

**TTT WEST COAST, INC.  
401(K) RETIREMENT SAVINGS PLAN**

**Amended and Restated  
Effective as of January 1, 2021**

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**I.**  
**PURPOSE AND TYPE OF PLAN; SIGNATURE PAGE**

- 1.1 NAME AND PURPOSE OF PLAN.** The name of the Plan is the TTT West Coast, Inc. 401(k) Retirement Savings Plan. The purpose of the Plan is to assist Eligible Employees in providing for their retirement while offering those Eligible Employees the opportunity to invest in various Investment Funds.
- 1.2 TYPE OF PLAN.** The Plan is a defined contribution plan that incorporates a “cash or deferred arrangement” within the meaning of section 401(k) of the Code. The Plan is intended to comply with the requirements of sections 401(k) and 401(m) of the Code, and all relevant provisions of the Plan are to be construed in accordance with such intent.
- 1.3 PLAN SPONSOR/PARTICIPATING EMPLOYERS.** The Plan is sponsored and maintained by AT&T Inc. Each member of the AT&T Controlled Group may participate in the Plan as a Participating Employer upon the approval and designation by the Company.
- 1.4 QUALIFIED STATUS OF PLAN.** The Plan is intended to be a qualified plan within the meaning of section 401(a) of the Code with its Trust exempt from tax under section 501(a) of the Code, and all provisions of the Plan are to be construed in accordance with such intent.
- 1.5 STATUS OF PLAN AS PROFIT SHARING PLAN.** Plan contributions made pursuant to the Plan will be made without regard to current or accumulated profits of the Employer. The preceding notwithstanding, the Plan is intended to qualify as a profit sharing plan for purposes of sections 401(a), 402, 412, and 417 of the Code.
- 1.6 ACKNOWLEDGEMENT AND SIGNATURE.** This amendment and restatement of the Plan is effective January 1, 2021, unless provided for otherwise in the document.



EXECUTED on this 8 day of December 2020.

**AT&T Inc.**

By:  \_\_\_\_\_  
Julianne Galloway  
Vice President Benefits -AT&T Services, Inc.  
Pursuant to Delegation from the SEVP-HR, AT&T Inc.

## II. HISTORY OF PLAN; SPECIAL PROVISIONS

- 2.1 ORIGINAL NAME AND ORIGINAL EFFECTIVE DATE OF PLAN.** The Plan was originally adopted effective as of September 1, 1999 as a Volume Submitter Defined Contribution Plan sponsored by Fidelity as FMR, Inc.
- 2.2 EFFECTIVE DATE OF THIS RESTATEMENT OF PLAN.** The Plan is amended and restated as an individually designed plan in its entirety as set forth in this document effective January 1, 2021, except that (i) any other effective date for a particular provision as specified herein, and (ii) any provision required by law to have an earlier effective date, is effective as of such earlier date. Also effective with the amendment and restatement of the Plan, the assets and liabilities of the Plan shall be transferred to a new Trustee with respect to the Plan. In addition, the Participants' existing account balances and investment selections with respect to future Deferrals shall be mapped to the Investment Funds provided in this Plan according to a mapping process approved by the Investment Management Committee. Finally, the Participants' existing Deferral election percentages shall continue in effect as of the effective date of the amendment and restatement of the Plan.
- 2.3 PLAN/IRS DETERMINATION LETTERS.** The Plan was originally covered by the favorable opinion letter dated March 31, 2014, provided to the FMR, Inc. Volume Submitter Defined Contribution Plan.

### III. DEFINITIONS AND CONSTRUCTION

**3.1 DEFINITIONS.** For purposes of the Plan, the following terms when capitalized have the respective meanings set forth below except where the context clearly indicates to the contrary:

- (1) **Account(s)**: means each Participant's Before-Tax Account and/or Rollover Account.
- (2) **Account Balance**: means the balance, if any, of a Participant's Account or Accounts, as applicable.
- (3) **Annual Additions**: means for each Limitation Year, the total of a Participant's allocations of (a) Employer Contributions (if any), Before-Tax Deferrals and forfeitures, if any, allocated to such Participant's Accounts for such year, (b) amounts referred to in sections 415(l)(1) and 419A(d)(2) of the Code. The determination of a Participant's Annual Additions for a Limitation Year will be made after all corrections pursuant to Sections 6.1, 6.2, and 6.3 have been effected. The Annual Additions of a Participant for any Limitation Year will not include such Participant's Catch-up Deferrals or Rollover Contributions.
- (4) **AT&T Controlled Group**: means each:
  - (a) Corporation that is a member of a controlled group of corporations within the meaning of section 414(b) of the Code of which the Company is a member;
  - (b) Trade or business (whether or not incorporated) with which the Company is under common control (as defined in section 414(c) of the Code);
  - (c) Organization (whether or not incorporated) that is a member of an affiliated service group (as defined in section 414(m) of the Code) that includes the Company; and
  - (d) Other entity required to be aggregated with the Company and treated as a single employer under section 414(o) of the Code.
- (5) **AT&T Controlled Group Member**: means each entity in the AT&T Controlled Group; provided, however, that for purposes of the annual limitation on benefits as defined by the Code, section 415(h) of the Code shall apply, in which case AT&T Controlled Group Member will not include a member of an affiliated service group as defined in section 414(m) of the Code and will be determined by application of a more than 50% control standard in lieu of an 80% control standard.
- (6) **AT&T Inc.**: means AT&T Inc., a Delaware corporation, or its successor.
- (7) **Before-Tax Account**: means an individual Account established for each Participant that is credited with such Participant's Before-Tax Deferrals and certain

other elective deferrals made on behalf of such Participant as described in Subsection 7.1.1(1) and adjusted and valued in accordance with Section 7.4.

- (8) **Before-Tax Deferrals:** means a Participant's Before-Tax Deferrals described in Subsection 5.1.1 and any other elective deferrals allocated to a Participant's Before-Tax Account pursuant to a plan merger or plan-to-plan transfer.
- (9) **Beneficiary Designations:** means the rules for employee beneficiary designations established by the Employer as set forth in Section 12.10 hereof, as such rules may be amended from time-to-time.
- (10) **Benefit Commencement Date:** means the date a Participant's or Designated Beneficiary's benefit is paid (or commences to be paid) to him from the Plan.
- (11) **Benefit Plan Committee:** means the "Benefit Plan Committee" appointed by the Company and is governed in accordance with its bylaws.
- (12) **Blackout Period:** means a temporary suspension made pursuant to Section 20.6 if it results in a temporary suspension, limitation, or restriction for a period of more than three consecutive business days of any right or power of Participants otherwise available under the terms of the Plan (a) to direct or diversify assets credited to their Accounts; (b) to obtain loans from the Plan; or (c) to obtain distributions (including in-service withdrawals) from the Plan; provided, however, that a temporary suspension, limitation, or restriction of Plan activities will not constitute a Blackout Period if it (i) occurs by reason of the application of the securities laws (as defined in section 3(a)(47) of the Securities Exchange Act of 1934); (ii) is a change to the Plan providing for a regularly scheduled suspension, limitation, or restriction that is disclosed to Participants through any summary of material modifications or any materials describing specific investment alternatives under the Plan or any changes thereto; or (iii) applies only to one or more Participants, each of whom is a party to an order that is being reviewed for purposes of satisfying the requirements of a QDRO.
- (13) **CARES Act:** means the Coronavirus Aid, Relief, and Economic Security Act, Pub. L. 116-136, 134 Stat. 281 (2020) as it may be amended from time to time, and applicable regulations.
- (14) **CARES Act Qualified Individual:** means a Participant:
  - (a) Who is diagnosed with the virus SARS-CoV-2 or with coronavirus disease 2019 (referred to collectively in this Plan as COVID-19) by a test approved by the Centers for Disease Control and Prevention (including a test authorized under the Federal Food, Drug, and Cosmetic Act);
  - (b) Whose spouse or dependent (as defined in section 152 of the Code) is diagnosed with COVID-19 by a test approved by the Centers for Disease Control and Prevention (including a test authorized under the Federal Food, Drug, and Cosmetic Act); or

- (c) Who experiences adverse financial consequences as a result of:
- (i) The individual being quarantined, being furloughed or laid off, or having work hours reduced due to COVID-19;
  - (ii) The individual being unable to work due to lack of childcare due to COVID-19;
  - (iii) Closing or reducing hours of a business owned or operated by the individual due to COVID-19;
  - (iv) The individual having a reduction in pay (or self-employment income) due to COVID-19 or having a job offer rescinded or start date for a job delayed due to COVID-19;
  - (v) The individual's spouse (as defined in section 152 of the Code) or a member of the individual's household (as defined below) being quarantined, being furloughed or laid off, or having work hours reduced due to COVID-19, being unable to work due to lack of childcare due to COVID-19, having a reduction in pay (or self-employment income) due to COVID-19, or having a job offer rescinded or start date for a job delayed due to COVID-19; or
  - (vi) Closing or reducing hours of a business owned or operated by the individual's spouse (as defined in section 152 of the Code) or a member of the individual's household (as defined below) due to COVID-19.

For purposes of applying Paragraphs (v) and (vi) above, a member of the individual's household is someone who shares the individual's principal residence.

- (d) In each case, who certifies that he/she is a CARES Act Qualified Individual to the recordkeeper in the manner provided by the recordkeeper.

The definition of CARES Act Qualified Individual shall be interpreted and applied under the Plan in a manner pursuant to section 2202(a)(4)(A)(ii) of the CARES Act, as it may be amended from time to time, and applicable regulations.

- (15) **Catch-up Deferrals:** means a Participant's Deferrals described in Subsection 5.1.2.
- (16) **Code:** means the Internal Revenue Code of 1986, as amended from time to time, and the validly issued regulations thereunder.
- (17) **Company:** means AT&T Inc.
- (18) **Compensation:** means wages as defined in Code Section 3401(a) (for purposes of income tax withholding at the source) plus amounts that would be included in wages but for an election under Code section 125(a), 132(f)(4), 402(e)(3), 402(h)(1)(B), 402(k), or 457(b) and all other payments of compensation to a

Participant by the Employer (in the course of the Employer's trade or business) for services to the Employer while employed as an Eligible Employee for which the Employer is required to furnish the Eligible Employee a written statement under Code sections 6041(d), 6051(a)(3) and 6052. In addition, Compensation includes all amounts listed in paragraph (b) of this subsection below as exceptions to the definition of "severance amounts" therein. Compensation must be determined without regard to any rules under Code section 3401(a) that limit the remuneration included in wages based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in Code section 3401(a)(2)).

(a) Exclusions. Compensation excludes any Differential Wages (as defined below), reimbursements or other expense allowances, fringe benefits (cash and non-cash), moving expenses, deferred compensation, welfare benefits, Unused Leave (as defined below) or and any severance amounts. For purposes of this section, "severance amounts" are any amounts paid after severance from employment (within the meaning of section 401(k)(2)(B)(i)(I) of the Code) with the Employer and all members of the AT&T Controlled Group, except the following:

1. a payment of regular compensation for services during the Eligible Employee's regular working hours, or compensation for services outside the Eligible Employee's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments to the extent such payment would have been made prior to a severance from employment if the Eligible Employee had continued in employment with the Employer, provided such amounts are paid within the post-severance period described below;
2. payments for Unused Leave that are paid within the post-severance period described below;
3. payments received by a Participant within the post-severance period described below pursuant to a nonqualified unfunded deferred compensation plan, but only if the payment would have been paid to the Participant at the same time if the Participant had not severed employment and only to the extent that the payment is includible in the Participant's gross income; and
4. For purposes of this Section, the following terms have the following meanings:

An Eligible Employee has a "severance from employment" when (i) the employee ceases to be an employee of an employer (applying the aggregation rules in Code section 414) maintaining a plan and (ii) in connection with a change of employment, the individual's new employer does not maintain such plan with respect to the individual. The determination of whether an Eligible Employee ceases to be an employee of an employer maintaining a plan is based on all of the relevant facts and circumstances.

“Differential Wages” means Compensation paid to an Employee by the Employer with regard to military service meeting the definition of differential wage payment found in Code section 3401(h)(2).

“Unused Leave” means unused accrued bona fide sick, vacation, or other leave, but only if the Eligible Employee would have been able to use the leave if employment had continued.

The "post-severance period" means the period beginning on the Eligible Employee's severance from employment and ending on the later of (i) 2-1/2 months after or (ii) the end of the Limitation Year that includes the date of the Eligible Employee's severance from employment.

- (b) Timing Rules. Compensation shall generally be based on the amount actually paid to the Eligible Employee during the Plan Year. Compensation for the Plan Year in which an Employee first becomes a Participant shall be based on the Employee's Compensation for the portion of the Plan Year in which the Employee is eligible to participate. Compensation is treated as paid on a date if it is actually paid on that date or it would have been paid on that date but for an election under Code section 125, 132(f)(4), 401(k), 403(b), 408(k), 408(p)(2)(A)(i), or 457(b).
  - (c) Compensation for a Plan Year will not exceed the Compensation Limit.
- (19) **Compensation Limit**: means the maximum annual compensation of all amounts paid by the Employer and/or an AT&T Controlled Group Member which may be taken into account under the Plan as defined in section 401(a)(17) of the Code. Such limitation will be (a) adjusted automatically to reflect any amendments to section 401(a)(17) of the Code and any cost-of-living increases authorized by section 401(a)(17) of the Code, and (b) prorated for a Plan Year of less than twelve months and to the extent otherwise required by applicable law.
  - (20) **Deferrals**: means Before-Tax Deferrals and/or Catch-up Deferrals.
  - (21) **Designated Beneficiary**: means a Participant's beneficiary designated in accordance with Section 12.10.
  - (22) **Direct Rollover**: means a payment by the Plan of an Eligible Rollover Distribution to an Eligible Retirement Plan designated by a Distributee in accordance with Section 12.7.
  - (23) **Disability**: means disabled as determined by a physician approved by the Employer.
  - (24) **Distributee**: means each
    - (a) Participant who is entitled to an Eligible Rollover Distribution;
    - (b) Surviving Spouse of a Participant with respect to the interest of such Surviving Spouse in an Eligible Rollover Distribution;

- (c) Former Spouse of a Participant who is an alternate payee under a QDRO with regard to the interest of such former Spouse in an Eligible Rollover Distribution; and
- (d) A designated beneficiary (as defined in section 401(a)(9)(E) of the Code), other than the Surviving Spouse, of a deceased Participant with respect to the interest of such beneficiary in an Eligible Rollover Distribution.

(25) **Elapsed Time Method**: means the method of crediting service described in Treasury Regulation section 1.410(a)-7.

(26) **Eligible Employee**: means any Employee of the Employer who is in the class of Employees eligible to participate in the Plan if he meets the requirements of Article IV hereof. The following Employees are automatically excluded from eligibility to participate in the Plan: (1) Employees subject to a collective bargaining agreement, unless the agreement required the Employee to be included under the Plan; (2) any Employee who meets the Participation/Eligibility Requirements but is paid through a collective bargaining agreement for union services rendered during the majority of each annual term of the Employee's employment agreement; (3) Leased Employees (unless otherwise provided below or as otherwise classified by the Employer); (4) any individual who is a signatory to a contract, letter of agreement, or other document that acknowledges his status as an independent contractor not entitled to benefits under the Plan or any individual who is not otherwise classified by the Employer as a common law employee or the Employer does not withhold incomes taxes, file Form W-2 (or any replacement for), or remit Social Security payments to the Federal government for the individual, even if such independent contractor or other individual is later determined to be a common law employee; and (5) any Employee who is a resident of Puerto Rico. Since the Employer elects to exclude collective bargaining employees from the eligible class, the exclusion applies to any Employee of the Employer included in any unit of Employees covered by a collective bargaining agreement between employee representatives and one or more employers, unless the collective bargaining agreement requires the Employee to be covered under the Plan. The term "employee representatives" does not include any organization more than half the members of which are owners, officers, or executives of the Employer.

Also excluded to participate in the Plan is any individual who provides services as an independent contractor (with payments made from Cast & Crew or BTL Payroll, Inc. on behalf of a Participating Employer either directly to the individual or to their corporation on their behalf), even if the individual is subsequently deemed to be a common-law employee for any other purpose, is excluded from this Plan. Leased Employees are also excluded from participation in this Plan, unless they are individuals paid through Cast & Crew or BTL Payroll, Inc. for services rendered to the Employer.

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

- (a) Individual retirement account described in section 408(a) of the Code;
- (b) Individual retirement annuity described in section 408(b) of the Code (other than an endowment contract);



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

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

(28) **Eligible Rollover Distribution:** means

- (a) with respect to a Distributee, any distribution (including in-service withdrawals) of all or any portion of the Accounts of a Participant other than:
  - (i) A distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and the Distributee's designated beneficiary or for a specified period of ten years or more;
  - (ii) A distribution to the extent such distribution is required under section 401(a)(9) of the Code;
  - (iii) The portion of a distribution that is not includable in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities);
  - (iv) A loan treated as a distribution under section 72(p) of the Code and not excepted by section 72(p)(2);
  - (v) A loan in default that is a deemed distribution;
  - (vi) Any corrective distribution provided in Article VI; and

- (vii) Any other distribution so designated by the Internal Revenue Service in revenue rulings, notices, and other guidance of general applicability.
- (b) Notwithstanding the foregoing or any other provision of the Plan,
  - (i) Any amount that is distributed from the Plan pursuant to Section 11.4 on account of hardship to a Participant who has not attained age 59½ or pursuant to Section 12.6 on account of minimum required distribution will not be an Eligible Rollover Distribution, and the Distributee may not elect to have any portion of such a distribution paid directly to an Eligible Retirement Plan, and
  - (ii) A portion of a distribution will not fail to be an Eligible Rollover Distribution merely because the portion consists of amounts in a Participant's Rollover After-Tax Subaccount that are not includable in gross income, provided, however, that such portion may be transferred only to an individual retirement account or annuity described in section 408(a) or 408(b) of the Code, a qualified plan described in section 401(a) of the Code, an annuity described in section 403(b) of the Code, or a Roth individual retirement account described in section 408A of the Code and, in each such case, only if such plan or annuity agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution that is includable in gross income and the portion of such distribution that is not so includable.
- (29) **Employee**: means any common law employee of the Employer or a Participating Employer and any Leased Employee. Notwithstanding the foregoing, a Leased Employee shall not be considered an Employee if Leased Employees do not constitute more than 20 percent of the Employer's non-highly compensated workforce (taking into account all Participating Employers) and the Leased Employee is covered by a money purchase pension plan maintained by the leasing organization and providing (1) a nonintegrated employer contribution rate of at least 10 percent of compensation, as defined for purposes of Code section 415(c)(3), (2) full and immediate vesting, and (3) immediate participation by each employee of the leasing organization.
- (30) **Employer**: means each Participating Employer.
- (31) **Employer ADP Corrective Contributions**: means, contributions, if any, made to the Plan by the Employer pursuant to Subsection 5.3.1 to satisfy the restrictions set forth in Subsection 6.1.2 and any other such corrective contributions allocated to a Participant's Before-Tax Account pursuant to a plan merger or plan-to-plan transfer.
- (32) **Employer Contributions**: means any contributions made to the Plan to satisfy the top-heavy contribution requirements of Article XIX.

