



## DEPARTMENT OF LABOR

### Employee Benefits Security Administration

#### [Exemption Application No. D-11981]

#### Proposed Exemption from Certain Prohibited Transaction Restrictions Involving AT&T Inc. (together with AT&T Inc.'s affiliates, AT&T or the Applicant)

#### Located in Dallas, Texas

**AGENCY:** Employee Benefits Security Administration, Labor.

**ACTION:** Notice of Proposed Amendment of PTE 2014-06

**SUMMARY:** This document contains a notice of pendency before the Department of Labor (the Department) of a proposed amendment to Prohibited Transaction Exemption (PTE) 2014-06.

**DATES:** *Exemption date:* If this proposed exemption is granted, Sections I, II and III of PTE 2014-06 would be in effect between September 9, 2013, to October 14, 2018; and Sections IV, V, VI, and VII of PTE 2014-06, which are added by this amendment, would be in effect between October 15, 2018, to April 5, 2023.

*Comments due:* Written comments and requests for a public hearing on the proposed exemption must be received by the Department by June 17, 2026.

**ADDRESSES:** All written comments and requests for a hearing should be submitted to the Employee Benefits Security Administration (EBSA), Office of Exemption Determinations, Attention: Application No. D-11981:

- via email to [e-OED@dol.gov](mailto:e-OED@dol.gov); or
- online through <https://www.regulations.gov>. Follow the “Submit a comment” instructions.

Any such comments or requests should be sent before the end of the scheduled comment period. The application for exemption and the comments received will be available for

public inspection in the Public Disclosure Room of the Employee Benefits Security Administration, U.S. Department of Labor, Room N-1515, 200 Constitution Avenue, N.W., Washington, D.C. 20210. See SUPPLEMENTARY INFORMATION below for additional information regarding comments.

**FOR FURTHER INFORMATION CONTACT:** Ms. Anna Vaughan of the Department at (202) 693-8565. (This is not a toll-free number.)

**SUPPLEMENTARY INFORMATION:**

**Comments:** Persons are encouraged to submit all comments electronically and not to follow with paper copies. Comments should state the nature of the person's interest in the proposed exemption and how the person would be adversely affected by the exemption, if granted. Any person who may be adversely affected by an exemption can request a hearing on the exemption if their request includes: (1) the name, address, telephone number, and email address of the person making the request; (2) the nature of the person's interest in the exemption and the manner in which the person would be adversely affected by the exemption; and (3) a statement of the issues to be addressed and a general description of the evidence to be presented at the hearing. The Department will grant a hearing request made in accordance with the requirements above when the Department finds that a hearing is necessary to fully explore material factual issues identified by the requestor, and the Department will publish a hearing notice in the *Federal Register*. The Department may decline to hold a hearing if it finds that: (1) the hearing request does not meet the requirements above; (2) the only issues identified for exploration at the hearing are matters of law; or (3) the factual issues identified can be fully explored through the submission of evidence in written (including electronic) form.

*Warning:* The Department will include all comments received in the public record without change and will make them available online at <https://www.regulations.gov>. The Department notes that it will include any personal information provided in the public

record and online, unless the commenter claims that any of the information included is confidential or the disclosure of such information is restricted by statute. If you submit a comment, EBSA recommends that you include your name and other contact information in the body of your comment, but DO NOT submit information that you consider to be confidential, or otherwise protected (such as a Social Security number or an unlisted phone number), or confidential business information that you do not want publicly disclosed. If EBSA cannot read your comment due to technical difficulties and cannot contact you for clarification, EBSA might not be able to consider your comment.

Additionally, the <https://www.regulations.gov> website is an “anonymous access” system, which means EBSA will not know your identity or contact information unless you provide it in the body of your comment. If you send an email directly to EBSA without going through <https://www.regulations.gov>, your email address will be automatically captured and included as part of the comment that is placed in the public record and made available on the internet.

### **Proposed Amendment to PTE 2014-06**

The Department is considering granting the amendment to PTE 2014-06<sup>1</sup> pursuant to its authority under ERISA section 408(a) and Code Section 4975(c)(2), and in accordance with the Department’s exemption procedures.<sup>2</sup> PTE 2014-06 permitted AT&T Inc. to contribute 320 million Series A Cumulative Preferred Membership Interests of AT&T Mobility II LLC (the Preferred Interests) to the SBC Master Pension Trust (the Trust), which is the trust that holds the assets of the AT&T Pension Benefit

---

<sup>1</sup> 79 FR 43072 (July 24, 2014). Unless otherwise noted, the facts and representations of PTE 2014-06 are incorporated herein.

