and cash balance by age and service  
Mobility (PR Bargained)**

| Age on<br>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+ |          |
| <b>0-24</b>         | Count                      | 7        | 16       | 2        | --       | --       | --    | --    | --    | --  | 25       |
|                     | Average Pay                | --       | --       | --       | --       | --       | --    | --    | --    | --  | \$32,282 |
|                     | Average Cash Balance       | --       | --       | --       | --       | --       | --    | --    | --    | --  | \$3,092  |
| <b>25-29</b>        | Count                      | 8        | 88       | 65       | --       | --       | --    | --    | --    | --  | 161      |
|                     | Average Pay                | --       | \$34,393 | \$36,788 | --       | --       | --    | --    | --    | --  | \$35,330 |
|                     | Average Cash Balance       | --       | \$3,684  | \$7,187  | --       | --       | --    | --    | --    | --  | \$5,165  |
| <b>30-34</b>        | Count                      | 10       | 105      | 149      | 22       | --       | --    | --    | --    | --  | 286      |
|                     | Average Pay                | --       | \$34,899 | \$36,203 | \$38,265 | --       | --    | --    | --    | --  | \$35,987 |
|                     | Average Cash Balance       | --       | \$4,481  | \$7,033  | \$12,935 | --       | --    | --    | --    | --  | \$6,527  |
| <b>35-39</b>        | Count                      | 1        | 52       | 91       | 91       | 12       | --    | --    | --    | --  | 247      |
|                     | Average Pay                | --       | \$35,419 | \$37,928 | \$39,284 | --       | --    | --    | --    | --  | \$38,258 |
|                     | Average Cash Balance       | --       | \$3,952  | \$8,451  | \$11,336 | --       | --    | --    | --    | --  | \$9,198  |
| <b>40-44</b>        | Count                      | 1        | 21       | 33       | 53       | 21       | --    | --    | --    | --  | 129      |
|                     | Average Pay                | --       | \$37,738 | \$35,838 | \$40,355 | \$41,965 | --    | --    | --    | --  | \$39,104 |
|                     | Average Cash Balance       | --       | \$4,136  | \$7,255  | \$11,035 | \$25,086 | --    | --    | --    | --  | \$11,199 |
| <b>45-49</b>        | Count                      | --       | 9        | 13       | 26       | 14       | 4     | --    | --    | --  | 66       |
|                     | Average Pay                | --       | --       | --       | \$37,945 | --       | --    | --    | --    | --  | \$38,620 |
|                     | Average Cash Balance       | --       | --       | --       | \$9,073  | --       | --    | --    | --    | --  | \$11,375 |
| <b>50-54</b>        | Count                      | --       | 2        | 3        | 8        | 6        | --    | --    | --    | --  | 19       |
|                     | Average Pay                | --       | --       | --       | --       | --       | --    | --    | --    | --  | --       |
|                     | Average Cash Balance       | --       | --       | --       | --       | --       | --    | --    | --    | --  | --       |
| <b>55-59</b>        | Count                      | 1        | 1        | 1        | 4        | 4        | --    | --    | --    | --  | 11       |
|                     | Average Pay                | --       | --       | --       | --       | --       | --    | --    | --    | --  | --       |
|                     | Average Cash Balance       | --       | --       | --       | --       | --       | --    | --    | --    | --  | --       |
| <b>60-64</b>        | Count                      | --       | 1        | --       | 2        | 2        | --    | --    | --    | --  | 5        |
|                     | Average Pay                | --       | --       | --       | --       | --       | --    | --    | --    | --  | --       |
|                     | Average Cash Balance       | --       | --       | --       | --       | --       | --    | --    | --    | --  | --       |
| <b>65-69</b>        | Count                      | --       | --       | --       | --       | --       | --    | --    | --    | --  | --       |
|                     | Average Pay                | --       | --       | --       | --       | --       | --    | --    | --    | --  | --       |
|                     | Average Cash Balance       | --       | --       | --       | --       | --       | --    | --    | --    | --  | --       |
| <b>70+</b>          | Count                      | --       | --       | --       | --       | --       | --    | --    | --    | --  | --       |
|                     | Average Pay                | --       | --       | --       | --       | --       | --    | --    | --    | --  | --       |
|                     | Average Cash Balance       | --       | --       | --       | --       | --       | --    | --    | --    | --  | --       |
| <b>Total</b>        | Count                      | 28       | 295      | 357      | 206      | 59       | 4     | --    | --    | --  | 949      |
|                     | Average Pay                | \$37,881 | \$34,620 | \$36,756 | \$39,269 | \$42,286 | --    | --    | --    | --  | \$37,052 |
|                     | Average Cash Balance       | \$5,272  | \$4,041  | \$7,400  | \$10,950 | \$23,458 | --    | --    | --    | --  | \$8,149  |