- (33) **Employer Contribution Account**: means an individual Account established for each Participant that is credited with such Participant's Employer Contributions made on behalf of such Participant as described in Subsection 7.1.1(3) and adjusted and valued in accordance with Section 7.4.
- (34) **Employer Corrective Contributions**: means the Employer ADP Corrective Contributions.
- (35) **Employment Commencement Date**: means the date on which an Employee first performs an Hour of Service.
- (36) **Entry Date**: means (i) with respect to an Eligible Employee who is a Full Time Employee, the first day of the month coinciding with or immediately following the date on which the Full Time Employee satisfies the Plan's minimum service conditions in accordance with Section 4.1.2 and who remains employed by the Employer through his Entry Date, and (ii) with respect to an Eligible Employee who is a Variable Employee, the first January 1 or July 1 coinciding with or immediately following the date on which the Variable Employee satisfies the Plan's minimum age and service conditions in accordance with Section 4.1.3 and who remains employed by the Employer through his Entry Date.
- (37) **ERISA**: means, the Employee Retirement Income Security Act of 1974, as amended from time to time and the validly issued regulations thereunder.
- (38) **415 Compensation**: means the total of all amounts paid by the Employer and/or an AT&T Controlled Group Member to or for the benefit of a Participant for services rendered or labor performed for the Employer or AT&T Controlled Group Member that are required to be reported on the Participant's federal income tax withholding statement or statements (Form W-2 or its subsequent equivalent), but modified to include (or exclude) the following amounts:
- (a) Elective deferrals (as defined in section 402(g)(3) of the Code) from Compensation contributed by the Employer or AT&T Controlled Group Member on behalf of the Participant;
  - (b) Amounts contributed or deferred by the Employer or AT&T Controlled Group Member at the election of the Participant and not includable in the gross income of the Participant by reason of section 125 of the Code (including any amounts not available to a Participant in cash in lieu of group health coverage because the Participant is unable to certify that he has other health coverage, provided the employer does not request or collect other information regarding the Participant's health coverage as a part of the enrollment process for the health plan) or 457 of the Code; and
  - (c) Amounts not includable in the gross income of a Participant under a salary reduction agreement by reason of the application of section 132(f)(4) of the Code;
  - (d) A Participant's Compensation shall not include any amounts that are paid after the Participant's severance from employment (within the meaning of section 401(k)(2)(B)(i)(I) of the Code) with the Employer and all members

of the AT&T Controlled Group, except to the extent that (A) the Compensation is paid by the later of 2½ months after severance from employment or the end of the Plan Year that includes the date of severance from employment, and (B)(i) the Compensation is regular compensation for services during the Participant's regular working hours, or compensation for services outside the Participant's regular working hours (such as overtime or shift differential), commissions, bonuses or other similar payments, and the Compensation would have been paid to the Participant prior to severance from employment if the Participant had continued in employment with the Employer or a member of the AT&T Controlled Group; (ii) the Compensation is payment for unused accrued bona fide sick, vacation or other leave that the Participant would have been able to use if employment had continued and the Compensation would have been included in Compensation under the Plan if paid prior to severance from employment; or (iii) the Compensation is a payment from a nonqualified deferred compensation plan that is includible in gross income, and that would have been paid to the Participant at the same time if the Participant had continued in employment and would have been included in Compensation under the Plan if paid prior to severance from employment. The exclusion under the preceding sentence does not apply to payments to an individual who does not currently perform services for the Employer or a member of the AT&T Controlled Group because of qualified military service under Code section 414(u)(1), to the extent the payments do not exceed the amounts the individual would have received if the individual had continued to perform services for the Employer or a member of the AT&T Controlled Group rather than entering qualified military service. The exclusion in this subsection does not apply to payments to a Participant who is permanently and totally disabled as defined in Code section 22(e)(3), but only if the Participant is not a highly compensated employee immediately before becoming disabled or the Plan provides for the continuation of contributions on behalf of all Participants who are permanently and totally disabled for a fixed or determinable period. For purposes of this section, a Participant will not be considered to have a severance from employment if, in connection with a change of employment, the Participant's new employer maintains the Plan with respect to the Participant.

The preceding notwithstanding, 415 Compensation will not exceed the Compensation Limit, except where specifically provided that such limit will not apply.

- (39) **Five-Year Break in Service**: means five consecutive One-Year Breaks in Service.
- (40) **Full Time Employee**: means an Employee classified as a full-time Employee by an Employer in accordance with its policies from time to time and such Employee is currently regularly-scheduled to work thirty (30) or more hours per week, and has the full-time box checked on an executed start form (or such other similar procedure that may be in effect from time-to-time).

- (41) **Highly Compensated Employee**: means each Employee of an Employer or an AT&T Controlled Group Member who performs services during the Plan Year for which the determination of who is a Highly Compensated Employee is being made (the “Determination Year”) and who:
- (a) Is a “5-percent owner” of the Employer (within the meaning of section 416(i)(1)(B)(i) of the Code) at any time during the Determination Year or the 12-month period immediately preceding the Determination Year (the “Look-Back Year”); or
  - (b) Received “compensation” within the meaning of section 414(q)(4) of the Code (referred to as “compensation” for purposes of this Section in excess of \$80,000, with such amount to be adjusted automatically to reflect any cost-of-living adjustments authorized by section 414(q)(1) of the Code during the Look-Back Year); or
  - (c) Any other provisions applicable under Code section 414(q).
- (42) **Hour of Service**: means with respect to any individual:
- (a) Each hour for which an individual is directly or indirectly paid, or entitled to payment, by the Employer or an AT&T Controlled Group Member for the performance of duties during the applicable computation period, provided that if the Employer or AT&T Controlled Group Member does not maintain records that reflect the actual Hours of Service to be credited to the individual, 190 Hours of Service will be credited to the Employee for each month that the Full Time Employee would have been credited with at least one (1) Hour of Service under this section.
  - (b) Each hour up to 501 Hours of Service (1) for which an individual is directly or indirectly paid, or entitled to payment, by an Employer or an AT&T Controlled Group Member for reasons other than the performance of duties, such as vacation, sickness or disability (to be credited as of the time when amounts payable to him become due), (2) for which back pay, irrespective of mitigation of damages, has been either awarded or agreed to by an Employer or an AT&T Controlled Group Member (to be credited as of the time to which the award or agreement pertains) or (3) during which an individual is on an authorized leave of absence from an Employer or an AT&T Controlled Group Member as determined under the leave policy of the employer from which such authorized leave is taken or as provided under applicable Treasury Regulations for a period of not more than two years (except for military or other government service) to be credited on the basis of ten hours per day for each weekday other than a holiday observed by the Employer or an AT&T Controlled Group Member.
  - (c) To the extent that any federal law or regulation, including, but not limited to, 29 CFR Part 2530, Section 2530.200b-2, requires the crediting of Hours of Service for periods (such as for military service) in addition to those credited hereunder, the terms of such law or regulation shall govern any such additional credit.

- (d) In the case of an Employee who transfers from being a Full Time Employee to a Variable Employee:
  - (1) the Employee shall receive credit, as of the date the transfer occurs, for the number of full years of service in his Period of Service as of the date of the transfer; and
  - (2) the Employee shall receive credit in the year which includes the date of the transfer, for a number of Hours of Service determined by crediting such Employee with 190 Hours of Service for each month of any partial Year of Service as of the date of the transfer not included in (1) above.

Such Employee shall receive credit for Hours of Service subsequent to the transfer commencing on the date the transfer occurs.

- (e) The same Hour of Service shall not be credited under more than one of the above clauses. The rules of Department of Labor Regulations Section 2530.200b-2(b) and (c) are hereby incorporated by reference.
  - (f) For purposes of eligibility and vesting, an Hour of Service shall exclude prior service with an entity other than an Employer or an AT&T Controlled Group Member, except to the extent granted by the Plan Administrator or its delegate, in accordance with Code section 401(a)(4)
  - (g) Notwithstanding Subsection (f) above, for purposes of eligibility and vesting, an Hour of Service with respect to a Participant includes prior service with an entity that was not then an Employer or an AT&T Controlled Group Member if the Participant became an Employee as a result of a corporate stock or asset acquisition by an Employer or an AT&T Controlled Group Member and such past service is provided for in the applicable definitive agreement.
- (43) **Investment Committee:** means the “Benefit Plan Investment Committee” appointed by the Company and governed in accordance with its bylaws.
  - (44) **Investment Fund:** means one or more of the Investment Funds identified in Section 8.1.
  - (45) **Investment Management Committee:** means the Investment Management Committee, created and appointed by the Investment Committee.
  - (46) **Investment Manager:** means an investment manager qualified as such under section 3(38) of ERISA.
  - (47) **Leased Employee:** means each person, as classified by the Employer or AT&T Controlled Group Member, who is not an employee of the Employer or an AT&T Controlled Group Member but who performs services for the Employer or an AT&T Controlled Group Member pursuant to an agreement (oral or written) between such Employer or AT&T Controlled Group Member and any leasing organization, provided that

- (a) Such person has performed such services for such Employer or AT&T Controlled Group Member or for related persons (within the meaning of section 414(n)(6) of the Code) on a substantially full-time basis for a period of at least one year; and
  - (b) Such services are performed under primary direction or control by such Employer or AT&T Controlled Group Member (or related person within the meaning of section 414(n)(6) of the Code).
- (48) **Leave of Absence**: means a leave of absence formally granted to an Employee in accordance with rules established by his Employer, including a leave granted under the requirements of the Family and Medical Leave Act of 1993, as amended.
- (49) **Legally Recognized Partner**: means any individual:
- (a) Who is a Registered Domestic Partner; or
  - (b) With whom a Participant, as applicable, has entered into a same-gender relationship pursuant to and in accordance with state or local law, such as civil union, or other legally recognized arrangement that provides similar legal benefits, protections, and responsibilities under state law to those afforded to a Spouse.

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

- (50) **Limitation Year**: means the Plan Year.
- (51) **Maximum Annual Additions**: means the lesser of (a) \$40,000, with such amount to be adjusted automatically to reflect any cost-of-living adjustment authorized by section 415(d) of the Code, or (b) 100% of such Participant's 415 Compensation during such Limitation Year, except that the limitation in this Clause (b) will not apply to any contribution for medical benefits (within the meaning of section 419A(f)(2) of the Code) after separation from service with the Employer or an AT&T Controlled Group Member that is otherwise treated as an Annual Addition or to any amount otherwise treated as an "annual addition" under section 415(l)(1) of the Code.
- (52) **Nonvested Account Balance**: means the portion of a Participant's Account Balance in which he does not have a Vested Interest.
- (53) **Normal Retirement Age**: means age 65.
- (54) **One-Year Break in Service**: means (i) with respect to Full Time Employees, a Period of Severance of 12 consecutive months, beginning on such individual's Severance from Service Date and ending on any anniversary of such date, provided such individual does not perform an Hour of Service during that period

and (ii) with respect to Variable Employees, a year during which a Variable Employee has completed fewer than 501 Hours of Service

If an individual is absent from service by reason of the individual's pregnancy, the birth of a child of the individual, the placement of a child with the individual in connection with the adoption of such child by the individual, or for the purposes of caring for such child for the period immediately following such birth or placement, such individual will not be considered to have incurred a One-Year Break in Service during (i) the period of 12 consecutive months beginning on his Severance from Service Date, with respect to a Full Time Employee or (ii) the Year of Service that includes the Termination of Employment, with respect to a Variable Employee.

The preceding notwithstanding, the following periods or hours of absence of an individual will not be taken into account in determining whether such individual has incurred a One-Year Break in Service:

- (a) A Leave of Absence by an Employee, provided such Employee returns to active employment at the end of such Leave of Absence; or
  - (b) A period or hour of absence during which an Employee is receiving disability benefits under his Employer's disability plan, if any.
- (55) **Participant:** means each individual who is participating in the Plan pursuant to Article IV; and for purposes of Article VIII, Article XII, and Plan provisions affected by any Blackout Period only, each Designated Beneficiary of a deceased Participant and each alternate payee with respect to a Participant under a QDRO will also be considered a "Participant" solely for purposes of receiving benefits if there is an Account balance under the Plan.
- (56) **Participating Employer:** means each AT&T Controlled Group Member that is participating in the Plan in accordance with Article XVI. The Participating Employers, as of the Restatement Effective Date, are listed on Supplement 1, as Supplement 1 may be updated and amended from time to time.
- (57) **Period of Service:** means each of the following periods for Full Time Employees:
- (a) Each period of an individual's Service commencing on his Employment Commencement Date or Reemployment Commencement Date, if applicable, and ending on his Severance from Service Date, except that a period during which an individual is absent from service by reason of the individual's pregnancy, the birth of a child of the individual, the placement of a child with the individual in connection with the adoption of such child by the individual, or for the purposes of caring for such child for the period immediately following such birth or placement will not constitute a Period of Service between the first (1<sup>st</sup>) and second (2<sup>nd</sup>) anniversary of the first (1<sup>st</sup>) date of such absence;
  - (b) Each Period of Severance that does not exceed twelve consecutive months;



- (c) Each period of an individual's employment with an unaffiliated company but only if such individual becomes an Eligible Employee and only to the extent an Interchange Agreement requires the Plan to recognize such individual's service with such unaffiliated company as the equivalent of a Period of Service;
- (d) Each period required to be credited as a Period of Service by federal law other than ERISA or the Code, but only under the conditions and to the extent so required by such federal law; and
- (e) To the extent required by section 414(n) of the Code and the applicable interpretative authority thereunder (and taking into account any recordkeeping exception to such section), each period for which an individual was a Leased Employee (or would have been a Leased Employee but for the service requirement of section 414(n)(2)(B) of the Code).
- (f) In the case of an Employee who transfers from being a Variable Employee to a Full Time Employee, such Employee's Period of Service as of the date of the transfer shall consist of:

(1) the number of Years of Service credited to him before the year during which the transfer occurs; plus

(2) the greater of (i) the Period of Service beginning on the first day of the Year during which the transfer occurs and ending on the date of such transfer or (ii) the Years of Service taken into account for such year under the above paragraph (b) as of the date of the transfer.

Such Employee shall receive credit for Periods of Service subsequent to the last day of the year in which the transfer occurs.

In addition, the Employer may credit individuals with additional Period(s) of Service as follows:

- (y) Service with the Employer or a prior employer for periods before such individual has commenced or recommenced participation in the Plan ("pre-participation service"), but only if (i) such pre-participation service would not otherwise be credited as a Period of Service, and (ii) such crediting of pre-participation service (A) has a legitimate business reason, (B) does not by design or operation discriminate significantly in favor of Highly Compensated Employees, and (C) is applied to all similarly situated employees.
- (z) Service for periods after such individual has commenced participation in the Plan while such individual is not performing service for the Employer or while such individual is an Employee with a reduced work schedule ("imputed service"), but only if (i) such imputed service would not otherwise be credited as a Period of Service; (ii) such crediting of imputed service (A) has a legitimate business reason, (B) does not by design or operation discriminate significantly in favor of Highly Compensated Employees, and

(C) is applied to all similarly situated employees; and (iii) the individual has not permanently ceased to perform service as an employee of the Employer or any AT&T Controlled Group Member, provided that this Clause (iii) of this sentence will not apply if (A) such individual is not performing service for the Employer because of a disability, (B) such individual is performing service for another employer under an arrangement that provides some ongoing business benefit to the AT&T Controlled Group, or (C) for purposes of vesting, such individual is performing service for another employer that is being treated under the Plan as actual service with the Employer.

- (58) **Period of Severance**: means with respect to Full Time Employees, each period of time commencing on an individual's Severance from Service Date and ending on his Reemployment Commencement Date.
- (59) **Plan**: means this TTT West Coast, Inc. 401(k) Retirement Savings Plan, as amended from time to time.
- (60) **Plan Administrator**: means AT&T Services, Inc.
- (61) **Plan Sponsor**: means AT&T Inc.
- (62) **Plan Year**: means each twelve consecutive month period beginning each January 1.
- (63) **QDRO**: means a "qualified domestic relations order" as defined in section 414(p) of the Code and section 206(d)(3) of ERISA.
- (64) **Reemployment Commencement Date**: means (i) with respect to Full Time Employees, the first date upon which an Employee is paid for an Hour of Service following his most recent Severance from Service Date and (ii) with respect to Variable Employees, Reemployment Commencement Date means the first date following a Termination of Employment on which the Employee is paid for an Hour of Service.
- (65) **Registered Domestic Partner**: means the individual, if any, with whom a Participant has entered into a domestic partnership that has been registered with a governmental body pursuant to state or local law authorizing such registration.
- (66) **Restatement Effective Date**: means January 1, 2021.
- (67) **Rollover Account**: means an individual Account established for an Eligible Employee that is credited with such Eligible Employee's Rollover Contributions and certain other rollover contributions allocated to his Rollover Account as described in Subsection 7.1.1(2) and adjusted and valued in accordance with Section 7.4.
- (68) **Rollover After-Tax Subaccount**: means a Subaccount established in each Rollover Account reflecting the after-tax portion, if any, of each Rollover Contribution as described in Subsection 7.1.2(2).

- (69) **Rollover Contributions:** means contributions made to the Plan by an Eligible Employee in accordance with Section 5.2.
- (70) **Savings Subaccount:** means a Subaccount established in each Account of a Participant as described in Subsection 7.1.2(1) reflecting the amounts in such Account invested in the Investment Funds.
- (71) **Service:** means each period of an individual's employment with the Employer or an entity that is (and only during any period it is) an AT&T Controlled Group Member.
- (72) **Severance from Service Date:** means, with respect to Full Time Employees, the earlier of:
- (a) The first date on which an individual terminates his Service following his Employment Commencement Date or most recent Reemployment Commencement Date, if applicable, or
  - (b) The last day of the sixth consecutive calendar month period in which an Employee remains absent from active service (with or without pay) with the Employer or an entity that is an AT&T Controlled Group Member for any reason other than resignation, retirement, discharge, or death (such as vacation, holiday, leave of absence, disability, or layoff that is not classified by the Employer as a Termination of Employment).

Notwithstanding the foregoing, the Severance from Service Date of an individual who is absent from service by reason of such individual's pregnancy, the birth of a child of such individual, or the placement of a child with such individual in connection with the adoption of such child by such individual, or for purposes of caring for such child for the period immediately following such birth or placement will be the second (2<sup>nd</sup>) anniversary of the first (1<sup>st</sup>) date of such absence.

Furthermore, if an individual terminates his Service with an Employer or AT&T Controlled Group Member and within twelve months commences employment with another Employer or AT&T Controlled Group Member, such Employee's Severance from Service Date shall not occur until the date the Employee has a Severance from Service Date with the Employer and all AT&T Controlled Group Members.

- (73) **Spouse:** means with respect to a Participant, the person who is treated as married to such Participant under the laws of the U.S. jurisdiction or foreign jurisdiction that sanctioned such marriage. The determination of a Participant's Spouse or Surviving Spouse will be made as of the date of such Participant's death (or Benefit Commencement Date, if earlier). In addition, a Participant's former Spouse will be treated as his Spouse or Surviving Spouse to the extent provided under a qualified domestic relations order, as defined in Code section 414(p).
- (74) **Subaccount(s):** means one or all of a Participant's Savings Subaccount and Rollover After-Tax Subaccount.

- (75) **Surviving Spouse**: means the Spouse to whom a Participant is married on the date of such Participant's death (or Benefit Commencement Date, if earlier).
- (76) **Termination of Employment**: means (i) with respect to a Full Time Employee, a termination of employment with the Employer and all AT&T Controlled Group Members for any reason and, upon such termination, does not continue as a Leased Employee and (ii) with respect to a Variable Employee, Termination of Employment means the last day of the sixth consecutive calendar month period for which no Compensation was payable to the Employee.
- (77) **Trust**: means the trust established under the Trust Agreement(s) to hold and invest contributions made under the Plan, and income thereon, and from which Plan benefits and administrative expenses are distributed.
- (78) **Trust Agreement**: means the agreement(s) entered into between the Company and the Trustee establishing the Trust, as such agreement(s) may be amended from time to time.
- (79) **Trustee**: means one (1) or more trustees qualified and acting under the Trust Agreement at any time.
- (80) **Value**: means the value of a Participant's Account or Accounts, as applicable, determined in accordance with Section 7.4.
- (81) **Valuation Date**: means each day on which trading occurs on the New York Stock Exchange; provided, however, that if a transaction is completed after the close of the New York Stock Exchange, the Valuation Date with respect to such transaction will be the next following day on which trading occurs on the New York Stock Exchange. If the "Valuation Date" would fall on January 1 of any Plan Year under any specific provision of the Plan, then the next following day on which trading occurs on the New York Stock Exchange will be used. If the "Valuation Date" would fall on a non-trading day under any specific provision of the Plan, then the preceding day on which trading occurs on the New York Stock Exchange will be used.
- (82) **Variable Employee**: means an Employee not classified as a Full Time Employee by the Employer.
- (83) **Vested Account Balance**: means the portion of a Participant's Account Balance in which he has a Vested Interest.
- (84) **Vested Interest**: means a nonforfeitable interest entitling a Participant to a benefit, as determined in accordance with Article IX.
- (85) **Year of Service**: means, with respect to a Variable Employee, a Plan Year during which the Variable Employee has completed not less than 1,000 Hours of Service; except that for eligibility purposes, a Year of Service for the initial eligibility computation period shall mean the twelve month period measured from a Variable Employee's Employment Commencement Date or Reemployment Commencement Date with the Employer or an AT&T Controlled Group Member, in which the Variable Employee completes at least 1,000 Hours of Service, or if

the Variable Employee fails to complete 1,000 Hours of Service in such twelve month period, subsequent eligibility computation periods shall be on a Plan Year basis starting with the first Plan Year which begins following his Employment Commencement Date in which he completes at least 1,000 Hours of Service.