<sup>2</sup> 29 CFR part 2570, subpart B (75 FR 66637, 66644, October 27, 2011). Effective December 31, 1978, section 102 of the Reorganization Plan No. 4 of 1978, 5 U.S.C. App. 1 (1996), transferred the authority of the Secretary of the Treasury to issue administrative exemptions under the Code Section 4975(c)(2) to the Secretary of Labor. Accordingly, the Department is proposing this exemption under its sole authority. Any references hereinafter to sections of ERISA shall be deemed to refer to the corresponding sections of the Code, unless indicated otherwise.

Plan (the Plan). The proposed amendment does not affect the amount of benefits that participants are entitled to receive under the Plan.

As discussed in further detail below, following the Trust's acquisition of the Preferred Interests, AT&T Inc. negotiated with the Independent Fiduciary of the Plan to modify certain terms and provisions relevant to the Plan's continued holding of the Preferred Interests, to enhance the transferability of the Preferred Interests. These modifications occurred on October 15, 2018 (the Modifications). The Independent Fiduciary approved the Modifications as being beneficial to the Plan, after requesting that AT&T Inc. make an additional \$80 million contribution to the Plan, which AT&T Inc. did. The Applicant requested this amendment so that the exemptive relief and conditions of PTE 2014-06 would be consistent with the Modifications.

As described in more detail below, following the Modifications, the Independent Fiduciary disposed of the Preferred Interests. It is the Department's understanding that the Trust has not held the Preferred Interests since April 5, 2023. Therefore, the relief in this exemption ends on that date.

As initially granted, PTE 2014-06 had three sections (Sections I, II and III). Those sections remain effective from September 9, 2013, through October 14, 2018. The proposed amendment adds new Sections IV through VI, which remain effective from October 15, 2018, through April 5, 2023. This proposed amendment also adds new Section VII, which clearly describes the effective dates for Sections I through VI.

**Benefits of the Exemption:** As described in more detail below, the Department is proposing relief based on the Trust's receipt of an additional \$80,000,000 in cash from AT&T in connection with the Modifications, as well as the Applicant's representations that the Modifications would increase the transferability of the Preferred Interests.

## SUMMARY OF FACTS AND REPRESENTATIONS<sup>3</sup>

1. AT&T Inc. AT&T Inc. is a holding company that maintains its principal offices in Dallas, Texas. Together with its affiliates, AT&T Inc. provides telecommunication services worldwide.

2. AT&T Mobility II LLC (AT&T Mobility or the Issuer). AT&T Mobility is a wholly owned subsidiary of AT&T that provides wireless services marketed under AT&T's name.

3. The AT&T Pension Benefit Plan (i.e., the Plan) and the SBC Master Pension Trust (i.e., the Trust). The Plan is a noncontributory qualified defined benefit pension plan sponsored by AT&T, covering substantially all U.S. bargained and non-bargained employees of participating subsidiaries of AT&T. The Plan provides retirement, disability, death and certain other ancillary benefits to approximately 286,355 Plan participants. The assets of the Plan are held in the Trust, which is administered and maintained by the AT&T Inc. Benefit Plan Investment Committee. As of December 31, 2023, the Trust had total assets of approximately \$30,018,512,000.<sup>4</sup>

4. PTE 2014-06. On July 24, 2014, the Department granted exemptive relief from ERISA sections 406(a)(1)(A), 406(a)(1)(B), 406(a)(1)(D), 406(a)(1)(E), 406(a)(2), 406(b)(1), 406(b)(2) and 407(a),<sup>5</sup> effective September 9, 2013, for: (a) the one-time, in-kind contribution (the Contribution) by AT&T of 320 million Series A Cumulative Perpetual Preferred Membership Interests (i.e., the Preferred Interests) of AT&T Mobility to the Trust; (b) the holding of the Preferred Interests by the Trust on behalf of the Plan;

---

<sup>3</sup> The Department notes that availability of this amendment and PTE 2014-06 are subject to the express condition that the material facts and representations contained in application D-11981 are true and complete, and accurately describe all material terms of the transactions covered by the amendment. If there is any material change in a transaction covered by the amendment, or in a material fact or representation described in the application, the amendment will cease to apply as of the date of such change.

