

Memorandum of Agreement Success Sharing Plan

The Companies and the Communications Workers of America (Union) agree to the following concerning the Success Sharing Plan (SSP):

Eligible employees may receive annual lump sum cash payments based on AT&T stock price appreciation and AT&T dividend rate.

Plan Components

1. Success Units

Employees will be awarded 150 success units at the beginning of each award year (October 1, 2016, October 1, 2017, October 1, 2018 and October 1, 2019). Those success units will only be valid for that award year and will not carryover to the next award year. A success unit is only used as a multiplier in the payout calculation and is not a share of stock nor does it have any other value.

2. Determining Award Value

Award Year	Beginning Award Value	Ending Award Value
2017 (October 3, 2016 to September 29, 2017)	October 3, 2016 closing AT&T stock price	September 29, 2017 closing AT&T stock price
2018 (October 2, 2017 to September 28, 2018)	October 2, 2017 closing AT&T stock price	September 28, 2018 closing AT&T stock price
2019 (October 1, 2018 to September 30, 2019)	October 1, 2018 closing AT&T stock price	September 30, 2019 closing AT&T stock price
2020 (October 1, 2019 to September 30, 2020)	October 1, 2019 closing AT&T stock price	September 30, 2020 closing AT&T stock price

The stock price used in establishing the award value will be the closing AT&T stock price on the New York Stock Exchange. The award value will be adjusted proportionally to reflect any stock split.

3. Determining Dividend Rate Value

The dividend rate value will be determined by adding each AT&T declared quarterly dividend during the award year (historically December, March, June, and September) and multiplying this total by 150 success units.

4. Payout

Employees will receive a total payout based on the difference between the ending award value and the beginning award value for the award year times 150 success units plus the dividend rate value. For example:

Stock Appreciation Value:

Beginning award value – October 3, 2016 closing AT&T stock price \$37.00

Ending award value – September 29, 2017 closing AT&T stock price \$42.00

Payout – \$42 - \$37 = \$5 x 150 success units = \$750.00

Dividend Rate Value:

December 31, 2016 dividend \$.48

March 31, 2017 dividend \$.48

June 30, 2017 dividend \$.48

September 30, 2017 dividend \$.48

Total Dividend \$1.92

Payout - \$1.92 x 150 success units = \$288.00

Total Payout

\$750.00 stock appreciation value + \$288.00 dividend rate value = \$1,038.00

Payment of the award will be made as soon as practicable after the award year and will normally occur the payday of the last full pay period in November. An overtime true-up will be paid in accordance with applicable Federal and/or State laws.

Eligibility

Employees eligible for payments as described above are those regular, temporary and term employees who are on the payroll on both the beginning and ending dates of the award year and who work for a minimum of three (3) months within the award year in a position covered by this Collective Bargaining Agreement. Eligible employees who are on approved leaves of absence or short-term disability absence and meet the other eligibility requirements on the ending date of the award year shall receive a payment, provided they return to duty on or before December 31 of the year in which the payment is made.

An eligible employee who transfers between AT&T Companies participating in the SSP will be eligible to receive a payout under the terms of the SSP applicable to the employee's current bargaining unit at the time of a payout, so long as the combined service in both AT&T Companies satisfies the above eligibility provisions.

Part-Time Employees

Eligible regular part-time employees will receive prorated payments based on their part-time classification (or “average workweek”) on the ending date of the award year.

Benefits Treatment

SSP payments will be recognized as eligible compensation under the following benefit plans:

- Medical
- Life Insurance
- Pension
- Savings Plan

Taxes, Personal Allotments

Payments are subject to state and local taxes, Federal Income Tax, Social Security Tax, Medicare Tax, and any state disability deductions at the time of payment. Union dues will be deducted at the same rate as they are deducted for wages. Employees with 401(k) pre-tax elections will not have State or Federal Income Taxes deducted from that portion.

Personal allotments such as United Way contributions will not be made.

Dispute Resolution

The Companies’ determinations under this plan shall be final and binding. The Union may present grievances relating to matters covered by the SSP, but neither the plan nor its administration shall be subject to arbitration.

Effective date/language: *With ratification*

Termination date/language: *With expiration of the 2016 Collective Bargaining Agreement*

Applies to:

<i>Pacific Bell Telephone Company (Except Appendix E)</i>	<u> X </u>	<i>SBC Global Services, Inc.</i>	<u> X </u>
<i>Nevada Bell Telephone Company (Except Appendix E)</i>	<u> X </u>	<i>Appendix E</i>	<u> X </u>
<i>AT&T Services, Inc.</i>	<u> X </u>		

Communications Workers of America

AT&T West

Agreed: Ellen West
Ellen West
Area Director - CWA

Agreed: Joh Irelan
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Director – Labor Relations

Date: 10-14-2017

Date: 9/14/2017