(86) **Year of Vesting Service**: means a Year of Vesting Service as defined in Section 9.2.

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

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

## IV. ELIGIBILITY AND PARTICIPATION

### 4.1 ELIGIBILITY AND PARTICIPATION.

- 4.1.1 **RESTATEMENT.** Each Employee who was a Participant in the Plan on December 31, 2020, and who is an Eligible Employee on January 1, 2021, will continue as a Participant, subject to the terms and conditions of the Plan. Each other Eligible Employee will become a Participant on the day following his satisfaction of the requirements for eligibility described in Subsections 4.1.2 through 4.1.6 below.
- 4.1.2 **FULL TIME EMPLOYEES.** This subsection applies only to Full Time Employees, with respect to whom service is credited based on the Elapsed Time Method. Each such Eligible Employee (and only such individual) is eligible to become a Participant in the Plan after completion of a Period of Service of three (3) consecutive months after September 1, 2020. Except as provided in the following Subsections of this Section 4.1, each such Eligible Employee will become an active Participant and enter the Plan on the Entry Date coinciding with or immediately following the date on which he first satisfies the service requirement, provided the Eligible Employee remains employed by the Employer through such date.
- 4.1.3 **VARIABLE EMPLOYEES.** This subsection applies only to Variable Employees, with respect to whom service is credited based on Hours of Service. Each such Eligible Employee (and only such individual) is eligible to become a Participant in the Plan after (i) attainment of age twenty-one (21) and (ii) completion of a Year of Service after January 1, 2021. Except as provided in the following Subsections of this Section 4.1, each such Eligible Employee will become an active Participant and enter the Plan on the Entry Date coinciding with or immediately following the date on which he first satisfies the service and age requirements, provided the Eligible Employee remains employed by the Employer through such date.
- 4.1.4 **REHIRED EMPLOYEES.** If an Eligible Employee described in Section 4.1.2 or 4.1.3 above incurs a Termination of Employment before becoming a Participant in the Plan and is subsequently reemployed by the Employer or a Participating Employer, he shall be re-credited upon reemployment with his eligibility service earned prior to incurring his Termination of Employment.
- (1) **FULL TIME EMPLOYEE REHIRED AS FULL TIME EMPLOYEE OR VARIABLE EMPLOYEE REHIRED AS VARIABLE EMPLOYEE.**
- (a) If such Eligible Employee has satisfied the Plan's minimum age and/or service conditions for the respective employee category prior to incurring his Termination of Employment, such Eligible Employee will become an active Participant as soon as administratively feasible following the later of (i) his Reemployment Commencement Date, or (ii) the Entry Date on which he could have first become an active Participant in the Plan had the Employee not terminated.

- (b) If such Eligible Employee has not satisfied the Plan's minimum age and/or service conditions for the respective employee category prior to incurring his Termination of Employment, such Eligible Employee will become an active Participant on the appropriate Entry Date following completion of the Plan's minimum age and/or service requirements for the respective employee category. For purposes of applying any shift in eligibility computation period, such Eligible Employee's prior service shall be accounted for such that the Eligible Employee is not treated as a new hire.

(2) **FULL TIME EMPLOYEE REHIRED AS VARIABLE EMPLOYEE OR VARIABLE EMPLOYEE REHIRED AS FULL TIME EMPLOYEE.**

- (a) If such Eligible Employee is a Full Time Employee upon reemployment by the Employer or a Participating Employer, he will become an active Participant on the appropriate Entry Date following satisfaction of the Plan's minimum service requirements in accordance with Section 4.1.2 above, with eligibility service earned prior to incurring his Termination of Employment determined based on the Elapsed Time Method.
- (b) If such Eligible Employee is a Variable Employee upon reemployment by the Employer or a Participating Employer, he will become an active Participant on the appropriate Entry Date following satisfaction of the Plan's minimum age and/or service requirements in accordance with Section 4.1.3 above, with eligibility service earned prior to incurring his Termination of Employment determined based on Hours of Service.

4.1.5 **CHANGE IN EMPLOYMENT STATUS.** If an Employee who is not, and has never been, an Eligible Employee becomes an Eligible Employee, then such Employee will become an active Participant based on the respective employee category and in accordance with section 4.1.2 or 4.1.3, as applicable. Such Eligible Employee will become an active Participant as soon as administratively feasible following the later of (i) the date he changes status to Eligible Employee, or (ii) the Entry Date on which he could have first become an active Participant in the Plan determined as if the Employee was always an Eligible Employee.

4.1.6 **ROLLOVER CONTRIBUTION PARTICIPANTS.** Subject to Section 4.3, each Eligible Employee who makes a Rollover Contribution pursuant to Section 5.2 will become a Participant in the Plan on the date of such Rollover Contribution but only to the extent provided in such Section.

4.2 **TERMINATION OF PARTICIPATION.** Subject to Section 4.3, a Participant who has commenced participation in the Plan pursuant to Section 4.1 will continue to be a Participant so long as (and only so long as) he either (i) remains an Eligible Employee and/or (ii) has an Account Balance greater than zero, and a Participant will cease to be a Participant as of the later date on which he fails to meet the criteria in Clause (i) or Clause (ii).

**4.3 RESTRICTED PARTICIPATION FOR NON-ELIGIBLE EMPLOYEES.**

4.3.1 **PARTICIPANT/EMPLOYEES WHO CEASE TO BE ELIGIBLE EMPLOYEES.** In the case of a Participant who is not, or ceases to be, an Eligible Employee, such individual will remain a Participant so long as he is employed by the Employer or a member of the AT&T Controlled Group and has an Account Balance greater than zero, but he will not be entitled to make Deferrals or share in allocations of forfeitures, if applicable under the Plan.

4.3.2 **NON-EMPLOYEE PARTICIPANTS.** In the case of a Participant who is not, or ceases to be, employed by the Employer or within the AT&T Controlled Group but has an Account Balance greater than zero, such individual will remain a Participant so long as he has an Account Balance greater than zero, but he will not be entitled to make Deferrals, share in allocations of forfeitures (if applicable), take out in-service withdrawals, take out loans under the Plan (except as otherwise provided in Subsection 10.1), or otherwise actively participate in the Plan.

**4.4 RESUMPTION OF PARTICIPATION.** A Participant who ceases to be a Participant in the Plan pursuant to Section 4.2 will again become a Participant as soon as administratively feasible after again becoming an Eligible Employee and he completes one Hour of Service.



## V. DEFERRALS AND CONTRIBUTIONS

### 5.1 PARTICIPANT DEFERRALS

5.1.1 **BEFORE-TAX DEFERRALS.** Subject to the applicable limitations set forth in Article VI, each Participant may authorize for each pay period the following Deferrals to be contributed to the Plan on his behalf:

- (1) **BEFORE-TAX DEFERRALS.** Each Participant may elect to defer on a tax deferred basis (a "Before-Tax Deferral") any whole percentage from 0% to 50% of his Compensation for the pay period; provided however that Participants will be limited to defer up to a maximum of 8% percent effective on the March 1<sup>st</sup> of the Plan Year such Participant meet the definition of Highly Compensated Employee. A Participant may change such Deferral election and defer any greater or lesser percentage of his Compensation (subject to the percentage limits above) by affirmatively electing to do so in accordance with Subsection 5.1.4).
- (2) **ELECTIVE INCREASES.** A Participant who has affirmatively elected to make Deferrals pursuant to Paragraph (1) above may provide, at the time he makes such election or at any later time during which such election is still in place, for an automatic annual increase of his elected Before-Tax Deferral percentage. Such increase may be an increase of any whole percentage from 1% to 10% subject to the maximum percentage limits set forth in Paragraph (1) above. Any such increase will be initially effective on the date specified by the electing Participant and thereafter in successive years on each anniversary date of the selected initial effective date, unless earlier changed by such Participant in accordance with Subsection 5.1.4.

5.1.2 **CATCH-UP DEFERRALS.** Subject to the limitations set forth in Article VI, in addition to the Before-Tax Deferrals elected pursuant to Subsection 5.1.1, each Participant who has attained age 50 or will attain age 50 prior to the close of the Plan Year is eligible to defer additional Before-Tax Deferrals in an additional whole percentage (from 1% to 50%) of his Compensation (a "Catch-up Deferral") for such Plan Year. Catch-up Deferrals will not be taken into account for purposes of the provisions of the Plan implementing the required limitations of sections 402(g) and 415 of the Code, as described respectively in Subsection 6.1.1 and Section 6.4, and the Plan will not be treated as failing to satisfy the provisions of the Plan implementing the requirements of section 401(k)(3), 401(k)(11), 401(k)(12), 410(b), or 416 of the Code, as applicable, by reason of the making of such Catch-up Deferrals.

5.1.3 **PROCEDURE FOR AUTHORIZING DEFERRALS.** A Participant's election to make Before-Tax Deferrals and/or Catch-up Deferrals pursuant to this Section 5.1 must be made by complying with procedures established by the Plan Administrator for such purpose. In the case of any Deferral election, the Employer will reduce the Participant's Compensation by the elected amount and then contribute the elected amount to the Plan on behalf of such Participant. A Participant's election to make Deferrals will be implemented as soon as administratively feasible on or following the first payroll period beginning on or after the first day of the month coinciding

with or following the later of the date of such election is made or the date such active Participant enters the Plan in accordance with Section 4.1 and will remain in effect for all periods following its implementation until changed or cancelled in accordance with Subsection 5.1.4. Deferrals elected by a Participant pursuant to Subsection 5.1.1 or 5.1.2 will be allocated to the electing Participant's applicable Account, in accordance with Sections 7.1 and 7.2. Compensation not so deferred by a Participant will be received by such Participant in cash.

#### **5.1.4 CHANGE, CANCELLATION, OR RESUMPTION OF DEFERRALS**

- (1) A Participant who has elected to make Deferrals pursuant to Subsection 5.1.1 or 5.1.2, or who has previously changed or cancelled his Deferral election pursuant to this Paragraph, may at any time (a) change his existing Deferral election percentage (within the percentage limits set forth in the applicable Subsection), (b) resume Deferrals (within the percentage limits set forth in the applicable Subsection), or (c) completely cancel his Deferrals. A change, resumption, or cancellation of elected Deferrals must be implemented by complying with procedures established by the Plan Administrator for such purpose, will be effective as the payroll period beginning on or after the first day of each month following the date of such election and will remain in effect for all periods following its implementation until changed or cancelled in accordance with this Subsection 5.1.4.
- (2) A Participant's Deferrals will be reduced or stopped (without the request or consent of the Participant) (a) to the extent such Participant's Compensation for any pay period is insufficient (after all deductions required by law and other deductions authorized by such Participant) to honor the Participant's Deferral election for such pay period, (b) as required by any of the applicable limits set forth in Article VI, or (c) as required by other Plan provisions (as they currently exist or as they may be amended from time to time). A Participant's Deferrals that are reduced or stopped pursuant to this Paragraph will automatically resume on the first administratively practicable pay period, if and when such Compensation is increased or such limitation no longer requires a reduction in or cessation of such Deferrals.
- (3) If the Plan Administrator determines that a reduction or cancellation of the Before-Tax Deferral and/or Catch-up Deferral election pursuant to Subsection 5.1.1 or 5.1.2 is necessary to ensure that the limitations set forth in Article VI are met for any Plan Year, the Plan Administrator may reduce the elections of affected Participants on a temporary and prospective basis in such manner as the Plan Administrator determines. In addition, a Participant's Before-Tax Deferral and/or Catch-up Deferral election will cease automatically when the applicable limit under Article VI has been reached for any Plan Year. A Participant's Deferrals that are reduced or stopped pursuant to this Paragraph will automatically resume or increase, as applicable, on the first administratively practicable pay period in accordance with the Participant's elections in place at the time of such reduction or cessation if and when such limitation no longer requires such reduction or cessation of such Deferrals.

- (4) A Participant's Deferrals will stop (without the request or comment of the Participant) on the date such Participant ceases to be an Eligible Employee. If such Participant again becomes an Eligible Employee, he may resume Deferrals effective on the first day of the first payroll period for which the Employer can reasonably process the request and in accordance with the provisions of this Section 5.1 on the first administratively practicable pay period following the date he again becomes an Eligible Employee in accordance with procedures established by the Plan Administrator.

## **5.2 ROLLOVER CONTRIBUTIONS**

- 5.2.1 ELIGIBILITY TO MAKE ROLLOVER CONTRIBUTIONS.** An Eligible Employee and a Participant who was formerly an Eligible Employee, for clarity a Participant who is not or ceases to be an Eligible Employee in Section 4.3.1 and a non-employee Participant in Section 4.3.2 (hereinafter collectively referred to as an "Eligible Employee" solely for purposes of this Section 5.2) may roll over to the Plan a distribution from another retirement plan if such distribution is (1) an "eligible rollover distribution" within the meaning of section 402(f)(2)(A) of the Code and (2) a distribution to such Eligible Employee from (a) a qualified plan described in section 401(a) of the Code, (b) an annuity contract described in section 403(b) of the Code, (c) an eligible plan under section 457(b) of the Code maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state, (d) an individual retirement account or annuity described in section 408(a) or 408(b) of the Code, (e) an annuity plan described in section 403(a) of the Code, (f) a Roth individual retirement account described in section 408A of the Code, or (g) a plan that provides for "designated Roth contributions" as described in section 402A of the Code (a "Rollover Contribution"), but in each such case only if and to the extent any such Rollover Contribution is made pursuant to and in accordance with applicable provisions of the Code and Treasury regulations promulgated thereunder. A Rollover Contribution may be made to the Plan irrespective of whether such Rollover Distribution was paid to the Eligible Employee or paid to the Plan as a "direct" Rollover Contribution.
- 5.2.2 ROLLOVER CONTRIBUTION MEDIUM.** All Rollover Contributions must be made to the Plan in cash or through any other medium permitted by the Plan Administrator. A direct Rollover Contribution to the Plan may be effected by issuance of a check payable to the Plan (or to the person or entity authorized to receive payment on behalf of the Plan) and which identifies the Eligible Employee for whose benefit the Rollover Contribution is being made.
- 5.2.3 PROCEDURE FOR MAKING ROLLOVER CONTRIBUTIONS.** Any Eligible Employee desiring to effect a Rollover Contribution to the Plan must execute and file with the Plan Administrator the form prescribed by the Plan Administrator for such purpose. The Plan Administrator may require as a condition to accepting any Rollover Contribution that such Eligible Employee furnish any evidence that the Plan Administrator in its discretion deems satisfactory to establish that the proposed Rollover Contribution is in fact eligible for rollover to the Plan and is made pursuant to and in accordance with applicable provisions of the Code and Treasury regulations.

5.2.4 **ALLOCATION OF ROLLOVER CONTRIBUTION.** Any Rollover Contributions made by an Eligible Employee pursuant to this Section 5.2 will be allocated to such Participant's Rollover Account in accordance with Sections 7.1 and 7.2.

### 5.3 EMPLOYER CORRECTIVE CONTRIBUTIONS

5.3.1 **EMPLOYER ADP CORRECTIVE CONTRIBUTION.** For each Plan Year, the Employer, in its discretion, may contribute to the Trust as an "Employer ADP Corrective Contribution" for such Plan Year the aggregate amount necessary to cause the Plan to satisfy the restrictions set forth in Subsection 6.1.2. Amounts contributed pursuant to this Subsection will be considered "qualified nonelective contributions" or "qualified matching contributions" (within the meaning of Treasury Regulation section 1.401(k)-6). The Employer ADP Corrective Contribution, if any, made pursuant to this Subsection for a Plan Year will be allocated, in accordance with the applicable Treasury Regulations (including Treasury Regulation section 1.401(k)-2(a)(6)(iv)), to the Accounts of some or all individuals, (i) who at any time during the Plan Year are or were contributing the Plan, (ii) who were taken into account in performing the ADP Test which the Employer ADP Corrective Contribution is intended to correct, and (iii) who are not Highly Compensated Employees.

5.3.2 **MAXIMUM ALLOCATION AMOUNT.** For purposes of the allocation of Employer Corrective Contributions pursuant to Subsections 5.3.1, an Eligible Participant's "maximum allocation amount" will be equal to the greatest of (i) 5% of such Eligible Participant's Compensation, (ii) the aggregate dollar amount of the Before-Tax Deferrals of such Eligible Participant for such Plan Year, or (iii) the product of the dollar amount of the Eligible Participant's Before-Tax Deferrals for such Plan Year multiplied by two times the Plan's "representative matching rate" as described in Treasury Regulation section 1.401(m)-2(a)(5)(ii)(B).

5.3.3 **ALLOCATION OF EMPLOYER CORRECTIVE CONTRIBUTIONS.** The Employer ADP Corrective Contribution, if any, made pursuant to Subsection 5.3.1 for a Plan Year will be allocated to the Before-Tax Accounts of Participants eligible to receive such contributions in accordance with Sections 7.1 and 7.2. In determining the application of the limitations set forth in Section 6.4 to the allocations of Employer Corrective Contributions, all Annual Additions to a Participant's Accounts other than Employer Corrective Contributions will be considered allocated prior to Employer Corrective Contributions.

5.4 **RETURN OF CONTRIBUTIONS.** Anything to the contrary herein notwithstanding, the Employer's contributions to the Plan are contingent on the deductibility of such contributions under section 404 of the Code. To the extent that a deduction for contributions is disallowed, such contributions will, upon the written demand of the Employer, be returned to the Employer by the Trustee within one year after the date of disallowance, reduced by any net losses of the Trust attributable thereto but not increased by any net earnings of the Trust attributable thereto, which net earnings will be treated as a forfeiture and used in accordance with Section 9.5. Moreover, if Employer contributions are made under a mistake of fact, such contributions will, upon the written demand of the Employer, be returned to the Employer by the Trustee within one year after the payment thereof, reduced by any net losses of the Trust attributable thereto but not increased by

any net earnings of the Trust attributable thereto, which net earnings will be treated as a forfeiture and used in accordance with Section 9.5.

## VI.

### LIMITATIONS ON CONTRIBUTIONS AND CORRECTIVE DISTRIBUTIONS

#### 6.1 ANNUAL LIMITATIONS ON BEFORE-TAX DEFERRALS; CORRECTIVE DISTRIBUTIONS

- 6.1.1 **402(g) LIMIT.** In restriction of Participants' Before-Tax Deferral elections and, except to the extent permitted under Section 5.1 and section 414(v) of the Code, the elective deferrals (within the meaning of section 402(g)(3) of the Code) under all other plans, contracts, and arrangements of the Employer or any AT&T Controlled Group Member on behalf of any Participant for any calendar year may not exceed the dollar limitation contained in section 402(g) of the Code in effect for such calendar year. Any Before-Tax Deferrals to the Plan for a calendar year on behalf of a Participant in excess of the limitations set forth in this Subsection and any "excess deferrals" from other plans allocated to the Plan by such Participant no later than March 15 of the next following calendar year, within the meaning of, and pursuant to the provisions of, section 402(g)(2) of the Code, will to the extent possible be treated as Catch-up Deferrals and if applicable, to the extent they cannot be treated as Catch-up Deferrals, will be distributed to such Participant no later than April 15 of the next following calendar year, plus any income attributable thereto (including gap income for the Plan Year beginning January 1, 2007, but including only income through the end of the Plan Year to which such excess deferrals relate for Plan Years beginning on or after January 1, 2008).
- 6.1.2 **ADP TEST.** In further restriction of Participants' Before-Tax Deferral elections, it is specifically provided that one of the "actual deferral percentage" tests set forth in section 401(k)(3) of the Code and the Treasury regulations thereunder must be met in each Plan Year. Such testing will utilize the current year testing method as such term is defined in Treasury Regulation section 1.401(k)-2(a)(2)(ii). If, for any Plan Year, the aggregate Before-Tax Deferrals made by the Employer on behalf of Highly Compensated Employees exceeds the maximum amount of Before-Tax Deferrals permitted on behalf of such Highly Compensated Employees pursuant to this Subsection, an excess amount will be determined by reducing Before-Tax Deferrals made on behalf of Highly Compensated Employees in order of their highest actual deferral percentages in accordance with section 401(k)(8)(B)(ii) of the Code and the Treasury regulations thereunder. Once determined, such excess Deferrals, first, to the extent possible, and if applicable, will be treated as Catch-up Deferrals; and, second, to the extent they cannot be treated as Catch-up Deferrals, will be distributed to Highly Compensated Employees in order of the highest dollar amounts contributed on behalf of such Highly Compensated Employees in accordance with section 401(k)(8)(C) of the Code and the Treasury regulations thereunder before the end of the next following Plan Year, plus any income attributable thereto (including gap income for the Plan Years beginning on January 1, 2006, or January 1, 2007, but including only income through the end of the Plan Year to which such excess Deferrals relate for the Plan Years beginning on or after January 1, 2008). The Plan Administrator may elect to treat the Plan as a single plan along with one or more other plans to which before-tax and/or qualified nonelective contributions are made for purpose of this Subsection; provided, the Plan and all of such other plans also must be treated as a single plan for the purposes of satisfying the requirements of Code sections 401(a)(4) and 410(b) (other than the requirements of section 410(b)(2)(A)(ii)) of the Code.