<sup>4</sup> In 2019, the Plan and the Trust merged with the Time Warner Inc. Pension Benefit Plan and the Time Warner Inc. Master Pension Trust, respectively, as result of AT&T's acquisition of Time Warner Inc. on June 14, 2018.

<sup>5</sup> For a discussion of the how the transactions covered by PTE 2014-06 violate the prohibited transaction provisions of ERISA, please refer to the Notice of Proposed Exemption Involving AT&T Inc., at 78 FR 55107 (September 9, 2013).

(c) the disposition of the Preferred Interests by the Trust in connection with the Independent Fiduciary's exercise of a put option (the Put Option); (d) the disposition of the Preferred Interests by the Trust in connection with AT&T's exercise of a call option (the Call Option); and (e) certain changes or adjustments relating to the Preferred Interests resulting from a Change of Control of AT&T Mobility.<sup>6</sup>

5. According to AT&T, the Contribution enhanced the Plan's funding by providing substantially in excess of the amount of contributions required to be made by AT&T by applicable pension rules. At the time of the Contribution, the Plan was underfunded by approximately \$9.32 billion. The Contribution added approximately \$9.21 billion in assets, which included the value of the Preferred Interests and other cash payments.<sup>7</sup> AT&T acknowledged that, in addition to funding the Plan, the Contribution benefitted AT&T by decreasing the corporation's pension liabilities, as would be viewed favorably by lenders and the capital markets. These benefits allowed AT&T the flexibility to invest further in its business.

6. The Contribution significantly enhanced the Plan's cash flow. Among other things, the Preferred Interests have accrued cumulative distributions of \$1.75 per Preferred Interest per year. At the time of the Contribution, these distributions provided \$560 million in annual cash flow to the Trust, which represented approximately 11% of the Trust's annual cash flow requirements to pay benefits. As a condition of PTE 2014-06, the Department required AT&T to make a lump-sum cash contribution of \$700 million in addition to the contribution of the Preferred Interests. Further, to ensure that

---

<sup>6</sup> The term "Change of Control" was described in PTE 2014-06 as: (1) the occurrence of any merger, reorganization or other transaction that results in AT&T, directly or indirectly, owning less than fifty percent of the capital or profits interests (where the Issuer remains taxable as a partnership), or equity (if the Issuer becomes taxable as a corporation), of the Issuer, exclusive of the Preferred Interests; or (2) a transfer of fifty percent or more of the Plan liabilities and Trust assets to an entity not under common control with AT&T Inc.

<sup>7</sup> The Applicant states that the Preferred Interests were initially valued at approximately \$9.2 billion and that the Trust ultimately received a total of \$13.1 billion in proceeds from: (1) the sale of certain Preferred Interests, (2) the exercise of the Put Option to AT&T on two separate dates, and (3) dividends from the Preferred Interests.

AT&T would not solely rely on the value of the Preferred Interests to meet its funding obligations, the Department required AT&T to make an additional lump sum cash contribution to the Plan no later than September 19, 2019, in an amount equal to AT&T's minimum required contribution obligation to the Plan for the period from 2013-2017. In determining the amount required to satisfy the minimum contribution obligation, AT&T could not count the value of the Preferred Interests to the extent the value exceeded 10% of the Plan's assets on January 1, 2018, and AT&T could not consider any contributions that it had paid over those years (if any).<sup>8</sup>

7. The rights and obligations of the parties in connection with the transactions covered by PTE 2014-06 were primarily governed by these three agreements:

(a) Contribution Agreement. The Contribution of Preferred Interests was made pursuant to a Contribution Agreement dated August 30, 2013, involving: (i) Brock Fiduciary Services LLC, the Plan's Independent Fiduciary; (ii), JPMorgan Chase Bank, N.A., as directed trustee of the Trust; and (iii) AT&T Inc. and (iv) AT&T Mobility (the Contribution Agreement). The Contribution Agreement governed the terms and conditions of the Contribution of the Preferred Interests, the Call Option and the Put Option and provided the definitions of Option Price<sup>9</sup> and Change in Control for the purposes of such terms. The Call Option, in general terms, provided AT&T with the right to purchase all or any portion of the Preferred Interests from the Trust at a price equal to the Option Price, upon the occurrence of certain dates or events.<sup>10</sup> The Put

---

<sup>8</sup> As of January 1, 2018, the Preferred Interests represented 16.8% of Plan assets with the result that Preferred Interests constituting 6.8% of the Plan's holdings were not counted in determining the minimum contribution obligation. According to AT&T, no additional contribution was required to be made to the Plan.