**Number of active nonbargained participants, average valuation pay and cash balance by age and service  
 Mobility (PR Nonbargained)**

| Age on<br>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                | --                         | --  | 4        | --       | --       | --    | --    | --    | --    | --  | 4        |
|                     | Average Pay          | --                         | --  | --       | --       | --       | --    | --    | --    | --    | --  | --       |
|                     | Average Cash Balance | --                         | --  | --       | --       | --       | --    | --    | --    | --    | --  | --       |
| 30-34               | Count                | --                         | --  | 23       | 10       | --       | --    | --    | --    | --    | --  | 33       |
|                     | Average Pay          | --                         | --  | \$47,012 | --       | --       | --    | --    | --    | --    | --  | \$45,680 |
|                     | Average Cash Balance | --                         | --  | \$17,413 | --       | --       | --    | --    | --    | --    | --  | \$18,393 |
| 35-39               | Count                | --                         | --  | 21       | 35       | 10       | --    | --    | --    | --    | --  | 66       |
|                     | Average Pay          | --                         | --  | \$55,762 | \$60,975 | --       | --    | --    | --    | --    | --  | \$60,037 |
|                     | Average Cash Balance | --                         | --  | \$20,138 | \$28,917 | --       | --    | --    | --    | --    | --  | \$27,074 |
| 40-44               | Count                | --                         | --  | 5        | 14       | 27       | --    | --    | --    | --    | --  | 46       |
|                     | Average Pay          | --                         | --  | --       | --       | \$66,113 | --    | --    | --    | --    | --  | \$60,965 |
|                     | Average Cash Balance | --                         | --  | --       | --       | \$36,234 | --    | --    | --    | --    | --  | \$31,991 |
| 45-49               | Count                | --                         | --  | 1        | 4        | 14       | 6     | --    | --    | --    | --  | 25       |
|                     | Average Pay          | --                         | --  | --       | --       | --       | --    | --    | --    | --    | --  | \$93,769 |
|                     | Average Cash Balance | --                         | --  | --       | --       | --       | --    | --    | --    | --    | --  | \$53,812 |
| 50-54               | Count                | --                         | --  | 3        | 2        | 9        | 3     | --    | --    | --    | --  | 17       |
|                     | Average Pay          | --                         | --  | --       | --       | --       | --    | --    | --    | --    | --  | --       |
|                     | Average Cash Balance | --                         | --  | --       | --       | --       | --    | --    | --    | --    | --  | --       |
| 55-59               | Count                | --                         | --  | 2        | 2        | 2        | 3     | --    | --    | --    | --  | 9        |
|                     | Average Pay          | --                         | --  | --       | --       | --       | --    | --    | --    | --    | --  | --       |
|                     | Average Cash Balance | --                         | --  | --       | --       | --       | --    | --    | --    | --    | --  | --       |
| 60-64               | Count                | --                         | --  | --       | 3        | --       | 2     | --    | --    | --    | --  | 5        |
|                     | Average Pay          | --                         | --  | --       | --       | --       | --    | --    | --    | --    | --  | --       |
|                     | Average Cash Balance | --                         | --  | --       | --       | --       | --    | --    | --    | --    | --  | --       |
| 65-69               | Count                | --                         | --  | --       | --       | 1        | 1     | --    | --    | --    | --  | 2        |
|                     | Average Pay          | --                         | --  | --       | --       | --       | --    | --    | --    | --    | --  | --       |
|                     | Average Cash Balance | --                         | --  | --       | --       | --       | --    | --    | --    | --    | --  | --       |
| 70+                 | Count                | --                         | --  | --       | --       | --       | --    | --    | --    | --    | --  | --       |
|                     | Average Pay          | --                         | --  | --       | --       | --       | --    | --    | --    | --    | --  | --       |
|                     | Average Cash Balance | --                         | --  | --       | --       | --       | --    | --    | --    | --    | --  | --       |
| Total               | Count                | --                         | --  | 59       | 70       | 63       | 15    | --    | --    | --    | --  | 207      |
|                     | Average Pay          | --                         | --  | \$53,629 | \$59,253 | \$72,837 | --    | --    | --    | --    | --  | \$66,867 |
|                     | Average Cash Balance | --                         | --  | \$19,280 | \$29,574 | \$40,347 | --    | --    | --    | --    | --  | \$33,091 |

**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

**2013****This Form is Open to Public  
Inspection**

For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013

► 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**B** Three-digit  
plan number (PN) ►

007

AT&amp;T PUERTO RICO PENSION BENEFIT PLAN

**C** Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF**D** Employer Identification Number (EIN)

AT&amp;T INC.