**6.2 ANNUAL LIMITATION ON CATCH-UP DEFERRALS; CORRECTIVE DISTRIBUTIONS.** A Participant's Catch-up Deferrals to the Plan for a Plan Year or other year, as applicable, may not exceed the dollar limits then in effect under section 414(v) of the Code. If a Participant is eligible to make Catch-up Deferrals to the Plan and is also eligible to make catch-up contributions pursuant to section 414(v) of the Code to another plan of the Employer or any AT&T Controlled Group Member, Catch-up Deferrals made to the Plan for a Plan Year when aggregated with catch-up contributions made pursuant to section 414(v) of the Code to such other plan or plans and that were treated as such contributions under such other plan or plans may not exceed the dollar limitations imposed under section 414(v) of the Code. For each Plan Year and as of the last day of such Plan Year, the Plan Administrator will determine if any Catch-up Deferrals made to the Plan for a Participant during such Plan Year exceed the limit then in effect under section 414(v) of the Code. Any amounts that are treated as Catch-up Deferrals for a Participant for a Plan Year and that exceed the statutory limits for Catch-up Deferrals will be distributed to such Participant not later than April 15 of the next following Plan Year.

**6.3 COORDINATION OF CORRECTION OF EXCESS DEFERRALS AND EXCESS CONTRIBUTIONS.** In coordinating the disposition of excess deferrals and excess contributions pursuant to Subsections 6.1.1, 6.1.2, and 6.2, such excess deferrals and excess contributions will be disposed of in the following order:

- (1) **Before-Tax Deferrals to Correct 402(g) Excess.** Any Before-Tax Deferrals that exceed the limit under section 402(g) of the Code as described in Subsection 6.1.1, and are not treated as Catch-up Deferrals will be distributed first.
- (2) **Before-Tax Deferrals to Correct ADP Failure.** Any Before-Tax Deferrals that are in excess of the contributions permitted under Subsection 6.1.2 (the ADP test), and are not treated as Catch-up Deferrals will be distributed next.
- (3) **Catch-Up Contributions to Correct 414(v) Excess.** Any Catch-up Deferrals that exceed the limit of section 414(v) of the Code as described in Subsection 6.2 will be distributed last.

**6.4 ANNUAL LIMITATION ON TOTAL ALLOCATIONS; CORRECTIVE DISTRIBUTIONS**

**6.4.1 415 LIMITATION.** Contrary Plan provisions notwithstanding, in no event may the Annual Additions credited to a Participant's Accounts plus the annual additions credited to that Participant's account under all other qualified defined contribution plans (as that term is defined in section 415(k) of the Code) maintained by any Employer or AT&T Controlled Group Member for any Limitation Year exceed the Maximum Annual Additions for such Participant for such year. For purposes of determining whether the Annual Additions under the Plan exceed the limitations herein provided, section 415(h) of the Code shall apply, in which case all defined contribution plans maintained by the Company or any AT&T Controlled Group Member (except that for this purpose "AT&T Controlled Group Member" is determined by applying a 50% control standard in lieu of an 80% control standard and not including any AT&T Controlled Group Member that is such by reason of section 414(m) of the Code) are to be treated as one defined contribution plan. Notwithstanding any provisions of the Plan to the contrary, effective for Limitation Years beginning on or after July 1, 2007, contributions under the Plan will be limited in accordance with regulations under section 415 of the Code.

6.4.2 **DISPOSITION OF 415 EXCESS.** If as a result of a reasonable error in estimating a Participant's compensation, or a reasonable error in determining the amount of elective deferrals (within the meaning of section 402(g)(3) of the Code) that may be made with respect to any individual under the limits of section 415 of the Code or because of other limited facts and circumstances, the Annual Additions that would be credited to a Participant's Accounts for a Limitation Year would nonetheless exceed the Maximum Annual Additions for such Participant for such year, the excess Annual Additions that, but for this Section, would have been allocated to such Participant's Accounts will be disposed of as follows:

- (1) **Before-Tax Deferrals.** First, any such excess Annual Additions in the form of Before-Tax Deferrals on behalf of such Participant will be distributed to such Participant.
- (2) **Allocated Forfeitures.** Second, any forfeitures that would have been allocated to such Participant's Accounts will be treated as a forfeiture.

The preceding notwithstanding, if the Annual Additions credited to a Participant's Accounts for any Limitation Year under the Plan plus the additions credited on his behalf under other defined contribution plans in the AT&T Controlled Group required to be aggregated pursuant to this Section would exceed the Maximum Annual Additions for such Participant for such Limitation Year, the Annual Additions under this Plan and the additions under such other plans will be reduced on a pro rata basis and allocated, reallocated, or returned in accordance with applicable plan provisions regarding Annual Additions in excess of Maximum Annual Additions.

6.5 **EARNINGS ADJUSTMENTS OF CORRECTIVE CONTRIBUTIONS.** If and to the extent required by applicable law, any distribution or forfeiture pursuant to the provisions of this Article VI will be adjusted for income or loss allocated thereto, and such adjustment will be calculated in the manner determined by the Plan Administrator in accordance with any method permissible under applicable Treasury regulations.

6.6 **TIMING OF CORRECTIVE FORFEITURES.** Any forfeiture pursuant to the provisions of this Section will be considered to have occurred on or before the date that is 2½ months after the end of the Plan Year.



## VII. ESTABLISHMENT AND MAINTENANCE OF ACCOUNTS

### 7.1 ACCOUNTS AND SUBACCOUNTS

7.1.1 **ACCOUNTS.** The following “Accounts” will be established for each Participant, with each Account reflecting the source of contributions under the Plan made by or on behalf of the respective Participant as indicated below. The Plan Administrator may establish additional Subaccounts and delete or make changes to the Subaccounts indicated below:

- (1) **Before-Tax Account.** A Participant’s Before-Tax Deferrals and Catch-up Deferrals and any Employer ADP Corrective Contributions made on a Participant’s behalf will be allocated to such Participant’s Before-Tax Account. A Participant’s elective deferrals and “qualified nonelective contributions” or “qualified matching contributions” (within the meaning of Treasury Regulation section 1.401(k)-6) transferred to the Plan from another qualified plan in connection with a plan merger or plan-to plan transfer will also be allocated to the Participant’s Before-Tax Account. All amounts allocated to a Participant’s Before-Tax Account will be considered allocated at the time provided in Section 7.2.
- (2) **Rollover Account.** A Participant’s Rollover Contributions will be allocated to his Rollover Account. A Participant’s rollover contributions transferred to the Plan from another qualified plan in connection with a plan merger or plan-to-plan transfer will also be allocated to the Participant’s Rollover Account. All amounts allocated to a Participant’s Rollover Account will be considered allocated at the time provided in Section 7.2.
- (3) **Employer Contribution Account.** Employer Contributions made on a Participant’s behalf will be allocated to such Participant’s Employer Contribution Account. A Participant’s matching contributions and nonelective contributions transferred to the Plan from another qualified plan in connection with a plan merger or plan-to-plan transfer will also be allocated to the Participant’s Employer Contribution Account. All amounts allocated to a Participant’s Employer Contribution Account will be considered allocated at the time provided in Section 7.2.

7.1.2 **SUBACCOUNTS.** The following “Subaccounts” will be established in the Accounts listed in Subsection 7.1.1 to separately track, as applicable, (i) the investment of the respective Account’s assets in the Investment Funds, (ii) the portion of each Account that must be separately accounted for by reason of protected benefits associated with a plan merger or plan-to-plan transfer, and/or (iii) any after-tax contributions or other amounts held in such Account that must, for tax reasons, be separately accounted for. The Plan Administrator may establish additional Subaccounts and delete or make changes to the Subaccounts indicated below.

- (1) **Savings Subaccount.** A Savings Subaccount will be established in each Account listed in Subsection 7.1.1 and reflect the portion of each such Account invested in the Investment Funds.

- (2) **Rollover After-Tax Subaccount.** A Rollover After-Tax Subaccount will be established in each Rollover Account and reflect the after-tax amounts held in such Account.

**7.2 ALLOCATION OF DEFERRALS AND CONTRIBUTIONS TO ACCOUNTS.** All contributions and transfers to the Plan will be remitted to the Trustee and allocated to the respective Account set forth in Section 7.1 that corresponds to the source of such contribution. All contributions, transfers, forfeitures, and the net income or net loss of the Trust Fund will be held in suspense until allocated to Participants' Accounts. Contributions and forfeitures (if any) under the Plan will be considered allocated to Participants' Accounts no later than the last day of the Plan Year for which they were made, except that, for purposes of valuation of the Participant's Accounts under Section 7.4, contributions and forfeitures (if any) will be considered allocated to Participants' Accounts when actually received by the Trustee notwithstanding that this may be later than the last day of the Plan Year for which such contributions were made. Rollover Contributions to the Plan will be considered allocated as of the date received by the Trustee. Amounts transferred to the Plan in connection with a plan merger or plan-to-plan transfer will be considered allocated as of the date of such merger or transfer.

**7.3 DEBITING OF ACCOUNTS FOR WITHDRAWALS, DISTRIBUTIONS, AND FORFEITURES.** Each Account, as applicable, of a Participant will be debited for:

- (1) In-service withdrawals made from such Account pursuant to Article XI;
- (2) Distributions made from such Account pursuant to Article XII;
- (3) Corrective distributions and forfeitures from such Account pursuant to Article VI or Section 20.5;
- (4) Forfeitures from such Account pursuant to Section 6.3, 6.4, 9.4, or 12.9.2;
- (5) Loan offsets from such Account pursuant to Subsection 10.8.2; and
- (6) Fees and administrative expenses charged to such Account pursuant to Section 14.3 or elsewhere in the Plan.

Such Account will be debited as of the date of such withdrawal, distribution, forfeiture, or payment of such fee or expense or as soon as administratively practicable following such date(s).

**7.4 VALUATION OF ACCOUNTS.** All amounts contributed to the Trust will be invested as soon as administratively feasible following receipt by the Trustee, and the "Value" of each Account (and Subaccount) will reflect the result of daily pricing or value of the assets in which such Account is invested from the time of receipt by the Trustee until the time of distribution. The valuation method employed to determine the Value of the assets in the Accounts will be a unitization valuation method or any other valuation method or methods selected by the Plan Administrator in its discretion.

## **VIII.**

### **INVESTMENT OF ACCOUNTS**

- 8.1 INVESTMENT FUNDS.** Plan assets will be invested, in accordance with the following Sections of this Article, in the investment vehicles (“Investment Funds”) made available by the Plan Administrator, or its delegate. The Investment Funds will be selected and removed from time to time by the Plan Administrator and communicated to the Participants.
- 8.2 INVESTMENT OF ACCOUNTS.** Each Participant will direct the investment of his Accounts in one or more Investment Funds as follows:
- 8.2.1 INITIAL INVESTMENT DESIGNATION.** Each Participant will, upon his initial election to make Deferrals or, if earlier, upon his making a Rollover Contribution or having an allocation to any Account by virtue of a plan merger, or a plan-to-plan transfer, specify (1) the Investment Fund or Funds in which allocations to such Accounts are to be invested, and (2) the percentage (whole percentage from 1% to 100%) of such allocations to be invested in each such Investment Fund. The investment direction pursuant to this Subsection must be effected in accordance with the administrative procedures established by the Plan Administrator for such purpose and will be effective as soon as administratively practicable after such designation is made. Any investment direction given by a Participant under this Subsection will remain in effect until changed in accordance with Subsection 8.2.2 or 8.2.3 below. If a Participant fails to direct the investment of any or all of such future allocations to such Accounts, or if amounts are allocated to a Participant’s Accounts prior to his making such designation, then such nondirected amounts will be invested in the Investment Fund or Funds designated by the Plan Administrator from time to time until the Participant otherwise directs the investment of such amounts in accordance with Subsection 8.2.2.
- 8.2.2 CHANGE OF INVESTMENT DESIGNATION BY PARTICIPANT.** Each Participant may, with respect to his Accounts, change his investment designation with respect to both (1) his future allocations to such Accounts and (2) his existing balances in such Accounts. With respect to any change of investment designation under this Subsection, the Participant must specify (a) whether the change applies to future allocations to such Accounts, to his existing balances in such Accounts, or to both, (b) in which of such Investment Fund or Funds such future allocations and/or existing balances are to be invested, and (c) the percentage (whole percentage from 1% to 100%) of such future allocations and/or the dollar amount or percentage (whole percentage from 1% to 100%) of such existing balances to be invested in each such Investment Fund. Any change of investment designation made pursuant to this Subsection must be requested in accordance with the administrative procedures established by the Plan Administrator for such purpose and will be effective as soon as administratively practicable after such change is so requested. Notwithstanding the foregoing provisions of this Subsection 8.2.2, a Participant may not change his investment designation (or have his change implemented by the Plan Administrator) with respect to his existing balance in his Accounts on the same date that a loan (pursuant Article X), withdrawal (pursuant to Article XI), or distribution (pursuant to Article XII) from his Accounts is effective.

**8.2.3 CHANGE OF INVESTMENT DESIGNATION BY PLAN ADMINISTRATOR.** The Plan Administrator may, with respect to a Participant's Accounts, change such Participant's investment designation (with respect to both future allocations and/or existing Account balances) to the extent necessary because of an elimination of an Investment Fund, a merger of the Plan with another plan, a change of recordkeeper or Trustee, a spin-off of the Plan, or any other reason deemed necessary or appropriate by the Plan Administrator.

**8.3 FIDUCIARY RESPONSIBILITIES FOR INVESTMENT DIRECTIONS.** All fiduciary responsibility with respect to the selection of Investment Funds for the investment of a Participant's or Designated Beneficiary's Accounts shall be allocated to the Participant or Designated Beneficiary who directs the investment or who is defaulted due to lack of investment direction. Neither the Plan Administrator, its delegate, the Trustee, nor any Participating Employer shall be accountable for any loss sustained by reason of any action taken or inaction, or investment made, pursuant to an investment direction or default due to lack of an investment direction. ERISA section 404(c) shall apply to the Plan.

## **IX. VESTING**

### **9.1 DETERMINATION OF VESTED INTEREST IN ACCOUNTS**

9.1.1 **VESTING OF BEFORE-TAX AND ROLLOVER ACCOUNTS.** A Participant will at all times have a 100% Vested Interest in his Before-Tax Account and Rollover Account.

9.1.2 **ACCELERATED VESTING.** A Participant will acquire a 100% Vested Interest in his Top-Heavy Contributions, if any, prior to the completion of six (6) Years of Vesting Service upon the earliest to occur of:

- (1) Such Participant's attainment of his Normal Retirement Age while employed by the Employer or an AT&T Controlled Group Member;
- (2) The date such Participant incurs a Termination of Employment due to his Disability;
- (3) The death of such Participant while employed by the Employer or any AT&T Controlled Group Member;
- (4) The occurrence of an event described in, and under the conditions set forth in, Subsection 18.3.1 (but only if such Participant is affected by such event);
- (5) The Participant's Termination of Employment due to a formal force reduction and pursuant to the provisions of a severance pay plan sponsored by a Participating Employer which is treated as a welfare plan in accordance with ERISA and the Department of Labor regulations contained in section 2510.3-2(b) and which provides for the payment of severance benefits to Employees on account of termination of employment due to force surplus or formal force reduction;
- (6) the Participant's Termination of Employment as a result of an involuntary termination of employment by the Employer for reasons other than unsatisfactory job performance or cause, as determined by the payroll and personnel records of the Employer;

**9.2 CREDITING OF YEARS OF VESTING SERVICE.** As of the Restatement Effective Date, a Full Time Employee will be credited with one "Year of Vesting Service" for each Period of Service of 365 days (whether or not such Period of Service days are completed consecutively). A Variable Employee will be credited with one "Year of Vesting Service" for each Year of Service.

For the period preceding the Restatement Effective Date, an individual will be credited with Years of Vesting Service in an amount equal to all years of service for vesting purposes credited to such individual under the Plan on the day prior to the Restatement Effective Date.

### **9.3 FORFEITURE OF VESTING SERVICE.**

With respect to Full Time Employees, once an individual is credited with a Period of Service, that Period of Service will be used for purposes of determining his Years of Vesting Service and his Vested Interest in his Accounts except as follows:

- (1) Period of Severance will be completely disregarded in determining Years of Vesting Service and Vested Interest.
- (2) In the case of a Participant who (a) incurs a Termination of Employment at a time when he has either (i) a Vested Interest in his Accounts identified in Subsection 19.4 of more than 0%, or (ii) any amount then credited to his Before-Tax Account and (b) then incurs a Five-Year Break in Service, no Period of Service of such Participant will be forfeited, but such Participant's Period of Service completed after such Five-Year Break in Service will be disregarded for purposes of determining such Participant's Vested Interest in any Plan benefits derived from Employer Contributions made on his behalf before such Five-Year Break in Service. Period of Service completed both before and after such Five-Year Break in Service shall be applied in determining Vested Interest in any Plan benefits derived from Employer Contributions made on his behalf after such Five-Year Break in Service or Period of Severance.

With respect to Variable Employees, once an individual is credited with a Year of Service, that Year of Service will be used for purposes of determining his Years of Vesting Service and his Vested Interest in his Accounts except as follows:

- (1) Any Hours of Service between the Variable Employee's Termination of Employment and Reemployment Commencement Date will be completely disregarded in determining Years of Vesting Service and Vested Interest.
- (2) In the case of a Participant who (a) incurs a Termination of Employment at a time when he has either (i) a Vested Interest in his Accounts identified in Subsection 19.4 of more than 0%, or (ii) any amount then credited to his Before-Tax Account and (b) then incurs a Five-Year Break in Service, no Year of Service of such Participant will be forfeited, but such Participant's Year of Service completed after such Five-Year Break in Service will be disregarded for purposes of determining such Participant's Vested Interest in any Plan benefits derived from Employer Contributions made on his behalf before such Five-Year Break in Service. Year of Service completed both before and after such Five-Year Break in Service shall be applied in determining Vested Interest in any Plan benefits derived from Employer Contributions made on his behalf after such Five-Year Break in Service.

### **9.4 FORFEITURE OF NONVESTED ACCOUNT BALANCE.** A Participant who incurs a Termination of Employment with less than a 100% Vested Interest in his/her Top Heavy-Contributions, if any, will forfeit such Nonvested Account Balance as follows:

- (1) In the case of a Participant who (a) incurs a Termination of Employment with less than a 100% Vested Interest in his Accounts identified in Subsection 19.4, and (b) receives a distribution from the Plan of a portion of his Account Balance in the form of a lump sum distribution, the portion of such Participant's Account Balance

in which he does not have a Vested Interest will become a forfeiture as of his Benefit Commencement Date.

- (2) In the case of a Participant who incurs a Termination of Employment at a time when he has (a) a 0% Vested Interest in his Accounts identified in Subsection 19.4, and (b) no amount then credited to his Before-Tax Account that he is not entitled to receive a distribution from the Plan from such Accounts, such Participant's Nonvested Account Balance will become a forfeiture as of the date of such Termination of Employment with such Participant being considered to have received a distribution of \$0.00 on such date.
- (3) In the case of a Participant who incurs a Termination of Employment with a Vested Interest in his Accounts identified under Subsection 19.4 that is less than 100% and who is not subject to the forfeiture provisions described in Paragraph (1) or (2) above, the portion of such Participant's Account Balance in which he does not have a Vested Interest will become a forfeiture as of the earlier of (a) the date the Participant incurs a Five-Year Break in Service, or (b) the date of such terminated Participant's death.