<sup>9</sup> The "Option Price" of a Preferred Interest for purposes of PTE 2014-06 generally means, an amount equal to the greater of: (1) The Fair Market Value of the Preferred Interest determined by the Independent Fiduciary as of the last date of the calendar quarter preceding the date of notice of exercise of a Call Option or Put Option; or (2) the sum of \$25.00 per share (i.e., \$8 billion in the aggregate) plus any accrued and unpaid Distributions.

<sup>10</sup> These dates/events are: (1) during the twelve-month period following the date AT&T issues an annual report reflecting that the Plan is fully funded; (2) on or after a Change of Control; or (3) on or after the fifth anniversary of the date on which the Preferred Interests are contributed to the Trust (September 9, 2018).

Option, in general terms, permitted the Independent Fiduciary to require AT&T or AT&T Mobility to purchase the Preferred Interests from the Trust at the Option Price, on or after the earliest of certain dates or events.<sup>11</sup> Furthermore, the Contribution Agreement governed the settlement method of the Put Option and Call Option, including that AT&T could settle the options by delivering unregistered shares of AT&T stock to the Trust. The Call Option and the Put Option generally provided the only means by which the Preferred Interests could be transferred out of the Trust by the Independent Fiduciary, absent the Issuer's consent. The Call Option was generally exercisable by AT&T on or after September 9, 2018, and the Put Option was generally exercisable by the Independent Fiduciary on behalf of the Plan on or after September 9, 2020.

(b) LLC Agreement. The Preferred Interests, which were the subject of the Contribution, were governed by the Second Amended and Restated Limited Liability Company Agreement of AT&T Mobility II LLC. The LLC Agreement also describes the limitations and obligations of the Issuer, AT&T Mobility, while the Preferred Interests are outstanding, as well as providing a definition of "fair market value" for purposes of the Independent Fiduciary's valuation of the Preferred Interests, as described in more detail below.

(c) Registration Rights Agreement. AT&T had the right to pay for any Preferred Interests purchased pursuant to the Put Option or the Call Option by delivering unregistered AT&T Shares to the Trust. The Registration Rights Agreement generally required AT&T to register the AT&T Shares (if any) that were delivered to the Trust pursuant to the Call Option or the Put Option.<sup>12</sup>

---

<sup>11</sup> These dates/events were: (1) The first date that the Issuer's debt-to-total-capitalization ratio (as defined in the Contribution Agreement) exceeds that of AT&T; (2) the date on which AT&T, Inc. is rated below investment grade for two consecutive calendar quarters by at least two of the following rating agencies: (x) Standard & Poor's Ratings Services, (y) Moody's Investor Services, Inc., or (z) FitchRatings, Inc.; (3) a Change of Control; or (4) the seventh anniversary of the date on which the Preferred Interests are contributed to the Trust (September 9, 2020).

<sup>12</sup> The Registration Rights Agreement was agreed to by and among AT&T, the Trust, and Brock, effective August 30, 2013.

8. The Independent Fiduciary's Discretion Under PTE 2014-06. The

Independent Fiduciary was given sole authority to: (a) exercise all rights of the Trust with respect to the Preferred Interests, including but not limited to negotiating and accepting any amendments to the Contribution Agreement; (b) enter into any agreements for the benefit of the Plan and the Trust, to carry out the purposes of its obligations under PTE 2014-06; (c) enter into any agreements, incur reasonable costs on behalf of the Plan and the Trust, or pledge or hypothecate assets of the Trust in order to carry out interest rate swap transactions and credit default swap transactions, and (d) make any decision to monetize or otherwise dispose of any and all of the AT&T Shares received by the Trust in exchange therefor pursuant to the Contribution Agreement.

9. The Modifications to PTE 2014-06 Covered by this Proposed

Amendment.<sup>13</sup> The Independent Fiduciary negotiated with AT&T Inc. to make certain modifications to the terms and provisions of the Contribution Agreement, the LLC Agreement, and the Registration Rights Agreement. These modifications became effective on October 15, 2018 (i.e., the Modifications). AT&T explains that the Modifications primarily enhanced the transferability of the Preferred Interests.

Specifically, the Modifications:

(a) provided that the Preferred Interests are transferable by the Trust and all subsequent holders of the Preferred Interests without the Issuer's (i.e., AT&T Mobility's) prior approval;<sup>14</sup>

(b) provided that the Put Option may be exercised by any holder of the Preferred

---

<sup>13</sup> This proposed amendment does not provide relief from the requirements of, or specific sections of, any law not noted herein. Accordingly, AT&T is responsible for ensuring compliance with any other laws applicable to this transaction.