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 2013**2** Assets:

|                                | <b>2a</b>  |  |
|--------------------------------|------------|--|
| <b>a</b> Market value .....    | 21,755,000 |  |
| <b>b</b> Actuarial value ..... | 21,089,000 |  |

**3** Funding target/participant count breakdown:

|                                                                            | <b>(1) Number of participants</b> | <b>(2) Funding Target</b> |
|----------------------------------------------------------------------------|-----------------------------------|---------------------------|
| <b>a</b> For retired participants and beneficiaries receiving payment..... | <b>3a</b> 65                      | 6,264,000                 |
| <b>b</b> For terminated vested participants.....                           | <b>3b</b> 196                     | 2,270,000                 |
| <b>c</b> For active participants:                                          |                                   |                           |
| (1) Non-vested benefits .....                                              | <b>3c(1)</b>                      | 464,000                   |
| (2) Vested benefits .....                                                  | <b>3c(2)</b>                      | 11,075,000                |
| (3) Total active.....                                                      | <b>3c(3)</b> 1,175                | 11,539,000                |
| <b>d</b> Total.....                                                        | <b>3d</b> 1,436                   | 20,073,000                |

**4** If the plan is in at-risk status, check the box and complete lines (a) and (b)..... ☐

|                                                                                                                                                                                                                | <b>4a</b> | <b>4b</b> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----------|
| <b>a</b> Funding target disregarding prescribed at-risk assumptions .....                                                                                                                                      |           |           |
| <b>b</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** 6.64 %**6** Target normal cost ..... **6** 1,870,000**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

THOMAS MIANO, FSA, EA

Type or print name of actuary

AON CONSULTING, INC.

Firm name

2711 North Haskell Avenue, 8th floor

Dallas

TX 75204

Address of the firm

09/19/2014

Date

14-04601

Most recent enrollment number

(214) 989-0000

Telephone number (including area code)

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) 2013  
v. 130118

| <b>Part II Beginning of Year Carryover and Prefunding Balances</b> |                                                                                                                                            | (a) Carryover balance | (b) Prefunding balance |
|--------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|------------------------|
| <b>7</b>                                                           | Balance at beginning of prior year after applicable adjustments (line 13 from prior year) .....                                            | 0                     | 1, 218, 000            |
| <b>8</b>                                                           | Portion elected for use to offset prior year's funding requirement (line 35 from prior year) .....                                         | 0                     | 911, 000               |
| <b>9</b>                                                           | Amount remaining (line 7 minus line 8) .....                                                                                               | 0                     | 307, 000               |
| <b>10</b>                                                          | Interest on line 9 using prior year's actual return of <u>12.94</u> % .....                                                                |                       | 40, 000                |
| <b>11</b>                                                          | Prior year's excess contributions to be added to prefunding balance:                                                                       |                       |                        |
|                                                                    | <b>a</b> Present value of excess contributions (line 38a from prior year) .....                                                            |                       | 0                      |
|                                                                    | <b>b</b> Interest on (a) using prior year's effective interest rate of <u>7.00</u> % except as otherwise provided (see instructions) ..... |                       |                        |
|                                                                    | <b>c</b> Total available at beginning of current plan year to add to prefunding balance .....                                              |                       | 0                      |
|                                                                    | <b>d</b> Portion of (c) to be added to prefunding balance .....                                                                            |                       | 0                      |
| <b>12</b>                                                          | Other reductions in balances due to elections or deemed elections .....                                                                    | 0                     | 0                      |
| <b>13</b>                                                          | Balance at beginning of current year (line 9 + line 10 + line 11d – line 12) .....                                                         | 0                     | 347, 000               |

| <b>Part III Funding Percentages</b> |                                                                                                                                                                  |           |          |
|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|----------|
| <b>14</b>                           | Funding target attainment percentage .....                                                                                                                       | <b>14</b> | 103.33 % |
| <b>15</b>                           | Adjusted funding target attainment percentage .....                                                                                                              | <b>15</b> | 105.06 % |
| <b>16</b>                           | Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement ..... | <b>16</b> | 105.19 % |
| <b>17</b>                           | If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage .....                                        | <b>17</b> | %        |