**9.5 USE OF FORFEITURES.** Amounts that are forfeited under Section 9.4 or elsewhere under the Plan during a Plan Year will be applied in a manner determined by the Plan Administrator to reduce Employer Contributions next coming due, and/or to fund Employer Corrective Contributions, and/or to pay expenses incident to the administration of the Plan and Trust. Prior to such application, forfeited amounts will be held in suspense and invested in the Investment Fund(s) designated for such purposes from time to time by the Plan Administrator.

**9.6 REINSTATEMENT OF FORFEITED ACCOUNT BALANCE.** In the event that a portion of terminated Participant's Nonvested Account Balance becomes a forfeiture pursuant to Section 9.4, the terminated Participant may, upon subsequent reemployment with the Employer or an AT&T Controlled Group Member prior to incurring a Five-Year Break in Service, have the forfeited amount restored to his Accounts identified under Subsection 19.4 unadjusted by any subsequent gains or losses, subject to the following conditions:

- (1) Such restoration will be made only if the Participant repays in cash an amount equal to the amount distributed to him from the Plan from his Accounts identified in Subsection 19.4 and his Before-Tax Account within five years from the Participant's Reemployment Commencement Date; provided, however, that repayment of amounts distributed to such Participant from his Before-Tax Account will be limited to the portion thereof attributable to contributions with respect to which the Employer made contributions to the Accounts identified in Subsection 19.4.
- (2) A reemployed Participant who was not entitled to a distribution from his Accounts identified in Subsection 19.4 on the date of his Termination of Employment as described in Paragraph (2) of Section 9.4 will be considered to have repaid his distribution in full on his Reemployment Commencement Date.
- (3) All amounts repaid by a Participant upon which the Participant has paid federal income tax will be allocated to the Participant's after-tax account. All amounts

repaid by a Participant upon which the Participant has not paid federal income tax will be allocated to the Account from which it was distributed.

Any such restoration of the forfeited portion of a Participant's Account Balance will be made as soon as administratively practicable following the date of repayment by the Participant. Notwithstanding anything to the contrary in the Plan, forfeited amounts to be restored by the Employer pursuant to this Section will be charged against and deducted from forfeitures for the Plan Year in which such amounts are restored that would otherwise be applied pursuant to Section 9.5. If such forfeitures otherwise available are not sufficient to provide such restoration, any additional amount needed to restore such forfeited amounts will be contributed as an additional contribution by the Employer.



## **X. LOANS**

**10.1 ELIGIBILITY FOR LOAN.** Except as provided in the following Paragraphs, the following individuals will be eligible for loans under the Plan: (i) each Participant who is employed by the Employer or within the AT&T Controlled Group, and (ii) each “party-in-interest” (as that term is defined in section 3(14) of ERISA) as to the Plan, but only if such party-in-interest (a) retains an Account Balance that is greater than \$0.00, and (b) is either a Participant no longer employed by the Employer or within the AT&T Controlled Group, a beneficiary of a deceased Participant, or an alternate payee under a QDRO. (An individual who is eligible to apply for a loan under the Plan as described in the preceding sentence will hereinafter be referred to as a “Participant” for purposes of this Article.)

- (1) A Participant may have no more than one outstanding loan under the Plan, a plan merged into the Plan, and all plans of AT&T Controlled Group Members, and a Participant will not be eligible for a loan if he has one (or more) outstanding loans from the Plan, any plan merged into the Plan, and any plan of an AT&T Controlled Group Member.
- (2) A Participant will not be eligible for a loan under the Plan if he has a defaulted loan under the Plan or under any plan maintained by an AT&T Controlled Group Member that has not been repaid in full or offset by the Participant’s collateral securing the respective loan.
- (3) A Participant is not eligible for a loan under the Plan if the Plan Administrator determines in its discretion that the granting of a loan to such Participant would violate section 13 of the Securities Exchange Act of 1934, or other applicable law.

### **10.2 LOAN APPLICATION AND APPROVAL PROCESS**

**10.2.1 LOAN APPLICATION.** The request for a loan must be made in the manner required by the Plan Administrator. A Participant may not cancel a loan application after the close of business on the day on which the loan application is made by the Participant, and the loan will be considered irrevocable and effective as of the close of business on such day.

**10.2.2 APPROVAL BY PLAN ADMINISTRATOR.** All loans must be approved by the Plan Administrator and are subject to such uniform and nondiscriminatory rules and regulations as the Plan Administrator may establish from time to time, including without limitation, production of any documents or evidence requested by the Plan Administrator relating to eligibility for, or otherwise with respect to, the requested loan.

**10.2.3 LOAN FEE.** The Plan Administrator in its discretion may impose a reasonable fee on the issuance of each loan.

### **10.3 MINIMUM AND MAXIMUM LOAN AMOUNTS**

**10.3.1 MINIMUM LOAN.** The minimum loan amount is \$1,000.

**10.3.2 MAXIMUM LOAN.** The maximum loan to a Participant may not exceed the smallest of:

- (1) 50% of the then Value (determined at the time provided in Subsection 10.3.3) of such Participant's Vested Interest in his Accounts;
- (2) \$50,000, reduced by the excess, if any, of (a) the highest outstanding balance of the total of all loans made to such Participant from all qualified plans of the Employer and all AT&T Controlled Group Members ("Outstanding Loans") during the one-year period ending on the day before the date on which the loan is made over (b) the outstanding balance of Outstanding Loans on the date on which the loan is to be made; or
- (3) One-half of the then value (determined at the time provided in Subsection 10.3.3) of the Participant's vested accrued benefit under all qualified plans of the Employer and all AT&T Controlled Group Members.

**10.3.3 DETERMINING VALUE OF ACCOUNTS FOR PURPOSES OF LOANS.** The Value and/or value of a Participant's Accounts and accrued benefit for purposes of Subsection 10.3.2 will be determined as of the close of the Valuation Date coinciding with the date the loan application becomes irrevocable pursuant to Subsection 10.2.1.

**10.4 INTEREST RATE.** Each loan made pursuant to this Article X will bear interest at a rate established by the Plan Administrator from time to time and communicated to the Participants, which rate will provide the Plan with a return commensurate with the interest rate charged by persons in the business of lending money for loans that would be made under similar circumstances. The interest rate determined for a loan will remain fixed for the life of the loan. The preceding sentences notwithstanding, in the case of a Participant with a loan who is on a military leave, the interest rate on such loan will not exceed the rate established by the Soldiers and Sailors Civil Relief Act, the Uniform Services Employment and Reemployment Rights Act, or any other applicable law to the extent required by any such law with respect to such Participant.

#### **10.5 COLLATERAL SECURING LOAN**

**10.5.1 SEGREGATED LOAN FUND.** Each loan to a Participant will be made as an investment of a segregated loan fund to be established in such Participant's Account or Accounts from which the loan is made. The Trustee will fund a Participant's segregated loan fund by liquidating such portion of the assets of the Accounts from which the Participant's loan is to be made as is necessary to fund the loan and transferring the proceeds to such segregated loan fund. Any loan will be considered to come pro rata from the loan eligible portion of such Participant's Accounts. If the Accounts that are liquidated to fund a Participant's loan are invested in more than one Investment Fund, the transfer will be made pro rata from each such Investment Fund.

**10.5.2 CONSENT TO EARLY DISTRIBUTION OF SEGREGATED LOAN FUND.** Each loan will be secured by a pledge of the Participant's segregated loan fund. By agreeing to the pledge of the segregated loan fund as security for the loan, a Participant will be deemed to have consented to the distribution of such segregated loan fund prior

to the time specified in section 411(a)(11) of the Code and the applicable Treasury regulations thereunder.

## **10.6 TYPE AND TERM OF LOAN**

10.6.1 **TYPES OF LOAN.** A Participant may request a loan as either (1) a “general purpose loan” or (2) a “principal residence loan.” A principal residence loan is a loan for the sole purpose of purchasing the principal residence of the Participant obtaining the loan. A general purpose loan is any loan other than a principal residence loan.

10.6.2 **MAXIMUM TERM OF LOAN.** The maximum term of a general purpose loan is 5 years. The maximum term of a principal residence loan is 10 years. The term of any loan must be a whole number of years.

## **10.7 LOAN REPAYMENT**

10.7.1 **METHOD OF LOAN REPAYMENT.** Each Participant who is an Employee receiving compensation from the Employer at the time of receipt of a loan will be required, as a condition to receiving such loan, to enter into an irrevocable agreement authorizing his Employer to make payroll deductions from his compensation so long as the Participant is an Employee and to transfer such payroll deduction amounts to the Trust in repayment of such loan plus interest. In the case of a Participant who either (1) is not at the time of commencement of his loan receiving compensation from the Employer (or is receiving insufficient compensation to cover his scheduled loan repayments), or (2) was an Employee receiving compensation from the Employer at the time and either (a) continues to be an Employee but ceases to receive compensation (or sufficient compensation to cover his scheduled loan repayments) from the Employer; or (b) becomes employed by an AT&T Controlled Group Member that is not a Participating Employer; except as otherwise permitted in Subsection 10.7.3 and Section 10.11, such Participant will make or continue to make his loan repayments (or portion of his loan repayments not covered by his compensation) in the manner prescribed by the Plan Administrator.

10.7.2 **REPAYMENT TERMS OF LOAN.** The repayment terms of the loan will:

- (1) Require level amortization with payments not less frequently than quarterly;
- (2) Require that the loan be repaid within the maximum term of the loan in accordance with Subsection 10.6.2;
- (3) Allow prepayment without penalty at any time, provided that any prepayment must be for the full outstanding loan balance (including interest) or a partial payment of not less than \$1,000; provided, however, that any such partial repayment will not result in any change to the loan repayment schedule so as to cause the loan to be amortized other than on a level basis not less frequently than specified in Subsection 10.7.2(1) hereof;
- (4) Require that the balance of the loan (including interest) will become due and payable (to the extent not otherwise due and payable) within 90 days

after the Participant's death or, if earlier, the date of a distribution of the Participant's Accounts; and

- (5) Provide that such Participant's outstanding loan balance (including interest), if not paid in accordance with the repayment provisions of the loan, will be repaid by offsetting such balance against the amount in the Participant's segregated loan fund pledged as security for the loan in accordance with Section 10.8.

**10.7.3 SUSPENSION OF LOAN REPAYMENTS DURING CERTAIN LEAVES OF ABSENCE.** Subsections 10.7.1 and 10.7.2 notwithstanding, the following exceptions will apply in the case of a Participant with a loan under the Plan who is on certain leaves of absence:

- (1) In the case of a Participant with a loan under the Plan who is on a military leave, such Participant will be permitted to suspend his loan repayments during such leave and to reamortize such loan upon returning from such leave if and to the extent required by the Uniform Services Employment and Reemployment Rights Act and any other applicable law with respect to such Participant.
- (2) A Participant with a loan under the Plan who is on an unpaid leave of absence from the Employer and all AT&T Controlled Group Members may elect to suspend payments on his loan during such leave of absence for a period of up to one year. For purposes of the preceding sentence, a Participant who is an Employee on such unpaid leave of absence will be deemed to have elected to suspend payments on his loan if such Participant fails to timely make a scheduled payment on his loan after commencement of such leave of absence, and such deemed election will continue in effect until the first anniversary of the commencement of such leave of absence or, if earlier, the date of the expiration of such leave of absence. Upon such Participant's return to active employment with the Employer or any AT&T Controlled Group Member at the conclusion of such leave of absence, or upon the expiration of such one-year period, if earlier, such Participant will be permitted to refinance his loan, including all accrued and unpaid interest, over a term that does not extend beyond the expiration of the original term of the loan.

**10.7.4 ALLOCATION OF LOAN REPAYMENTS.** Amounts tendered to the Trustee by a Participant in repayment of a loan made pursuant to this Article will (1) initially be credited to the Participant's segregated loan fund, (2) then be transferred, as soon as practicable following receipt thereof, to the Account (or, if applicable, proportionately to the Accounts) of such Participant from which the Participant's loan was redeemed, and (3) finally, be invested in accordance with the current designation in effect as to the investment of contributions being allocated to such Accounts.

## **10.8 DEFAULT AND OFFSET OF LOAN**

**10.8.1 DEFAULT EVENTS.** A loan will be in default if:

- (1) Except as provided in Subsection 10.7.3 and Section 10.11, the Participant fails to make his scheduled loan repayment by the end of the calendar quarter following the calendar quarter in which the scheduled loan repayment was due under the terms of the loan;
- (2) Except as provided in Subsection 10.7.3 and Section 10.11, the Participant fails to repay his loan within the term of the loan;
- (3) The Participant has a Termination of Employment;
- (4) The Participant fails to comply with any of the repayment terms of his loan set forth in Subsection 10.7.2; or
- (5) The Plan Administrator determines that the Participant was ineligible at the time he requested a loan to obtain a loan under Section 10.1.

**10.8.2 PROCEDURE IN EVENT OF DEFAULT.** If the Participant defaults on his loan:

- (1) **Offset.** Such defaulted loan will be repaid by offsetting the Participant's outstanding loan balance (including interest) against the amount in the Participant's segregated loan fund pledged as security for the loan unless such Participant has earlier repaid such defaulted loan (including interest). Except as provided in Paragraph (2) below, any such outstanding loan balance (including interest) will be so offset and repaid as soon as administratively practicable after the earlier of (a) the date of such default or (b) the date of any withdrawal or distribution of benefits from the pledged portion of the Participant's Accounts pursuant to the provisions of the Plan. A Participant's defaulted loan will continue to accrue interest at the rate established under the terms of his loan until such defaulted loan is so offset (or earlier repaid).
- (2) **Deemed Distribution.** Paragraph (1) above notwithstanding, amounts in a Participant's Account may not be offset and used to satisfy the payment of a defaulted outstanding loan (including interest) prior to the earliest time the amounts in any such Account are otherwise permitted to be distributed under applicable law. In the event an offset of a defaulted loan is not permitted pursuant to the preceding sentence, such outstanding loan balance (including interest) will be deemed distributed to such Participant no later than the last day of the calendar quarter following the calendar quarter in which the first unpaid installment on such loan was due and unpaid. Interest will continue to accrue on any such deemed distributed loan until such loan is actually offset against the amount in such Participant's Account under Paragraph (1) above.

**10.9 PRE-RESTATEMENT EFFECTIVE DATE LOANS.** Loans that are outstanding as of the Restatement Effective Date will be subject to, and administered under, the loan instruments and loan provisions of the Plan in effect with respect to such loan immediately prior to the Restatement Effective Date.

**10.10 REAMORTIZATION OF LOANS.** Notwithstanding any provision of the Plan to the contrary, the Plan Administrator may at any time, in its sole and total discretion, reamortize any loan

previously made under the Plan for administrative purposes under the Plan, such as (but not limited to) when (i) Employees change payrolls or commence or terminate a leave of absence, (ii) changes are made to the payroll systems and administrative processes, or (iii) plans are merged or corporate actions occur.

**10.11 CARES ACT SUSPENSION OF LOAN REPAYMENTS.** Notwithstanding any provision of this Article X to the contrary, a Participant who is a CARES Act Qualified Individual with a loan under the Plan on or after March 27, 2020 may elect to suspend payments on his loan through December 31, 2020. For purposes of the preceding sentence, the first loan payment to be deferred will be the first payment due, or as soon as administratively feasible, after the Participant self-certifies to meeting the requirements of a CARES Act Qualified Individual and requests the loan repayment deferment, and such election will continue in effect until December 31, 2020. In January 2021, such Participant will be permitted to refinance his loan, including all accrued and unpaid interest, over a term that reflects the expiration of the original term of the loan plus the deferment period, and a new repayment amount determined on the same payment frequency as the original loan. Beginning in January 2021, any Participant who fails to make his scheduled loan repayment will be determined in default in accordance with Section 10.8.

## **XI. IN-SERVICE WITHDRAWALS**

**11.1 NO IN-SERVICE WITHDRAWALS EXCEPT AS PROVIDED IN THIS ARTICLE.** Except as otherwise provided in this Article XI, a Participant will not be entitled to a distribution of his Accounts until he has a Termination of Employment or, if earlier, dies.

**11.2 AGE 59½ WITHDRAWALS.** Subject to the restrictions and limitations set forth in Section 11.6, a Participant who has attained age 59½, may withdraw from his Before-Tax Account an amount not exceeding the then Value (determined at the time provided in Subsection 11.6(7)) of such Account.

**11.3 DISABILITY WITHDRAWALS.** Subject to the restrictions and limitations set forth in Section 11.6, a Participant who has a Disability, in addition to the withdrawals available to him under Section 11.2, may withdraw from his Before-Tax Account an amount not exceeding the then Value (determined at the time provided in Subsection 11.6(7)) of such Account.

### **11.4 HARDSHIP WITHDRAWALS**

**11.4.1 IN GENERAL.** Subject to the restrictions and limitations set forth in this Section 11.4 and in Section 11.6, a Participant who has been determined by the Plan Administrator to have a “financial hardship” (within the meaning of Subsection 11.4.2) may withdraw from his Before-Tax Account an amount not to exceed the lesser of (1) the then Value (determined at the time provided in Subsection 11.6(7)) of such Account or (2) the amount determined by the Plan Administrator as being “necessary to satisfy the financial need” (within the meaning of Subsection 11.4.3). The determination of the existence of a Participant’s financial hardship under Subsection 11.4.2 and the determination of the amount necessary to satisfy the need created by the hardship under Subsection 11.4.3 will be made by the Plan Administrator. The decision of the Plan Administrator will be final and binding, provided that all Participants similarly situated will be treated in a uniform and nondiscriminatory manner.

**11.4.2 FINANCIAL HARDSHIP.** For purposes of this Section 11.4, “financial hardship” means the immediate and heavy financial need of the Participant. A withdrawal will be deemed to be made on account of financial hardship if the withdrawal is for:

- (1) Expenses for (or necessary to obtain) medical care for the Participant or his Spouse, children, primary Beneficiary, or dependents (as defined in section 152 of the Code but without regard to sections 152(b)(1), (b)(2) and (d)(1)(B)) that would be deductible under section 213(d) of the Code (determined without regard to whether the expenses exceed 7.5% of the Participant’s adjusted gross income);
- (2) Costs directly related to the purchase or construction of a principal residence of the Participant (excluding mortgage payments);
- (3) Payment of tuition and related educational fees, and room and board expenses, for the next 12 months of post-secondary education for the

Participant or the Participant's Spouse, children, or dependents (as defined in section 152 of the Code but without regard to sections 152(b)(1), (b)(2) and (d)(1)(B)) and effective December 31, 2011, the Participant's Designated Beneficiary who is deemed by the Plan Administrator in its sole discretion to be the primary beneficiary with respect to the Participant's Account at the time that such costs were incurred;

- (4) Payments necessary to prevent the eviction of the Participant from his principal residence or foreclosure on the mortgage of the Participant's principal residence;
- (5) Payments for burial or funeral expenses for the Participant's deceased parent, Spouse, children, or dependents (as defined in section 152 of the Code but without regard to sections 152(b)(1), (b)(2) and (d)(1)(B)) and effective December 31, 2011, the Participant's Designated Beneficiary who is deemed by the Plan Administrator in its sole discretion to be the primary beneficiary with respect to the Participant's Account at the time that such costs were incurred;
- (6) Expenses for the repair of damage to the Participant's principal residence that would qualify for the casualty deduction under section 165 of the Code (determined without regard to whether the loss exceeds 10% of the Participant's adjusted gross income, and without regard to the limitation for taxable years 2018-2025 defined in section 165(h)(5) of the Code);
- (7) Expenses and losses (including loss of income) incurred by the Employee on account of a disaster declared by the Federal Emergency Management Agency (FEMA) under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, Public Law 100-707, provided that the Employee's principal place of employment at the time of the disaster was located in an area designated by FEMA for individual assistance with respect to the disaster; or
- (8) Such other financial needs that the Commissioner of Internal Revenue may deem to be immediate and heavy financial needs through the publication of revenue rulings, notices, and other documents of general applicability.