<sup>14</sup> The Independent Fiduciary and AT&T further agreed that the Issuer will cooperate with private placement offerings in furtherance of any transfer, sale, or assignment of the Preferred Interests, in whole or in part, provided that the Issuer will select the investment banking firm to conduct each of such private placement offerings, provide the financial information, document preparation and other support required for such private placement offering to the holder of the Preferred Interests and/or the investment bank on a timely basis and the Issuer will bear all costs associated with such private placement offerings.

Interests;<sup>15</sup>

(c) gave the Issuer (i.e., AT&T Mobility) the right to redeem the Preferred Interests during specific periods on or after September 9, 2022, (four years later than AT&T was originally permitted) while removing the redemption trigger relating to the fully funded status of the Trust under Generally Accepted Accounting Principles;<sup>16</sup> and

(d) preserved all of the Trust's rights with respect to the Preferred Interests, except for the following: (i) the Put Option was modified so that during each calendar quarter, it may be exercised by the Trust (and any subsequent transferee) only during specific periods that alternate with the periods during which the Redemption Option may be exercised, and (ii) the Registration Rights Agreement was modified to change the consequences to AT&T if it were to fail to register AT&T Inc. common stock received by the Trust as a result of the exercise of the Put Option or the Redemption Option (the Failure to Register Modification).

10. Before the Failure to Register Modification, under PTE 2014-06, if the Trust exercised the Put Option and AT&T delivered unregistered AT&T Shares to the Plan in exchange for the Preferred Interests, and AT&T failed to register such AT&T Shares, then AT&T was obligated to repurchase those unregistered AT&T Shares at their fair market value (as determined by the Independent Fiduciary).

Following the Failure to Register Modification, if AT&T failed to register the AT&T Shares delivered to the Plan in exchange for the Preferred Interests, AT&T was prohibited from declaring any dividends on its outstanding common stock and from making any "Restricted Share Repurchases" as defined in the Registration Rights Agreement. Further, the obligation of AT&T to purchase back the unregistered

---

<sup>15</sup> The Modifications accomplished (b) by removing the Call Option from the Contribution Agreement and adding a redemption option (the Redemption Option) to the LLC Agreement.

<sup>16</sup> Under PTE 2014-06, AT&T was entitled to exercise the Call Option at any time during the twelve-month period following the date AT&T issues an annual report reflecting that the Plan is fully funded. AT&T never exercised the Call Option pursuant to this provision.

AT&T Shares from the Trust was removed from the Registration Rights Agreement.

11. Description of the Independent Fiduciary. The Independent Fiduciary represents that it has extensive experience as an independent fiduciary and as an appraiser of non-publicly traded securities, including securities of the same type as the Preferred Interests. The Independent Fiduciary represents further that: (a) it is independent of, and unrelated to, AT&T; (b) it does not directly or indirectly receive any compensation or other consideration from AT&T;<sup>17</sup> (c) the compensation for its services is not contingent upon, or in any way affected by, its decisions; and (d) it has not previously provided services to AT&T.

12. In addition, the Independent Fiduciary has not entered into and will not enter into any agreement, arrangement, or understanding that includes any provision that provides for the direct or indirect indemnification or reimbursement of the Independent Fiduciary by the Plan or other party for any failure to adhere to its contractual obligations or to state or Federal laws applicable to the Independent Fiduciary's work; or waives any rights, claims, or remedies of the Plan under ERISA, state, or Federal law against the Independent Fiduciary with respect to the transactions that are the subject of this exemption.

Finally, the Applicant represents that the selection of Brock as the Independent Fiduciary was based solely on Brock's qualifications to serve as a qualified independent fiduciary and was made after a prudent process that included a determination that Brock did not have any interests in any party in interest involved in the covered transactions or in the covered transactions themselves which may affect the exercise of Brock's best judgment as a fiduciary.

13. The Independent Fiduciary's Reasons why the Modifications are in the

---

<sup>17</sup> The Independent Fiduciary represents that the fees and expenses it receives as Independent Fiduciary will be paid by the Plan, although for convenience, AT&T may, from time to time, pay the Independent Fiduciary's fees and expenses and receive reimbursement from the Plan to the extent permitted by law.