| <b>Part IV Contributions and Liquidity Shortfalls</b>                                    |                                   |                                 |                          |                                   |                                 |
|------------------------------------------------------------------------------------------|-----------------------------------|---------------------------------|--------------------------|-----------------------------------|---------------------------------|
| <b>18</b> Contributions made to the plan for the plan year by employer(s) and employees: |                                   |                                 |                          |                                   |                                 |
| (a) Date<br>(MM-DD-YYYY)                                                                 | (b) Amount paid by<br>employer(s) | (c) Amount paid by<br>employees | (a) Date<br>(MM-DD-YYYY) | (b) Amount paid by<br>employer(s) | (c) Amount paid by<br>employees |
| 09/15/2014                                                                               | 1, 340, 000                       |                                 |                          |                                   |                                 |
|                                                                                          |                                   |                                 |                          |                                   |                                 |
|                                                                                          |                                   |                                 |                          |                                   |                                 |
|                                                                                          |                                   |                                 |                          |                                   |                                 |
|                                                                                          |                                   |                                 |                          |                                   |                                 |
|                                                                                          |                                   |                                 |                          |                                   |                                 |
| <b>Totals ►</b>                                                                          |                                   |                                 | <b>18(b)</b>             | 1, 340, 000                       | <b>18(c)</b> 0                  |

**19** Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:

|                                                                                                                         |            |             |
|-------------------------------------------------------------------------------------------------------------------------|------------|-------------|
| <b>a</b> Contributions allocated toward unpaid minimum required contributions from prior years .....                    | <b>19a</b> | 0           |
| <b>b</b> Contributions made to avoid restrictions adjusted to valuation date .....                                      | <b>19b</b> | 0           |
| <b>c</b> Contributions allocated toward minimum required contribution for current year adjusted to valuation date ..... | <b>19c</b> | 1, 201, 000 |

**20** Quarterly contributions and liquidity shortfalls:

**a** Did the plan have a "funding shortfall" for the prior year? ..... ☐ Yes ☒ No

**b** If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ..... ☐ Yes ☐ No

**c** If line 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**

|                                                                                                                                                                                              |                        |                        |                        |                                                     |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|------------------------|-----------------------------------------------------|
| <b>21</b> Discount rate:                                                                                                                                                                     |                        |                        |                        |                                                     |
| <b>a</b> Segment rates:                                                                                                                                                                      | 1st segment:<br>5.23 % | 2nd segment:<br>6.51 % | 3rd segment:<br>7.16 % | <input type="checkbox"/> N/A, full yield curve used |
| <b>b</b> Applicable month (enter code).....                                                                                                                                                  |                        |                        |                        | <b>21b</b> 4                                        |
| <b>22</b> Weighted average retirement age .....                                                                                                                                              |                        |                        |                        | <b>22</b> 59                                        |
| <b>23</b> Mortality table(s) (see instructions) <input type="checkbox"/> Prescribed - combined <input checked="" type="checkbox"/> Prescribed - separate <input type="checkbox"/> Substitute |                        |                        |                        |                                                     |

**Part VI Miscellaneous Items**

|                                                                                                                                                                        |                                                                     |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|
| <b>24</b> Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment. .... | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| <b>25</b> Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment. ....                                      | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| <b>26</b> Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment. ....                            | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| <b>27</b> If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment .....                                   | <b>27</b>                                                           |

**Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years**

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

**Part VIII Minimum Required Contribution For Current Year**

| <b>31</b> Target normal cost and excess assets (see instructions):                                                                                                                   |                                                                                                                                                                                                                                                                                                                              |                   |                    |  |                     |             |                                                      |   |   |                                                |   |   |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|--------------------|--|---------------------|-------------|------------------------------------------------------|---|---|------------------------------------------------|---|---|
| <b>a</b> Target normal cost (line 6).....                                                                                                                                            | <b>31a</b>                                                                                                                                                                                                                                                                                                                   | 1,870,000         |                    |  |                     |             |                                                      |   |   |                                                |   |   |
| <b>b</b> Excess assets, if applicable, but not greater than line 31a .....                                                                                                           | <b>31b</b>                                                                                                                                                                                                                                                                                                                   | 669,000           |                    |  |                     |             |                                                      |   |   |                                                |   |   |
| <b>32</b> Amortization installments:                                                                                                                                                 | <table border="1"> <thead> <tr> <th></th> <th>Outstanding Balance</th> <th>Installment</th> </tr> </thead> <tbody> <tr> <td><b>a</b> Net shortfall amortization installment.....</td> <td>0</td> <td>0</td> </tr> <tr> <td><b>b</b> Waiver amortization installment .....</td> <td>0</td> <td>0</td> </tr> </tbody> </table> |                   |                    |  | Outstanding Balance | Installment | <b>a</b> Net shortfall amortization installment..... | 0 | 0 | <b>b</b> Waiver amortization installment ..... | 0 | 0 |
|                                                                                                                                                                                      | Outstanding Balance                                                                                                                                                                                                                                                                                                          | Installment       |                    |  |                     |             |                                                      |   |   |                                                |   |   |
| <b>a</b> Net shortfall amortization installment.....                                                                                                                                 | 0                                                                                                                                                                                                                                                                                                                            | 0                 |                    |  |                     |             |                                                      |   |   |                                                |   |   |
| <b>b</b> Waiver amortization installment .....                                                                                                                                       | 0                                                                                                                                                                                                                                                                                                                            | 0                 |                    |  |                     |             |                                                      |   |   |                                                |   |   |
| <b>33</b> 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 ..... | <b>33</b>                                                                                                                                                                                                                                                                                                                    |                   |                    |  |                     |             |                                                      |   |   |                                                |   |   |
| <b>34</b> Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33) ..                                                            | <b>34</b>                                                                                                                                                                                                                                                                                                                    | 1,201,000         |                    |  |                     |             |                                                      |   |   |                                                |   |   |
|                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                              | Carryover balance | Prefunding balance |  |                     |             |                                                      |   |   |                                                |   |   |
| <b>35</b> Balances elected for use to offset funding requirement.....                                                                                                                | 0                                                                                                                                                                                                                                                                                                                            | 0                 | 0                  |  |                     |             |                                                      |   |   |                                                |   |   |
| <b>36</b> Additional cash requirement (line 34 minus line 35).....                                                                                                                   | <b>36</b>                                                                                                                                                                                                                                                                                                                    | 1,201,000         |                    |  |                     |             |                                                      |   |   |                                                |   |   |
| <b>37</b> Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c).....                                                   | <b>37</b>                                                                                                                                                                                                                                                                                                                    | 1,201,000         |                    |  |                     |             |                                                      |   |   |                                                |   |   |
| <b>38</b> Present value of excess contributions for current year (see instructions)                                                                                                  |                                                                                                                                                                                                                                                                                                                              |                   |                    |  |                     |             |                                                      |   |   |                                                |   |   |
| <b>a</b> Total (excess, if any, of line 37 over line 36) .....                                                                                                                       | <b>38a</b>                                                                                                                                                                                                                                                                                                                   | 0                 |                    |  |                     |             |                                                      |   |   |                                                |   |   |
| <b>b</b> Portion included in line 38a attributable to use of prefunding and funding standard carryover balances .....                                                                | <b>38b</b>                                                                                                                                                                                                                                                                                                                   | 0                 |                    |  |                     |             |                                                      |   |   |                                                |   |   |
| <b>39</b> Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37) .....                                                                      | <b>39</b>                                                                                                                                                                                                                                                                                                                    | 0                 |                    |  |                     |             |                                                      |   |   |                                                |   |   |
| <b>40</b> Unpaid minimum required contributions for all years .....                                                                                                                  | <b>40</b>                                                                                                                                                                                                                                                                                                                    | 0                 |                    |  |                     |             |                                                      |   |   |                                                |   |   |

**Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)**

|                                                                                                |                                                                                                                         |  |  |
|------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|--|--|
| <b>41</b> If an election was made to use PRA 2010 funding relief for this plan:                |                                                                                                                         |  |  |
| <b>a</b> Schedule elected .....                                                                | <input type="checkbox"/> 2 plus 7 years <input type="checkbox"/> 15 years                                               |  |  |
| <b>b</b> Eligible plan year(s) for which the election in line 41a was made .....               | <input type="checkbox"/> 2008 <input type="checkbox"/> 2009 <input type="checkbox"/> 2010 <input type="checkbox"/> 2011 |  |  |
| <b>42</b> Amount of acceleration adjustment .....                                              | <b>42</b>                                                                                                               |  |  |
| <b>43</b> Excess installment acceleration amount to be carried over to future plan years ..... | <b>43</b>                                                                                                               |  |  |