**11.4.3 AMOUNT NECESSARY TO SATISFY FINANCIAL NEED.** A withdrawal based upon financial hardship pursuant to this Section 11.4 must be necessary to satisfy the financial need. In order to be "necessary" to satisfy the financial need, the withdrawal may not exceed the amount that is both:

- (1) Required to meet the immediate financial need created by the hardship (which may include any additional amounts necessary to pay any federal, state, or local income taxes or penalties reasonably anticipated to result from the distribution); and
- (2) Not reasonably available from other resources of the Participant. The immediate financial need may be treated by the Plan Administrator as not capable of being relieved from other resources that are reasonably available to the Participant if the Plan Administrator relies on the



Participant's written representation (unless the Plan Administrator has actual knowledge to the contrary) that: (a) the need cannot be relieved by any of the following actions (to the extent that the effect of any such action will not increase the amount of the need): through reimbursement or compensation by insurance or otherwise; (b) by liquidation of the Participant's assets (including assets of the Participant's Spouse and minor children (but not property held for the Participant's child under an irrevocable trust or under the Uniform Gift to Minors Act or comparable state law) that are reasonably available to the Participant); (c) by cessation of elective contributions under the Plan; (d) by other currently available withdrawals (other than hardship withdrawals) and distributions under all qualified and nonqualified plans of deferred compensation maintained by the Employer or any other employer; or (e) by borrowing from commercial sources on reasonable commercial terms in an amount sufficient to satisfy the need.

Moreover, a withdrawal will be deemed to be "necessary" to satisfy an immediate and heavy financial need of a Participant if the Participant has obtained all other currently available withdrawals and distributions (excluding hardship distributions under this Section 11.4) under the Plan and all other qualified and nonqualified plans of deferred compensation maintained by the Employer or any AT&T Controlled Group Member of which the Participant is a participant.

**11.4.4 RESTRICTIONS.** The following restrictions apply to hardship withdrawals under this Section 11.4:

- (1) Hardship withdrawals taken under this Section 11.4 will be limited to the sum of the Participant's Before-Tax Deferrals to the Plan, plus income allocable thereto and credited to the Participant's Before-Tax Account, less any previous withdrawals of such amounts.
- (2) The minimum hardship withdrawal must be \$500.

**11.5 QUALIFIED RESERVIST DISTRIBUTIONS.** In addition to the in-service withdrawals under this Article, the Plan will permit a "qualified reservist distribution" (as defined in section 72(t)(2)(G)(iii) of the Code) under section 401(k)(2)(B)(i)(V) of the Code to each eligible Participant from such Participant's Before-Tax Account. For purposes of the preceding sentence, an eligible Participant is each Participant who was, by reason of being a member of a reserve component (as defined in section 101 of title 37, United States Code), ordered or called to active duty for a period in excess of 179 days or for an indefinite period if (i) such withdrawal is made during the period beginning on the date of such order or call and ending at the close of the active duty period, and (ii) such order or call occurred after September 11, 2001, and prior to December 31, 2007. Further, effective January 1, 2009, and consistent with the Heroes Earnings Assistance and Relief Tax Act of 2008, a Participant who is otherwise an Eligible Employee and who is on active military duty for more than 30 days may elect a distribution from the Plan while on such military leave (and will be treated as having had a Termination of Employment solely for purposes of distributions under the Plan; provided such employee may not make Deferrals for a period of six months following any distribution under this Section.

**11.6 RESTRICTIONS ON IN-SERVICE WITHDRAWALS.** The following additional restrictions apply to in-service withdrawals under this Article:

- (1) All requests for withdrawals must be made in the manner and within the time prior to the proposed date of withdrawal prescribed by the Plan Administrator.
- (2) No withdrawal may be made from an Account to the extent such Account has been pledged to secure a loan from the Plan.
- (3) If a Participant's Account from which a withdrawal is made is invested in more than one Investment Fund, the withdrawal will be made pro rata from each Investment Fund in which such Account is invested or as otherwise determined under sequence withdrawal procedures established for such purpose by the Plan Administrator.
- (4) All withdrawals under this Article will be paid in cash.
- (5) Any withdrawal hereunder that constitutes an Eligible Rollover Distribution will be subject to the Direct Rollover election described in Section 12.7.
- (6) Except as provided in Sections 11.7 and 11.8, this Article will not be applicable to a Participant who is not employed by the Employer or any AT&T Controlled Group Member, and in such case the amounts in such Participant's Accounts will be distributable only in accordance with the provisions of Article XII.
- (7) The Value of a Participant's Accounts for purposes of in-service withdrawals under this Article XI will be determined as of the close of the Valuation Date coinciding with the effective date of the respective withdrawal.
- (8) Any Employer ADP Corrective Contributions made on a Participant's behalf, or a Participant's safe harbor nonelective contributions, safe harbor matching contributions, "qualified nonelective contributions" or "qualified matching contributions" (within the meaning of Treasury Regulation section 1.401(k)-6) transferred to the Plan from another qualified plan in connection with a plan merger or plan-to-plan transfer, plus earnings, will be restricted from in-service withdrawals, including but not limited to hardship withdrawals, unless the Participant has reached age 59½.

**11.7 ROLLOVER WITHDRAWALS.** Subject to the restrictions and limitations set forth in Section 11.6 (except for the restriction in Section 11.6(6)), a Participant may withdraw from his Rollover Account an amount not exceeding the then Value (determined at the time provided in Subsection 11.6(7) of such Accounts.)

**11.8 CARES ACT WITHDRAWALS.**

- (1) Subject to the restrictions and limitations set forth in Section 11.6, an individual who is a CARES Act Qualified Individual and satisfies Paragraph (2) below may take a withdrawal (or a distribution after the Participant's Termination of Employment or death) from the Plan on or after April 9, 2020 and before December 31, 2020 of up to \$100,000 an amount not exceeding the then Value (determined at the time provided in Subsection 11.6(7)) of the Vested Account

Balance of each such Account. The \$100,000 limitation under the CARES Act applies to withdrawals and distributions from the Plan or any other qualified plan of the Employer or any AT&T Controlled Group Member.

- (2) Notwithstanding any provision of the Plan to the contrary, for purposes of this Section 11.8, (a) a Participant who is an Eligible Employee; (b) a Participant who is not or ceases to be an Eligible Employee in Section 4.3.1; (c) a non-employee Participant in Section 4.3.2; (d) each Designated Beneficiary of a deceased Participant; and (e) each alternate payee with respect to a Participant under a QDRO will be considered a "Participant" solely for purposes of receiving CARES Act withdrawals or distributions if there is an Account balance under the Plan.
- (3) Any Participant who makes a withdrawal or distribution under this Section 11.8 on or after April 9, 2020 and before December 31, 2020 may repay in cash an amount equal to or less than the amount distributed to him from the Plan from his Accounts identified in this Section 11.8 within three years beginning on the day after the Participant receives such distribution. Recontributions of withdrawals and distributions under this Section 11.8 may be made back to the Plan (subject to Paragraph (4) below) or an Eligible Retirement Plan.
- (4) Section 5.2 notwithstanding, (a) an Eligible Employee; (b) a Participant who is not or ceases to be an Eligible Employee in Section 4.3.1; (c) a non-employee Participant in Section 4.3.2; and (d) Participant's Surviving Spouse who is the sole Designated Beneficiary may roll over to the Plan a recontribution of withdrawal or distribution under this Section 11.8.
- (5) A recontribution of withdrawal or distribution under this Section 11.8 to the Plan will be treated as a Rollover Contribution and will be allocated to such Participant's Rollover Account in accordance with Sections 7.1 and 7.2.

## **XII. PAYMENT OF ACCOUNTS**

**12.1 EVENTS ENTITLING PAYMENT OF ACCOUNTS.** Except as provided as an in-service withdrawal under Article XI, a Participant will be entitled to a distribution of his Vested Account Balance (as valued in accordance with Section 12.5) upon (and only upon) the earlier to occur of the following events:

- (1) The Participant's Termination of Employment; or
- (2) The Participant's death while employed by the Employer or any AT&T Controlled Group Member.

The preceding sentence notwithstanding, a Participant will not be entitled to a distribution of his Vested Account Balance if, and as long as, either (a) such Participant is an Employee or an employee of any AT&T Controlled Group Member or (b) such distribution is not permitted by section 401(k) of the Code notwithstanding that such Participant incurred a Termination of Employment.

### **12.2 TIME OF PAYMENT OF ACCOUNTS**

**12.2.1 TIME OF PAYMENT OF DISTRIBUTION TO PARTICIPANT.** If a Participant becomes entitled to a distribution of his Vested Account Balance pursuant to Section 12.1 by virtue of his Termination of Employment, he is entitled to, and may request, a distribution of his Vested Account Balance at any time after such Termination of Employment. Except as provided in Sections 12.4 and 12.6, the Vested Account Balance of such Participant will remain in the Plan after his Termination of Employment until (1) the Participant requests a distribution, (2) the Participant dies, (3) the 10<sup>th</sup> anniversary of the year in which the Participant commenced participation in the Plan, or (4) the Participant reaches age 65, whichever occurs first. The preceding notwithstanding, except as provided in Section 12.4, each Participant must make a claim for and request a distribution of his Vested Account Balance in order for his Vested Account Balance to be distributed to him even if a Participant reaches age 65, and his Vested Account Balance will not be distributed prior to the time required by Section 12.6 unless and until he makes a claim for and requests such distribution or, if earlier, dies. The Vested Account Balance of such Participant will be distributed as soon as administratively practicable after the Value of such Vested Account Balance is determined in accordance with Section 12.5 and in no event later than the time required by Section 12.6.

**12.2.2 TIME OF PAYMENT OF DISTRIBUTION TO DESIGNATED BENEFICIARY.** If a Participant becomes entitled to a distribution of his Vested Account Balance pursuant to Section 12.1 because of his death, the Vested Account Balance of such deceased Participant will be distributed to such Participant's Designated Beneficiary, in accordance with Section 12.5 and 12.6, subject to the following provisions:

- (1) Participant Death Occurs Prior to Required Beginning Date – If the Participant's death occurs prior to the "required beginning date," as determined in Section 12.6 of the Plan, payments to the Participant's Designated Beneficiary will be made as follows:

- (a) Participant's Spouse is the Sole Designated Beneficiary – If the Participant's Spouse is the sole Designated Beneficiary, payments to the Designated Beneficiary must commence no later than December 31 of the calendar year in which the Participant would have attained age 70½ and shall be made over the time period described in Code section 401(a)(9)(B)(iii).
  - (b) Other Beneficiary – If the Participant's Designated Beneficiary is someone other than the Spouse or if the Spouse is not the sole Designated Beneficiary, payment to the Designated Beneficiary, except as otherwise elected under Subsection 12.2.2(1)(b)(i), must commence by December 31 of the calendar year immediately following the calendar year in which the Participant died over the time period described in Code section 401(a)(9)(B)(iii) and (iv).
    - (i) The election described in Treasury Regulation section 1.401(a)(9)–3, Q&A–4(c) is provided under this Plan. Participant or Designated Beneficiary may elect on an individual basis to apply the five-year rule or the life expectancy rule. The election must be made no later than September 30 of the year after the year of the Participant's death. If the Participant or the Designated Beneficiary elects to apply the five-year rule, payments to the Designated Beneficiary shall be made over the time period described in Code section 401(a)(9)(B)(ii). If the Participant or the Designated Beneficiary elects to apply the life expectancy rule or neither the Participant nor the Beneficiary makes an election, payments to the Designated Beneficiary shall be made over the time period described in Code sections 401(a)(9)(B)(iii) and (iv).
    - (ii) If the Participant's death occurs in 2019, the election under Subsection 12.2.2(1)(b)(i) is extended to December 31, 2021, provided by the CARES Act and pursuant to Code section 401(a)(9)(I).
    - (iii) If the Participant's death occurs between 2015 and 2019, and the Participant or the Designated Beneficiary elects to apply the five-year rule, then the five-year period is determined without regard to 2020, provided by the CARES Act and pursuant to Code section 401(a)(9)(I)(iii)(II).
  - (c) No Beneficiary – If there is no Designated Beneficiary as of September 30 of the year after the year of the Participant's death, the Participant's entire Vested Interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.
- (2) Participant's Death Occurs After the Required Beginning Date – If the Participant's death occurs after the "required beginning date," as determined in Section 12.6 of the Plan, payment to the Participant's

Designated Beneficiary, or there is no Designated Beneficiary as of September 30 of the year after the year of the Participant's death, shall be made over the time period described in Treasury Regulation section 1.401(a)(9)-5, Q-5.

### **12.3 FORM OF PAYMENT.**

**12.3.1 ALTERNATIVE FORMS OF PAYMENT OF DISTRIBUTIONS TO PARTICIPANT.** Except as provided in Section 12.4 and subject to the minimum distribution requirements set forth in Section 12.6, if a Participant becomes entitled to a distribution of his Vested Account Balance by reason of a Termination of Employment, the Accounts of such Participant will be distributed in one or more of the following forms as elected by such Participant:

- (1) A single lump sum payment.
- (2) Annual, quarterly or monthly installment payments. A Participant who elects to receive installment payments pursuant to this Paragraph may also elect at any time to receive a single lump sum payment of his remaining Vested Account Balance pursuant to Paragraph (1) above. The preceding notwithstanding, installment payments to a Participant will cease on the date such Participant is rehired by an Employer and again becomes an Eligible Employee. Installment payments may be stopped or modified by Participants at any time.

**12.3.2 FORM OF PAYMENT UPON DEATH OF PARTICIPANT.** In the case of the death of a Participant (1) while employed by the Employer or an AT&T Controlled Group Member or (2) after a Termination of Employment but prior to a distribution of such Participant's entire Vested Account Balance, the Vested Account Balance of such deceased Participant will be distributed to his Designated Beneficiary as follows:

- (1) Participant's Death Occurs Prior to Required Beginning Date – If the Participant's death occurs prior to the Participant's "required beginning date," as determined in Section 12.6 of the Plan, payments to the Participant's Designated Beneficiary will be made as follows:
  - (a) Participant's Spouse is the Sole Designated Beneficiary – If the Participant's Spouse is the sole Designated Beneficiary, the Designated Beneficiary may elect payment in accordance with the alternate forms of payment in Subsection 12.3.1 of the Plan or may defer payment subject to the provisions of Subsection 12.2.2 of the Plan.
  - (b) Other Designated Beneficiary – If the Participant's Designated Beneficiary is someone other than the Spouse or if the Spouse is not the sole Designated Beneficiary, payment to the Designated Beneficiary, or there is no Designated Beneficiary as of September 30 of the year after the year of the Participant's death, shall be made in accordance with the alternate forms of payment in Subsection 12.3.1 of the Plan.

- (2) Participant's Death Occurs After the Required Beginning Date – If the Participant's death occurs after the "required beginning date," as determined in Section 12.6 of the Plan, payment to the Participant's Designated Beneficiary, or there is no Designated Beneficiary as of September 30 of the year after the year of the Participant's death, shall be made over the time period described in Treasury Regulation section 1.401(a)(9)-5, Q-5.

12.3.3 **DISTRIBUTIONS IN CASH** . All Accounts will be distributed in cash.

**12.4 TIME AND FORM OF PAYMENT OF ACCOUNTS NOT GREATER THAN \$5,000.** Notwithstanding any provision of this Article XII to the contrary, if a Participant's Vested Account Balance on the date of distribution is not in excess of \$5,000, such Vested Account Balance will be paid in a single lump sum payment as soon as administratively practicable after the Value of such Vested Account Balance is determined in accordance with Section 12.5 and in no event later than the time required by Section 12.6. Any distribution greater than \$1,000 that is made to a Participant without the Participant's consent before the Participant's Normal Retirement Age will be rolled over to an individual retirement plan designated by the Plan Administrator. Provided, however, if such Participant's address on file with the Plan Administrator is not a valid address, then such Participant's Vested Balance will not be paid but will remain in the Plan, for the period designated by Subsection 12.9.2, invested in the Investment Fund or Funds designated by the Plan Administrator until the Participant otherwise directs the investment of such amounts in accordance with Subsection 8.2.2.

## **12.5 VALUATION OF DISTRIBUTABLE VESTED ACCOUNT BALANCE**

**12.5.1 VALUATION OF VESTED ACCOUNT BALANCE PAYABLE TO PARTICIPANT.** If a Participant's Vested Account Balance is to be distributed under this Article to the Participant, the following valuation rules apply for purposes of determining the amount of the Vested Account Balance to be so distributed:

- (1) If a Participant's Vested Account Balance is to be distributed under this Article to him in a single lump sum payment (other than a distribution pursuant to Section 12.4), such Vested Account Balance will be the Value of each of the Participant's Accounts determined at the close of the Valuation Date coinciding with the date of the Participant's request for a distribution, multiplied by such Participant's Vested Interest on the date he became entitled to a distribution pursuant to Section 12.1. If a Participant's Vested Account Balance is to be distributed under this Article to him in a single lump sum payment pursuant to Section 12.4, such Vested Account Balance will be the Value of each of the Participant's Accounts determined at the close of the last Valuation Date of the calendar quarter in which the Participant became entitled to a distribution under Section 12.1, multiplied by such Participant's Vested Interest on the date he became entitled to a distribution pursuant to Section 12.1.
- (2) If a Participant's Vested Account Balance is to be distributed under this Article to him in annual installment payments, (a) the initial installment will be the Value of the Participant's Accounts determined at the close of the first Valuation Date of the month during which installments commence,

multiplied by such Participant's Vested Interest on the date he became entitled to a distribution pursuant to Section 12.1, divided by the total number of installments to be distributed, and (b) each successive installment will be the Value of the Participant's Accounts determined at the close of the first Valuation Date of the month in which occurs the anniversary of the initial installment, multiplied by such Participant's Vested Interest on the date he became entitled to a distribution pursuant to Section 12.1, divided by the total number of remaining installments to be distributed.

- (3) If a Participant's Vested Account Balance is to be distributed under this Article to him in a periodic partial payment, such Vested Account Balance will be the Value of such Participant's Accounts determined at the close of the Valuation Date coinciding with the date the Participant elected such distribution, multiplied by such Participant's Vested Interest on the date he became entitled to a distribution pursuant to Section 12.1.

**12.5.2 VALUATION OF VESTED ACCOUNT BALANCE PAYABLE ON ACCOUNT OF PARTICIPANT'S DEATH.** If any portion of a Participant's Vested Account Balance is to be distributed under this Article on account of the Participant's death, such Vested Account Balance will be the Value of the Participant's Accounts determined at the close of the Valuation Date coinciding with the date the Plan Administrator determines that the Participant has died, multiplied by such Participant's Vested Interest at his death.

**12.6 MINIMUM DISTRIBUTION AND REQUIRED BEGINNING DATE RULES.** Notwithstanding any provision of the Plan to the contrary, the following "required beginning date" and "minimum required distribution" rules of section 401(a)(9) of the Code apply to distribution of each Participant's benefit.

- (1) Except as provided in Paragraph (2) below, the Vested Account Balance of each Participant, other than a Participant who is a 5-percent owner within the meaning of section 416 of the Code, will be distributed beginning no later than April 1 of the calendar year following the year in which occurs the later of (a) the date such Participant attains age 70½, or (b) the date such Participant incurs a Termination of Employment. If a Participant is a 5-percent owner within the meaning of section 416 of the Code, his Vested Account Balance will be distributed beginning no later than April 1 of the calendar year following the year in which such Participant attains age 70½, regardless of whether he has incurred a Termination of Employment. The Vested Account Balance of each such Participant will be distributed pursuant to this Subsection 12.6(1) in annual installments, reduced by any prior partial period payments (pursuant to Subsection 12.3.1(3)) or annual installments paid during the Plan Year, the number of which shall not exceed the number of whole years remaining in such Participant's life expectancy determined as of December 31 in the year prior to the year payments commence in accordance with sections 72 and 401(a)(9) of the Code.
- (2) If the Participant attained age 70½ prior to 1999 and continues to be employed by the Employer or an AT&T Controlled Group Member, an amount of such Participant's Vested Account Balance equal to the minimum annual distribution required by section 401(a)(9) of the Code will be distributed to such Participant



each Plan Year if such Participant elects to receive such distribution in accordance with procedures established by the Plan Administrator for such purpose. Such distribution will be made (a) for the calendar year in which such Participant attains age 70½, no later than April 1 of the calendar year following such calendar year, and (b) for each subsequent calendar year, no later than the last day of such calendar year.

Distributions paid under this Section 12.6 will be determined and made in accordance with the requirements of section 401(a)(9) of the Code and the Treasury regulations issued thereunder, including the minimum distribution incidental benefit requirement of Treasury Regulation section 1.401(a)(9)-2. For this purpose and for the purpose of determining the maximum number of annual installments that a Participant may elect pursuant to Paragraph (1) above the Plan will apply the minimum distribution requirements of Code section 401(a)(9) in accordance with the final regulations issued thereunder.