Interest of the Plans. The Independent Fiduciary made the following representations regarding its negotiation and analysis of the Modifications, as reported to the Department on November 8, 2019 (the Independent Fiduciary Report).

a. Transferability at the Holder's Discretion. Prior to the Modifications, the Preferred Interests could not be transferred to a third party without the approval of AT&T. This could have had a limiting effect on the marketability of the Preferred Interests, especially since a third-party transferee would have no assurance that a similar approval would be granted to the third-party for further transfer should the third-party want to resell the Preferred Interests. The Modifications simplify the transferability of the Preferred Interests and enhance the marketability of the Preferred Interests, by giving discretion to the party holding such securities to transfer them.

According to the Independent Fiduciary, given that the Preferred Interests accounted for approximately 17% of the Plan's assets,<sup>18</sup> the Plan benefited from simplifying the transferability of the Preferred Interests without having to meet the conditions for exercising the Put Option. This Modification, which makes the Preferred Interests transferable solely at the discretion of the holder, significantly enhances the Plan's flexibility to reduce its exposure to a single security. Interest rate conditions may provide the Plan with the opportunity to obtain better value by selling the Preferred Interests to a third party rather than exercising the Put Options before the Redemption Option became exercisable in 2022.

b. Elimination of Call Option Triggering Event related to Plan's Fully Funded Status and Replacement of Call Option with Redemption Option. Under PTE 2014-06, the Call Option could be exercised by AT&T upon the earlier of: the occurrence of certain events described in the Contribution Agreement; or September 9, 2018. As part of the Modifications, the Call Option was replaced with the Redemption Option, which is

---

<sup>18</sup> As of the date of the Independent Fiduciary's Report, dated October 11, 2018.

exercisable on substantially the same terms, conditions and obligations as the Call Option was, except that (i) there is no trigger relating to the fully funded status of the Trust, and (ii) the exercise of the Redemption Option by the Issuer is only permissible periodically after September 9, 2022 (other than as a result of a Change of Control). The combined Modifications thus amount to a net elimination of AT&T's right to call the Preferred Interests if the Plan becomes fully funded, which is a positive for the Plan.

c. Alternating Exercise of Put Options and Redemption Options and Giving a Put Option to Subsequent Purchasers. Starting September 9, 2020, the Put Option will be exercisable during the first and last 15 business days of each quarter, instead of at any time of the Independent Fiduciary's choosing. These exercise periods will alternate with the periods during which the Redemption Right may be exercised by the Issuer. The Independent Fiduciary states that this restriction on the timing of the exercise of the Put Option has minimal impact, since any decision to exercise the Put Option would be the result of an advance deliberate consideration and analysis, and the timing for determination of the Option Price (i.e., the last day of the immediately preceding calendar quarter) does not change. Should Brock decide on short notice that exercising the Put Option would be the right course of action for the Plan, the limitation would mean a delay of not more than a few weeks for its effective implementation, while the Preferred Interests would continue to accrue cumulative distributions of \$1.75 per Preferred Interest per year, equal to a 7% return.

The Independent Fiduciary also notes that it negotiated for a Put Option to be added to the LLC Agreement to be exercisable by subsequent holders of the Preferred Interests.<sup>19</sup> This new Put Option would be substantially identical to the Put Option in the Contribution Agreement, except that the Issuer, rather than AT&T, would be the

---

<sup>19</sup> The right to exercise the existing Put Option under the Contribution Agreement would remain solely that of the Plan. As in the case of the Redemption Option, adding a Put Option to the LLC Agreement was necessary to accommodate making the Preferred Interests freely transferable to third parties.

counterparty. According to Brock, this has had a positive impact on the potential sale value of the Preferred Interests, because it provides prospective third-party purchasers with an additional avenue for liquidity if they acquire the Preferred Interests from the Plan.

d. Modification to Registration Rights Agreement. According to the Independent Fiduciary, replacing AT&T's obligation repurchase unregistered AT&T Shares delivered in exchange for the Preferred Interests with a prohibition of AT&T paying dividends on its common stock so long as unregistered AT&T Shares remain outstanding represents a de minimis change that applies to a highly remote possibility, to which the Independent Fiduciary attaches no cost or value. For this restriction to come into effect, AT&T would have to: (i) elect to deliver AT&T Shares rather than cash when the Redemption Option or the Put Options are exercised; and (ii) be unable to qualify for a registration statement.<sup>20</sup> Just as improbable, AT&T would then decide to stop paying dividends on outstanding AT&T Shares rather than remedy the situation by voluntarily buying back the unregistered AT&T Shares held by the Trust. Such a remote scenario would plausibly occur only in a situation where AT&T is in effect insolvent. But that would mean that AT&T's common stock would be worth almost nothing, making a purchase of the Preferred Interests virtually impossible (and impracticable) using common stock.