Notwithstanding Section 12.6 of the Plan, a participant or beneficiary who would have been required to receive required minimum distributions for 2009 but for the enactment of section 401(a)(9)(H) of the Code ("2009 RMDs"), and who would have satisfied that requirement by receiving distributions that are (1) equal to the 2009 RMDs or (2) one or more payments in a series of substantially equal distributions (that include the 2009 RMDs) made at least annually and expected to last for the life (or life expectancy) of the participant, the joint lives (or joint life expectancy) of the participant and the participant's designated beneficiary, or for a period of at least 10 years ("Extended 2009 RMDs"), will receive those distributions for 2009 unless the participant or beneficiary chooses not to receive such distributions. Participants and beneficiaries described in the preceding sentence will be given the opportunity to elect to stop receiving the distributions described in the preceding sentence. In addition, notwithstanding Section 12.7 of the Plan, and solely for purposes of applying the direct rollover provisions of the Plan, certain additional distributions in 2009 will be treated as eligible rollover distributions. If no election is made by the employer, a direct rollover will be offered only for distributions that would be eligible rollover distributions without regard to section 401(a)(9)(H).

Notwithstanding Section 12.6 of the plan, a participant or beneficiary who would have been required to receive required minimum distributions in 2020 (including paid in 2020 for the 2019 calendar year for a participant with a required beginning date of April 1, 2020 or paid in 2021 for the 2020 calendar year for a participant with a required beginning date of April 1, 2021) but for the enactment of section 401(a)(9)(I) of the Code (2020 RMDs), and who would have satisfied that requirement by receiving distributions that are either (1) equal to the 2020 RMDs, or (2) one or more payments (that include the 2020 RMDs) in a series of substantially equal periodic payments made at least annually and expected to last for the life (or life expectancy) of the participant, the joint lives (or joint life expectancies) of the participant and the participant's designated beneficiary, or for a period of at least 10 years (Extended 2020 RMDs), will be given an opportunity to make an election as to whether or not to receive those distributions. A participant or beneficiary who would have been required to receive a 2020 RMD will not receive this distribution unless the participant or beneficiary chooses to receive the distribution. In addition, notwithstanding the definition of Eligible Rollover Distribution section (a)(ii) and Section 12.7 of the Plan, and solely for purposes of applying the direct rollover provisions of the plan, 2020 RMDs and Extended 2020 RMDs will be treated as eligible rollover distributions.

- (i) Section 5.2 notwithstanding, (a) an Eligible Employee; (b) a Participant who is not or ceases to be an Eligible Employee in Section 4.3.1; (c) a non-employee Participant in Section 4.3.2; and (d) Participant's Surviving Spouse who is the sole Designated Beneficiary may roll over to the Plan a 2020 RMD and Extended 2020 RMD described in the preceding Paragraph, subject to the time constraints described below.
- (ii) Plan participants and spousal beneficiaries who have already received 2020 RMDs or 2020 Extended RMDs described in the preceding Paragraph on or after January 1, 2020 and before July 3, 2020 may roll over part or all to the Plan or an Eligible Retirement Plan if completed by August 31, 2020.
- (iii) Plan participants and spousal beneficiaries who have already received 2020 RMDs or 2020 Extended RMDs described in the preceding Paragraph on or after July 3, 2020 and before December 31, 2020 or payable before April 1, 2021 may roll over part or all to the Plan or an Eligible Retirement Plan within 60 days after receipt.
- (iv) Rollovers to the Plan described in Paragraphs (i) through (iii) above will be treated as a Rollover Contribution and will be allocated to such Participant's Rollover Account in accordance with Sections 7.1 and 7.2.

## **12.7 DIRECT ROLLOVER ELECTION**

**12.7.1 DIRECT ROLLOVER.** Each Distributee may elect, subject to Subsections 12.7.2 and 12.7.3, to have all or any portion of his Eligible Rollover Distribution (other than any portion attributable to the offset of an outstanding loan balance of such Participant pursuant to the Plan's loan procedure) paid directly to an Eligible Retirement Plan specified by the Distributee (a "Direct Rollover").

**12.7.2 RESTRICTIONS ON DIRECT ROLLOVERS.** Subsection 12.7.1 notwithstanding, in the case of a Distributee who is a non-Surviving Spouse designated beneficiary (as defined in section 401(a)(9)(E) of the Code), the Eligible Retirement Plan to which such Distributee makes a Direct Rollover must be treated as an inherited individual retirement account or individual retirement annuity or Roth individual retirement account within the meaning of section 408(d)(3)(C) of the Code, and section 401(a)(9)(B) (other than clause (iv) thereof) of the Code will apply to such Eligible Retirement Plan.

**12.7.3 PROCEDURES FOR DIRECT ROLLOVERS.** A Distributee must make his Direct Rollover election at the time and in the manner prescribed by the Plan Administrator. Prior to any Direct Rollover pursuant to this Section, the Plan Administrator may require the Distributee to furnish the Plan Administrator with a statement from the plan, account, or annuity to which the benefit is to be transferred verifying that such plan, account, or annuity is, or is intended to be, an Eligible Retirement Plan.

**12.8 NOTICE TO PARTICIPANTS AND DESIGNATED BENEFICIARIES.** If a Participant's Vested Account Balance becomes distributable pursuant to Section 12.1, the Plan Administrator will provide notice to the Participant or Designated Beneficiary, as applicable, as follows:

- (1) If a Participant becomes entitled to a distribution of his Vested Account Balance by virtue of his Termination of Employment, except in the case of a distribution pursuant to Section 12.4, the Plan Administrator will give the Participant notice of
  - (a) his right to defer his distribution (and the consequences of failing to defer), (b) a general description of and the relative values of the alternative forms of benefits under the Plan, and (c) his Direct Rollover election rights pursuant to Section 12.7. Such notice will be provided as soon as administratively practicable after such Participant makes a claim for his distribution and will in no event be less than 30 days or more than 180 days before such Participant's Benefit Commencement Date (except that such 30-day period may be waived by an affirmative election of the Participant in accordance with applicable Treasury regulations).
- (2) If a Participant becomes entitled to a distribution of his Vested Account Balance by virtue of his Termination of Employment and his Vested Account Balance will be distributed pursuant to Section 12.4, the Plan Administrator will give the Participant notice of his Direct Rollover election rights pursuant to Section 12.7. Such notice will be provided as soon as administratively practicable after such Participant's Termination of Employment and will in no event be less than 30 days or more than 180 days before such Participant's Benefit Commencement Date (except that such 30-day period may be waived by an affirmative election of the Participant in accordance with applicable Treasury regulations).
- (3) If a Participant's Designated Beneficiary becomes entitled to a distribution of such Participant's Vested Account Balance by virtue of the death of such Participant, the Plan Administrator will give the Designated Beneficiary notice of his Direct Rollover election rights pursuant to Section 12.7. Such notice will be provided as soon as administratively practicable after such Participant's death and will in no event be less than 30 days or more than 180 days before the date such Vested Account Balance is distributed to or on behalf of such Designated Beneficiary (except that such 30-day period may be waived by an affirmative election of the Participant in accordance with applicable Treasury regulations).

**12.9 PAYEE OF ACCOUNT BALANCE.** Except as provided in the following Subsections of this Section 12.9, Section 12.7, and Subsection 12.4 a Participant's Vested Account Balance will be paid to the Participant if he is living on his Benefit Commencement Date and to such Participant's Designated Beneficiary in the event of his death.

**12.9.1 INCAPACITATED PAYEE.** If a Participant or Designated Beneficiary entitled to receive a benefit under the Plan is a minor or is determined by the Plan Administrator in its discretion to be incompetent or is adjudged by a court of competent jurisdiction to be legally incapable of giving valid receipt and discharge for a benefit provided under the Plan, the Plan Administrator may pay such benefit to the duly appointed guardian or conservator of such Participant or Designated Beneficiary for the account of such Participant or Designated Beneficiary. If no guardian or conservator has been appointed for such Participant or Designated Beneficiary, the Plan Administrator may pay such benefit to any third party who is determined by the Plan Administrator, in its sole discretion, to be authorized to receive such benefit for the account of such Participant or Designated Beneficiary. Such payment will operate as a full discharge of all liabilities and obligations of the Plan

Administrator, the Trustee, the Employer, and any fiduciary of the Plan with respect to such benefit.

**12.9.2 MISSING PARTICIPANT OR DESIGNATED BENEFICIARY.** If the Plan Administrator is unable to locate a Participant within two years (or a Designated Beneficiary within one year) after a Vested Account Balance becomes payable to such person, the Plan Administrator will dispose of such Vested Account Balance as follows:

- (1) With respect to a missing Participant, the Plan Administrator will mail a notice using any reasonable means (certified mail to the last known address of such person will be presumed to be reasonable). Such notice will state that, unless such Participant makes written reply to the Plan Administrator within 60 days from the sending of such notice, the Plan Administrator may direct that the amount of such Account Balance will not escheat to any state or revert to any party, but will be forfeited and applied against administrative expenses of the Plan or Trust; provided, however, that if the missing Participant's location later becomes known to the Plan Administrator, the amount of such forfeiture will be reinstated (with such reinstated forfeiture to be paid from current forfeitures or, if there are no current forfeitures available, by an additional contribution by the Employer).
- (2) With respect to a missing Designated Beneficiary, the Plan Administrator will mail a notice using any reasonable means (certified mail to the last known address of such person will be presumed to be reasonable). Such notice will state that, unless such Designated Beneficiary makes written reply to the Plan Administrator within 60 days from the sending of such notice, the Designated Beneficiary will be deemed to have pre-deceased the Participant, in which case (a) the designation of such Designated Beneficiary will be null and void, and (b) the Designated Beneficiary of such Participant will be determined in accordance with Section 12.10.

## **12.10 DESIGNATED BENEFICIARY**

**12.10.1 DESIGNATION OF BENEFICIARY.** Each Participant may designate the beneficiary or beneficiaries (his "Designated Beneficiary") to receive payment of his benefit in the event of his death. The Plan allows the designation of a beneficiary using a form and rules provided by the Beneficiary Designation Administrator. Effective January 1, 2021, if no beneficiary has been designated or if a Designated Beneficiary has predeceased the Participant, then the benefit will be paid per capita, and not per stirpes, based on the first surviving person(s) in the hierarchy level below:

- (1) If married, Spouse;
- (2) Legally Recognized Partner;
- (3) Child(ren) (by birth or adoption) in equal amounts who are living for at least 120 hours after the Participants death;
- (4) Parent(s) (by birth or adoption) in equal amounts who is living for at least 120 hours after the Participants death;

- (5) Sibling(s) (by birth, half-blood, or adoption) in equal amounts who is living for at least 120 hours after the Participant's death; and
- (6) Estate in accordance with applicable state laws for the Participant's state of residence.

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

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

**12.11 PRE-RESTATEMENT EFFECTIVE DATE BENEFIT COMMENCEMENT DATES.** Notwithstanding any provision of the Plan to the contrary other than Section 12.6, any distribution that commenced prior to the Restatement Effective Date will be subject to, and administered under, the provisions of the Plan applicable to such distribution as in effect on the day prior to the Restatement Effective Date.

### **XIII.**

## **BENEFIT CLAIMS PROCEDURE**

- 13.1 BENEFIT CLAIMS PROCEDURE.** The Plan Administrator has established an appropriate procedure to comply with any and all claims procedure requirements set forth in 29 C.F.R. section 2560.503-1 applicable to the Plan, and such claims procedures are set forth in the summary plan description for the Plan. Such benefit claims procedure sets forth rules and procedures relating to (1) the processing of claims for benefits under the Plan, (2) notification to claimants of the disposition of claims for benefits under the Plan, (3) the procedural requirements for a claimant to obtain an appeal of a denied or modified claim, and (4) the processing of appeals of denied or modified claims. The Plan's benefit claims procedure, as it may be amended from time to time, is incorporated into and made a part of the Plan.
- 13.2 REQUIREMENT TO EXHAUST ADMINISTRATIVE REMEDIES.** Timely completion of the claims procedures described in Section 13.1 will be a condition precedent to the commencement of any legal or equitable action in connection with a claim for benefits under the Plan by a Participant or beneficiary, or by any other person or entity claiming rights through such Participant or beneficiary. No issues may be raised during such legal or equitable action unless the issue had been raised by the claimant during the administrative process at such time and in such manner as to give the Plan Administrator or its delegate a reasonable opportunity to respond to the issue. Issue exhaustion is required.
- 13.3 TIME TO FILE SUIT.** Any suit seeking judicial review of an adverse benefit determination under the Plan, whether in whole or in part, must file any suit or legal action (including, without limitation, a civil action under Section 502(a) of ERISA) within 12 months of the date the final adverse benefit determination is issued. A claimant who fails to file such suite or legal action within the 12 months limitations period will lose any rights to bring any such suit or legal action thereafter.

## **XIV. FUNDING OF PLAN/TRUST**

- 14.1 PAYMENTS TO TRUST.** All contributions under the Plan and earnings and increments thereon will be paid to the Trust.
- 14.2 TRUST PROPERTY.** All income, profits, recoveries, contributions, forfeitures, and any and all moneys, securities, and properties of any kind at any time received or held by the Trustee with respect to the Plan will be held for investment purposes as a commingled Trust. The Plan Administrator will maintain Accounts in the name of each Participant, but the maintenance of an Account designated as the Account of a Participant will not mean that such Participant will have a greater or lesser interest than that due him by operation of the Plan and will not be considered as segregating any funds or property from any other funds or property contained in the commingled fund. No Participant will have any title to any specific asset in the Trust.
- 14.3 PAYMENTS FROM TRUST**
- 14.3.1 EXCLUSIVE PURPOSE.** No payments may be paid from the Trust for any purpose other than for the exclusive purposes of (i) providing benefits for the Participants and their beneficiaries, and (ii) defraying reasonable expenses of administering the Plan and Trust. The Plan is not to be construed to vest any rights in or benefits to the Employer other than those specifically given herein.
- 14.3.2 ALL BENEFITS PAID FROM TRUST.** All benefits payable under the Plan will be paid or provided solely from the Trust, and neither the Employer, the Plan Administrator, nor the Trustee assumes any liability or responsibility for the adequacy thereof. The Plan Administrator or the Trustee may require execution and delivery of such instruments as are deemed necessary to assure proper payment of any benefits.
- 14.3.3 PAYMENT OF EXPENSES.** All expenses incident to the administration of the Plan and Trust, including, but not limited to, legal fees, accounting fees, Trustee fees, direct expenses of the Employer and the Plan Administrator in the administration of the Plan, and the cost of furnishing any bond or security required of the Plan Administrator will be paid by the Trustee from the Trust and, until paid, will constitute a claim against the Trust that is paramount to the claims of Participants and beneficiaries, provided, however, that (i) the obligation of the Trustee to pay such expenses from the Trust will cease to exist to the extent such expenses are paid by the Employer, and (ii) in the event the Trustee's compensation is to be paid from the Trust, any individual serving as Trustee who already receives full-time pay from an Employer will not receive any additional compensation for serving as Trustee.
- 14.3.4 ALLOCATION OF EXPENSES TO ACCOUNTS.** To the extent that reasonable expenses incident to the administration of the Plan are paid from the Trust, the Plan Administrator will determine and direct as to which expenses are to be charged to and paid from Participants' individual Accounts, which expenses are to be charged to and paid from the Accounts of all Participants (and how they are to be allocated among such Accounts), and which expenses are to be charged to and paid from the Accounts of one or more identified groups of Participants (and how they are to

be allocated among such Accounts). Any such method of allocation of expenses to Participants' Accounts must be reasonable and must not result in a given Participant or group of Participants bearing more than an equitable portion of the Plan's expenses. This Subsection will be deemed to be a part of any contract to provide for expenses of Plan and Trust administration, whether or not the signatory to such contract is, as a matter of convenience, the Employer.



## **XV. ADMINISTRATION OF PLAN AND TRUST**

- 15.1 PLAN ADMINISTRATOR.** The general administration of the Plan is vested in the Plan Administrator. For purposes of ERISA, the Plan Administrator is the “administrator” and the “named fiduciary” with respect to the general administration of the Plan.
- 15.2 POWERS OF THE PLAN ADMINISTRATOR.** The Plan Administrator will have all powers necessary or appropriate to accomplish its respective duties and obligations, including, without limitation, complete and absolute discretion to interpret the Plan and all matters of fact with respect to such duties and obligations.
- 15.3 DELEGATION OF AUTHORITY BY PLAN ADMINISTRATOR.** The Plan Administrator may from time to time delegate to one or more of the Employer’s officers, employees, committees, or agents, or to any other person or organization, any of its fiduciary and/or ministerial powers, duties, and responsibilities with respect to the operation and administration of the Plan, including, but not limited to, the administration of claims, the authority to authorize payment of benefits, the review of denied or modified claims, and the discretion to decide matters of fact and to interpret Plan provisions; provided, however, that any delegation by the Plan Administrator of its authority to review and decide any appeal of a denied or modified claim or its discretion to interpret the Plan with respect to an appeal shall be in writing. The Plan Administrator also may from time to time employ persons to render advice with regard to any responsibility held hereunder and may authorize any person to whom any of its fiduciary responsibilities have been delegated to employ persons to render such advice. Upon designation and acceptance of such delegation, employment, or authorization, except as otherwise required by law, the Plan Administrator will have no liability for the acts or omissions of any such designee to whom any responsibility has been delegated. All delegations of responsibility will be reviewed periodically by the Plan Administrator and will be terminable upon such notice, as the Plan Administrator in its discretion deems reasonable and prudent under the circumstances. To the extent that the Plan Administrator has delegated its powers or duties pursuant to this Section, references in the Plan to the Plan Administrator will be deemed references to such delegate with respect to the delegated powers or duties.
- 15.4 TRUSTEE AND TRUST AGREEMENT.** The Trustee will be appointed, removed, and replaced by the Plan Administrator, or its delegate. The Trustee is the “named fiduciary” with respect to investment of the Trust’s assets. As a means of administering the assets of the Plan, the Company has entered into a Trust Agreement with the Trustee. The administration of the assets of the Plan and the duties, obligations, and responsibilities of the Trustee are governed by the Trust Agreement. The Trust Agreement may be amended from time to time as set forth in the Trust Agreement. The Trust Agreement is incorporated herein by reference and thereby made a part of the Plan.
- 15.5 FIDUCIARIES AND DIVISION OF FIDUCIARY RESPONSIBILITY**
- 15.5.1 PLAN FIDUCIARIES.** The Plan Administrator and the Trustee are “named fiduciaries” of the Plan. Each other person who has been delegated fiduciary responsibility pursuant to Section 15.3 in writing and accepted such fiduciary responsibility will also be a fiduciary of the Plan. Any party may serve in more than one fiduciary capacity with respect to the Plan or the Trust.

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

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

## **XVI. PARTICIPATING EMPLOYERS**

- 16.1 DESIGNATION AS A PARTICIPATING EMPLOYER.** The Company may designate any AT&T Controlled Group Member to participate in the Plan and the Trust as a Participating Employer. The Company's designation may be in writing or may be deemed by the action(s) of the Company or its Human Resources division (such as, for example, listing such entity as a Participating Employer, enrolling such entity's eligible employees in the Plan, providing for payroll contributions to the Plan for such eligible employees or otherwise administering the Plan as if such entity is participating in the Plan); provided, however, the Company shall have the final authority to determine which entities are Participating Employers. Upon such designation:
- (1) Each designated Participating Employer will be conclusively presumed to have consented to its designation and to have agreed to be bound by the terms of the Plan and Trust Agreement and any and all amendments thereto upon its submission of information to the Plan Administrator required by the terms of or with respect to the Plan or upon making a contribution to the Trust pursuant to the terms of the Plan. The preceding notwithstanding, the terms of the Plan may not be modified so as to increase the obligations of a Participating Employer without the consent of such Participating Employer, which consent will be conclusively presumed to have been given by such Employer upon its submission of any information to the Plan Administrator required by the terms of or with respect to the Plan or upon making a contribution to the Trust pursuant to the terms of the Plan following notice of such modification.
  - (2) The provisions of the Plan and the Trust Agreement will apply separately and equally to each Participating Employer and its Employees in the same manner as is expressly provided for the Company and its Employees, except that a Participating Employer will not have the power to designate any Participating Employer, appoint or otherwise affect the Plan Administrator or the Trustee, or amend or terminate the Plan.
- 16.2 TERMINATION OF PARTICIPATION OF PARTICIPATING EMPLOYER.** Each Participating Employer may, by prior written notice to the Company, terminate its participation in the Plan and Trust. Moreover, the Company may terminate a Participating Employer's Plan and Trust participation at any time. A Participating Employer's Plan and Trust participation will automatically cease if and when such Participating Employer is no longer eligible by law to participate in the Plan or Trust.
- 16.3 TRANSFER OF EMPLOYMENT AMONG PARTICIPATING EMPLOYERS.** Transfer of employment among the Company and Participating Employers or to any other AT&T Controlled Group Member will not be considered a termination of employment hereunder.
- 16.4 DIVESTITURE.** A Participating Employer will immediately no longer be a Participating Employer at such time that it is no longer an AT&T Controlled Group Member.
- 16.5 SINGLE PLAN.** For purposes of the Code and ERISA, the Plan, as adopted by the Company and the Participating Employers will constitute a single plan under Code section 414(l)

rather than a separate plan of each Employer. All assets in the Trust will be available to pay benefits to all Participants and their beneficiaries.

## **XVII. AMENDMENT OF PLAN**

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

## **XVIII. TERMINATION OF PLAN**

- 18.1 TERMINATION OF PLAN BY COMPANY.** The Plan Sponsor has established the Plan with the bona fide intention and expectation that from year to year it will be able to, and will deem it advisable to, make contributions as herein provided. Notwithstanding, the Plan Sponsor has the absolute and unconditional right and power to terminate the Plan at any time. In addition, unless the Plan is otherwise amended prior to dissolution of the Plan Sponsor, the Plan will automatically terminate as of the date of dissolution of the Plan Sponsor.
- 18.2 PARTIAL TERMINATION OF PLAN OR CESSATION OF CONTRIBUTIONS.** The Plan Sponsor has the absolute right and the power to discontinue contributions to the Plan or partially terminate the Plan at any time hereafter.
- 18.3 EFFECT OF TERMINATION, PARTIAL TERMINATION OR COMPLETE DISCONTINUANCE OF CONTRIBUTIONS**
- 18.3.1 VESTING OF ACCOUNTS.** If the Plan is terminated, the Vested Interest of each affected Participant will be 100%, effective as of the termination date. In addition, if the Plan is partially terminated or if contributions to the Plan are completely discontinued (in either case, within the meaning of section 411(d)(3) of the Code as determined by the Plan Administrator), the Vested Interest of each affected Participant will be 100%, effective as of the date of such partial termination or complete discontinuance, as applicable.
- 18.3.2 PAYMENT OF ACCOUNTS.** In the case of a termination of the Plan, complete discontinuance of contributions under the Plan, or partial termination of the Plan, the balances of the Accounts of the Participants who are affected by such termination will be paid in accordance with the time of payment, form of payment, and consent provisions of the Plan except as may otherwise be provided by a Plan amendment, or required by applicable law, relating to such termination, complete discontinuance of contributions, or partial termination.

## XIX. TOP-HEAVY PROVISIONS

**19.1 PURPOSE AND SCOPE OF ARTICLE.** The provisions of this Article control over any contrary provisions of the Plan to the extent required to cause the Plan to comply with the requirements of section 416 of the Code. Nonetheless, the provisions of this Article will automatically become inoperative and of no effect to the extent not required by ERISA or to comply with section 416 of the Code.

**19.2 DEFINITIONS.** For purposes of this Article only, the following terms and phrases have the respective meanings set forth below:

- (1) **Account Balance**: As of any Valuation Date, the aggregate amount credited to an individual's account or accounts under a qualified defined contribution plan maintained by the Employer or an AT&T Controlled Group Member (excluding employee contributions that were deductible within the meaning of section 219 of the Code and Unrelated Transfers made after December 31, 1983), increased by (a) the aggregate distributions made to such individual from such plan (including a terminated plan that, had it not been terminated, would have been aggregated with the Plan under section 416(g)(2)(A)(i) of the Code) during a one-year period (or, in the case of such distribution made for a reason other than separation from service, death, or disability, a five-year period) ending on the Determination Date, and (b) the amount of any contributions due as of the Determination Date immediately following such Valuation Date.
- (2) **Accrued Benefit**: As of any Valuation Date, the present value (computed on the basis of the Assumptions) of the cumulative accrued benefit (excluding the portion thereof that is attributable to employee contributions that were deductible pursuant to section 219 of the Code, to Unrelated Transfers made after December 31, 1983, to proportional subsidies, or to ancillary benefits) of an individual under a qualified defined benefit plan maintained by the Employer or an AT&T Controlled Group Member increased by (a) the aggregate distributions made to such individual from such plan (including a terminated plan that, had it not been terminated, would have been aggregated with the Plan under section 416(g)(2)(A)(i) of the Code) during a one (1) year period (or, in the case of such distribution made for a reason other than separation from service, death, or disability, a five (5) year period) ending on the Determination Date, and (b) the estimated benefit accrued by such individual between such Valuation Date and the Determination Date immediately following such Valuation Date. Solely for the purpose of determining top-heavy status, the Accrued Benefit of an individual will be determined under (i) the method, if any, that uniformly applies for accrual purposes under all qualified defined benefit plans maintained by the Employer and the AT&T Controlled Group Members, or (ii) if there is no such method, as if such benefit accrued not more rapidly than under the slowest accrual rate permitted under section 411(b)(1)(C) of the Code.
- (3) **Aggregation Group**: The group of qualified plans maintained by the Employer and each AT&T Controlled Group Member consisting of (a) each plan in which a Key Employee participates and each other plan that enables a plan in which a Key Employee participates to meet the requirements of section 401(a)(4) or 410 of the Code, or (b) each plan in which a Key Employee participates, each other plan that

enables a plan in which a Key Employee participates to meet the requirements of section 401(a)(4) or 410 of the Code, and any other plan that the Employer elects to include as a part of such group; provided, however, that the Employer may elect to include a plan in such group only if the group will continue to meet the requirements of sections 401(a)(4) and 410 of the Code with such plan being taken into account.

- (4) **Assumptions**: The interest rate and mortality assumptions specified for top-heavy status determination purposes in any defined benefit plan included in the Aggregation Group that includes the Plan.
- (5) **Determination Date**: For the first Plan Year of any plan, the last day of such Plan Year and for each subsequent Plan Year of such plan, the last day of the preceding Plan Year.
- (6) **Key Employee**: A “key employee” as defined in section 416(i) of the Code and the Treasury regulations thereunder.
- (7) **Non-Key Employee**: Each individual who is not a Key Employee.
- (8) **Plan Year**: With respect to any plan, the annual accounting period used by such plan for annual reporting purposes.
- (9) **Related Transfer**: A rollover or transfer that either was not initiated by the Participant or was made to a plan maintained by the same employer (determined under section 414(b), (c), (m), or (o) of the Code).
- (10) **Remuneration**: 415 Compensation as defined in Article III.
- (11) **Unrelated Transfer**: A rollover or transfer that was both initiated by the Participant and made to a plan not maintained by the same employer (determined under section 414(b), (c), (m), or (o) of the Code).
- (12) **Valuation Date**: With respect to any Plan Year of any defined contribution plan, the most recent date within the twelve-month period ending on a Determination Date as of which the trust fund established under such plan was valued and the net income (or loss) thereof allocated to participants’ accounts. With respect to any Plan Year of any defined benefit plan, the most recent date within a twelve-month period ending on a Determination Date as of which the plan assets were valued for purposes of computing plan costs for purposes of the requirements imposed under section 412 of the Code.

**19.3 TOP-HEAVY STATUS.** The Plan will be deemed to be top-heavy for a Plan Year if, as of the Determination Date for such Plan Year, (i) the sum of the Account Balances of Participants who are Key Employees exceeds 60% of the sum of the Account Balances of all Participants, unless an Aggregation Group including the Plan is not top-heavy, or (ii) an Aggregation Group including the Plan is top-heavy. An Aggregation Group will be deemed to be top-heavy as of a Determination Date if the sum (computed in accordance with section 416(g)(2)(B) of the Code and the Treasury regulations promulgated thereunder) of (a) the Account Balances of Key Employees under all defined contribution plans included in the Aggregation Group and (b) the Accrued Benefits of Key Employees under



all defined benefit plans included in the Aggregation Group exceeds 60% of the sum of the Account Balances and the Accrued Benefits of all individuals under such plans. Notwithstanding the foregoing, the Account Balances and Accrued Benefits of individuals who are Non-Key Employees in any Plan Year but who were Key Employees in any prior Plan Year will not be considered in determining the top-heavy status of the Plan for such Plan Year. Further, notwithstanding the foregoing, the Account Balances and Accrued Benefits of individuals who have not performed services for the Employer or any AT&T Controlled Group Member at any time during the one-year period ending on the applicable Determination Date will not be considered.

**19.4 TOP-HEAVY VESTING SCHEDULE.** If the Plan is determined to be top-heavy for a Plan Year, the Vested Interest in the Employer Contribution Account holding such top-heavy contribution of each Participant who is credited with an Hour of Service during such Plan Year will be determined by such Participant's completed Years of Vesting Service (as credited under Sections 9.2 and 9.3) in accordance with the following schedule:

Years of Vesting Service	Vested Interest
Less than 2 years	0%
2	20%
3	40%
4	60%
5	80%
6 years or more	100%

**19.5 TOP-HEAVY CONTRIBUTION**

**19.5.1 TOP-HEAVY CONTRIBUTION.** If the Plan is determined to be top-heavy for a Plan Year, the Employer will contribute to the Plan for such Plan Year on behalf of each Participant who is a Non-Key Employee and who has not terminated his employment as of the last day of such Plan Year an amount equal to:

The lesser of (a) 3% of such Participant's Remuneration for such Plan Year, or (b) a percent of such Participant's Remuneration for such Plan Year equal to the greatest percent determined by dividing for each Key Employee all contributions (other than Catch-Up Deferrals and Rollover Contributions) for such Plan Year by such Key Employee's Remuneration.

The minimum contribution required to be made for a Plan Year pursuant to this Section for a Participant employed on the last day of such Plan Year will be made regardless of whether such Participant is otherwise ineligible to receive an allocation of the Employer's contributions for such Plan Year.

**19.5.2 CONTRIBUTIONS CONSIDERED FOR PURPOSES OF TOP-HEAVY CONTRIBUTION.** Employer matching contributions and nonelective contributions will be taken into account for purposes of satisfying the minimum contribution requirements of this Section 19.5 and section 416(c)(2) of the Code. The preceding sentence will apply

with respect to Employer contributions under the Plan or, if the Plan provides that the minimum contribution set forth in this Section will be met in another plan, such other plan. If the aggregate amount of such Employer contributions is less than the minimum contribution required to be made to such Participant under Section 19.5.1, the Employer shall make an additional contribution on behalf of such Participant in an amount that, when aggregated with the qualified nonelective contributions, Employer matching contributions and nonelective contributions previously allocated to such Participant, will equal the minimum contribution required to be made to such Participant under Section 19.5.1. Employer matching contributions that are used to satisfy the minimum contribution requirements of this Section will be treated as matching contributions for purposes of the actual contribution percentage test described in the Plan and other requirements of section 401(m) of the Code. Catch-up Deferrals made for a Plan Year will not be taken into account for purposes of satisfying the minimum contribution requirements of this Section and section 416(c)(2) of the Code.

**19.5.3 PARTICIPANTS INELIGIBLE FOR TOP-HEAVY CONTRIBUTION.** No contribution will be made pursuant to this Section for a Plan Year with respect to a Participant who is:

- (1) A participant in another defined contribution plan sponsored by the Employer or an AT&T Controlled Group Member if such Participant receives under such other defined contribution plan (for the Plan Year of such plan ending with or within the Plan Year of the Plan) a contribution that is equal to or greater than the minimum contribution required by section 416(c)(2) of the Code; or
- (2) A Participant who is a participant in a defined benefit plan sponsored by the Employer or an AT&T Controlled Group Member if such Participant accrues under such defined benefit plan (for the Plan Year of such plan ending with or within the Plan Year of this Plan) a benefit that is at least equal to the benefit described in section 416(c)(1) of the Code. If the preceding portion of this Paragraph is not applicable, the requirements of this Section will be met by providing a minimum benefit under such defined benefit plan that, when considered with the benefit provided under the Plan as an offset, is at least equal to the benefit described in section 416(c)(1) of the Code.

**19.6 TERMINATION OF TOP-HEAVY STATUS.** If the Plan has been deemed to be top-heavy for one or more Plan Years and thereafter ceases to be top-heavy, the provisions of this Article will cease to apply to the Plan effective as of the Determination Date on which it is determined no longer to be top-heavy. Notwithstanding the foregoing, the Vested Interest of each Participant as of such Determination Date will not be reduced and, with respect to each Participant who has three or more years of Vesting Service on such Determination Date, the Vested Interest of each such Participant will continue to be determined in accordance with the schedule set forth in Section 19.4.

## **XX. GENERAL PROVISIONS**

**20.1 NOT A CONTRACT OF EMPLOYMENT.** The adoption and maintenance of the Plan will not be deemed to be either a contract between any Participating Employer and any person or consideration for the employment of any person. Nothing herein contained is to be deemed to give any person the right to be retained in the employ of any Participating Employer or to restrict the right of any Participating Employer to discharge any person at any time.

**20.2 ALIENATION OF INTEREST FORBIDDEN.** Except as otherwise provided in the following Subsections of this Section or as otherwise required by other applicable law, no right or interest of any kind in any benefit is transferable or assignable by any Participant or any beneficiary or subject to anticipation, adjustment, alienation, encumbrance, garnishment, attachment, execution, or levy of any kind.

**20.2.1 CERTAIN JUDGMENTS AND TAX LIENS.** Plan provisions to the contrary notwithstanding, the Plan Administrator will comply, to the extent required by applicable law, with certain judgments and settlements pursuant to section 206(d) of ERISA and sections 401(a)(13) and 414(p) of the Code and with a federal tax levy or collection on a judgment resulting from an unpaid tax assessment.

**20.2.2 QDROs.** The nonalienation requirements of this Section will apply to the creation, assignment or recognition of a right to any benefit, payable with respect to a Participant pursuant to a domestic relations order, unless such order is (i) determined to be a QDRO, as defined in section 414(p) of the Code, entered on or after January 1, 1985, or (ii) any domestic relations order, as defined in section 414(p) of the Code, entered before January 1, 1985, pursuant to which the Plan or a transferor plan was paying benefits on January 1, 1985. The Plan Administrator has established reasonable written procedures to determine the qualified status of a domestic relations order. If the Value of a Plan benefit awarded to an alternate payee pursuant to a QDRO does not exceed \$1,000 on the date of distribution, such Plan benefit will be distributed to such alternate payee in a single lump sum cash payment as soon as practicable following approval of such QDRO.

**20.2.3 QUALIFIED DISCLAIMERS.** Plan provisions to the contrary notwithstanding, if a Designated Beneficiary of a Participant disclaims, in whole or in part, his interest, if any, in a Participant's Vested Account Balance and such disclaimer meets the definition of a "qualified disclaimer" set forth in section 2518(b) of the Code and satisfies the requirements of any applicable state law, and to the extent such disclaimer is not in violation of section 401(a)(13) of the Code or section 206(d) of ERISA, the disclaimed interest of such Designated Beneficiary will be distributed as if such Designated Beneficiary had predeceased such Participant and distributed in accordance with the applicable terms of the Plan.

**20.3 UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT REQUIREMENTS (USERRA) AND FAMILY AND MEDICAL LEAVE ACT OF 1993 (FMLA).**

**20.3.1** Notwithstanding any provision of the Plan to the contrary, contributions, benefits, and service credit with respect to qualified military service will be provided in

accordance with section 414(u) of the Code, and the Plan will comply with all other provisions of USERRA applicable to Participants on qualified military leave.

In the case of a Participant who dies on or after January 1, 2007, and while performing qualified military service, the survivors of the Participant will be entitled to any additional benefits (other than contributions relating to the period of qualified military service) provided under the Plan determined as if the Participant had resumed and then terminated employment on account of death. For purposes of this paragraph, "qualified military service" means any service in the uniformed services (as defined in Chapter 43 of Title 38 of the United States Code) by any individual if such individual is entitled to reemployment rights under such Chapter with respect to such service.

Effective as of January 1, 2009, for purposes of (i) applying the limits of Code section 415, (ii) identifying highly compensated employees under Code section 414(q), (iii) identifying key employees and determining top-heavy minimum benefits for purposes of Code section 416, (iv) performing the actual deferral percentage test of Code section 401(k) or the actual contribution percentage test of Code section 401(m), or (v) satisfying the nondiscrimination requirements of Code section 401(a)(4) (but not for purposes of determining contributions or benefits under the Plan), an Employee's compensation will include any payment which (A) is made by the Plan Sponsor or an affiliated company to such Employee with respect to any period during which the Employee is performing service in the uniformed services (as defined in Chapter 43 of Title 38, United States Code) while on active duty for a period of more than thirty (30) days, and (B) represents all or a portion of the wages the Employee would have received from the Employer or any AT&T Controlled Group Member if the Employee were performing service for the Employer or the AT&T Controlled Group Member.

20.3.2 Notwithstanding any provision of the Plan to the contrary, contributions, benefits, and service credit with respect to qualified family medical leave will be provided to the extent required by the Family and Medical Leave Act of 1993, and the Plan will comply with all provisions of the such act with respect to Participants on a qualified leave under the provisions of such act.

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

**20.5 CORRECTION OF ERRORS/RESTORATIVE PAYMENTS.** Plan provisions to the contrary notwithstanding, if an error has occurred in connection with the Plan, including, but not limited to, an error in crediting or debiting any Account or Accounts, as a result of human or systems error, data, recordkeeping, or other administrative error, the Plan Administrator will correct the error by debiting or crediting, as applicable, the affected Account or Accounts to the extent reasonably practicable and by taking such other actions as determined by the Plan Administrator to be reasonable (including, but not limited to,

requesting a repayment by a Participant of all or part of an erroneous distribution made to him or by making a special corrective distribution to a Participant). In addition, the Employer may make payments to the Plan for the purpose of restoring losses to the Plan that may have resulted from actions by a fiduciary for which there is a reasonable risk of liability for breach of fiduciary duty under ERISA. All such corrections and restorative payments will be effected in accordance with any applicable law and any guidance issued by the Internal Revenue Service and/or the Department of Labor. Any such correction will be conclusive and binding on all Participants.

- 20.6 BLACKOUT PERIODS.** Notwithstanding any provision of the Plan to the contrary, the Plan Administrator may in its discretion temporarily prohibit or restrict withdrawals, loans, changes to contribution elections, changes in investment designation of future contributions, transfers of amounts from one Investment Fund to another Investment Fund, or such other activity as the Plan Administrator deems appropriate in order to ensure an orderly transition in the transfer of assets to the Trust from another trust maintained under the Plan or from the trust of a plan that is merging into the Plan or transferring assets to the Plan or to ensure an orderly transition of recordkeeping, valuation, or other administrative activities from one service provider to another service provider, provided that any such temporary cessation or restriction of such activity will be conducted in compliance with all applicable law and the Plan Administrator will have provided to Participants, their beneficiaries, and alternate payees the notices and information required to be provided with respect to such temporary cessation or restriction of such activity by applicable law.
- 20.7 SEVERABILITY.** If any provision of this Plan will be held illegal or invalid for any reason, said illegality or invalidity will not affect the remaining provisions hereof. In such case, each provision will be fully severable and the Plan will be construed and enforced as if said illegal or invalid provision had never been included herein.
- 20.8 JURISDICTION.** The situs of the Plan hereby created is the State of Texas. All provisions of the Plan will be construed in accordance with the laws of the state of Texas (excluding any conflicts of laws principles that refer to the laws of another jurisdiction) except to the extent preempted by federal law.

## **SUPPLEMENT 1 PARTICIPATING EMPLOYERS**

AFN Productions, Inc.

ALD Productions, Inc.

AND Syndicated Productions, Inc.

ANE Productions, Inc.

ARB Productions, Inc.

Clear Sky Enterprises, Inc.

DAWN Syndicated Productions, Inc.

EHM Productions, Inc.

FUDD Ink

GNH Productions Inc.

MBLC Productions, Inc.

TP Promotions Inc. Doing Business As TelePictures Creative Services

TTT West Coast, Inc.

WAD Productions Inc.