14. Additional Contribution to the Plan. The Independent Fiduciary represents that it negotiated an additional \$80 million cash payment to the Plan from AT&T to coincide with the Modifications. According to the Independent Fiduciary, the \$80 million contribution represented roughly half of the Independent Fiduciary's estimate of the risk-adjusted tax savings to AT&T that AT&T would have received in connection

---

<sup>20</sup> The Applicant states that the current Registration Rights Agreement requires AT&T to use its reasonable best efforts to file a shelf registration or other securities forms for an offering of the AT&T Shares. Further, the Applicant states that AT&T does not envision any path where it elects not to register the AT&T Shares or cannot register the shares.

with the Plan’s agreement to the Modifications by October 15, 2018.<sup>21</sup> While the \$80 million contribution arguably represented only an acceleration of future contributions, because AT&T ultimately has the obligation to fund the Plan, this contribution benefits the Plan not only because of its certainty but because it could be immediately invested on a tax-deferred basis. The Independent Fiduciary states that, although the benefits of the Modifications themselves outweigh the negatives, it insisted that AT&T agree to make a material cash contribution to the Plan as an added incentive.

15. Proceeds Received by the Trust for the Interests. The Independent Fiduciary, acting on behalf of the Trust, disposed of the Preferred Interests over the course of 3 transactions, on September 28, 2020, February 7, 2023, and April 5, 2023. While the first transaction was a sale to independent third parties, the second two transactions involved the Independent Fiduciary’s exercise of the Put Option. Based on a representation from the Independent Fiduciary, the summary of the proceeds received by the Trust is as follows:

<b>Sale or Put Exercise Date</b>	<b>September 28, 2020</b>	<b>February 7, 2023<sup>22</sup></b>	<b>April 5, 2023</b>	<b>Combined</b>
Sale or Put	Sale to PIMCO Entities	Put to AT&T	Put to AT&T	
Number of Interests Sold or Put	106,666,666	656,033	212,677,301	320,000,000

<sup>21</sup> The Applicant represents that in fact there was no tax benefit in 2018 because the deduction was already taken in 2013 when the Preferred Interests were contributed. In this regard, the tax benefit stemming from the Modifications would only have been received if the IRS disallowed the earlier deduction (which it did not do) and then permitted AT&T to take it when AT&T modified the securities in 2018 to enhance their transferability.

<sup>22</sup> The Applicant represents that the Put Notice was received from the Independent Fiduciary for 213,333,334 Preferred Interests on December 27, 2022, during the allowable window. However, the Contribution Agreement includes a “Put 12-Month Cap”, under which AT&T was not obligated by the Put Option to purchase more than one-third of the original shares in a given 12-month period of time. On January 27, 2023, 656,033 Preferred Interests were released from the 12-month cap, so it was agreed that AT&T would purchase those shares at that time. Winter storms in Dallas, coupled with the physical share certificates having been moved from New York to Louisiana, drove the need for extra time to complete the settlement process, which was completed on Feb. 7, 2023.

<b>Proceeds Received<sup>23</sup></b>				<b>Total Proceeds</b>
Sale/Put Price	\$2,839,999,982.25	\$16,400,825.00	\$5,316,932,525.00	\$8,173,333,332.25
Accrued Preferred Return to Sale/Put Date	\$45,111,111.18	\$114,805.78	\$97,181,711.15	\$142,407,628.11
Proceeds Received	\$2,885,111,093.43	\$16,515,630.78	\$5,414,114,236.15	\$8,315,740,960.36
<b>Proceeds per Interest</b>				<b>Average per Interest</b>
Sale/Put Price	\$26.62500000	\$25.00000000	\$25.00000000	\$25.54166666
Accrued Preferred Return to Sale/Put Date	\$0.42291667	\$0.17500000	\$0.45694444	\$0.44502384
Total per Interest	\$27.04791667	\$25.17500000	\$25.45694444	\$25.98669050

a. Third Party Sale. On September 28, 2020, the Independent Fiduciary directed the sale of 106,666,666 Preferred Interests in a private offering to several funds advised or sub-advised by PIMCO Investment Management (the PIMCO Funds).<sup>24</sup> The Applicant states that the timing of the sale was based on the Independent Fiduciary's review of market conditions and the composition of assets held by the Trust. The Applicant represents that the PIMCO Funds were neither parties in interest to the Plan nor related to AT&T or its affiliates. According to the Applicant, it was originally expected that the Preferred Interests would be sold to multiple investors given the size of the offering, but late in the process PIMCO asked if they could purchase the entire amount. The Applicant represents that the price per Preferred Interest in the sale to the PIMCO Funds was

---

<sup>23</sup> Between November 1, 2013 and February 1, 2023, the Trust received total dividend payments of \$4,747,600,000. Together with the \$8,315,740,960.36 proceeds received by the Trust from the sale and put transactions, the Trust received a total cash amount of \$13,062,600,000 from the Preferred Interests, \$3,852,260,000 more than the Preferred Interests' initial valuation of \$9,210,000,000.

<sup>24</sup> The Applicant represents that AT&T Mobility selected Credit Suisse as the investment banking firm to conduct the offering. The Applicant represents that Credit Suisse shared its views with the Independent Fiduciary regarding market conditions, target buyers, valuation of Preferred Interests and marketing strategy. Based on the expressed views of Credit Suisse, the Independent Fiduciary decided to move forward with the sale.

\$27.048, for a total of \$2,885,111,093.43. The Applicant represents that, according to the Independent Fiduciary, the price was the result of an arm's length negotiation and representative of the market value of the Preferred Interests. According to the Independent Fiduciary's letter to the Trust dated February 18, 2021, the sale was made at a price significantly higher than the Trust would have obtained had the Independent Fiduciary elected to exercise the Put Option.<sup>25</sup>

b. Exercise #1 of Put Option. The Applicant represents that on February 6, 2023, the Independent Fiduciary directed the exercise of the Put Option for 656,033 Preferred Interests, causing the Preferred Interests to be transferred to AT&T pursuant to the terms of PTE 2014-06. The price per Preferred Interest paid by AT&T to the Plan in the connection with the February 6<sup>th</sup> exercise of the Put Option was \$25.175 per Preferred Interest, for a total purchase price of \$16,515,630.78. The Applicant represents that this option price equals the Independent Fiduciary's valuation of the Preferred Interests pursuant to its most recently completed valuation report.<sup>26</sup>

c. Exercise #2 of Put Option. The Applicant represents that, on April 5, 2023, the Independent Fiduciary directed the exercise of the Put Option for the remaining 212,677,301 Preferred Interests held by the Trust, causing the Preferred Interests to be transferred to AT&T pursuant to the terms of PTE 2014-06. The price per Preferred Interest paid by AT&T to the Plan in the connection with the April 5<sup>th</sup> exercise of the Put Option was \$25.4569 per Preferred Interest, for a total purchase price of \$5,414,114,236.15. According to the Applicant, the price that AT&T paid for the Preferred Interests exceeded the valuation provided by the Independent Fiduciary in its

---

<sup>25</sup> The record for the Exemption Application, No. D-11981, provides more information regarding the sale of the Preferred Interests to the PIMCO Funds, including the Independent Fiduciary's quarterly valuation report dated October 26, 2020, and the pricing memorandum for the Preferred Interests sold in the private placement.

<sup>26</sup> The Independent Fiduciary's quarterly valuation report dated January 20, 2023, is a part of the public record for Exemption Application No. D-11981 and can be requested by contacting the Department's Public Disclosure Office.

most recent quarterly valuation report because it included the accrued and unpaid distribution between April 1, 2023, to April 5, 2023.<sup>27</sup>

16. Need for Exemptive Relief. The Applicant does not believe that AT&T's unilateral waiver of its rights vis-à-vis the transferability of the Preferred Interests requires an amendment to the terms of PTE 2014-06. However, according to the Applicant, the proposed changes to the timing of the Put Option and revisions to the Registration Rights Agreement could require an amendment to the conditions to PTE 2014-06, because the definition of "Put Option" in PTE 2014-06 provides for different periods during which the Independent Fiduciary can exercise the Put Option on behalf of the Plan. Further, the definitions of the Preferred Interests, Redemption Option, and certain other operative terms have been changed to take into account the Modifications, as described above. Therefore, in order to avoid a technical violation of PTE 2014-06 resulting from the definitional change in those terms, this proposed amendment amends PTE 2014-06 to be consistent with the Modifications described above as of the date they were effective (October 15, 2018).

17. The Department notes that the Independent Fiduciary exercised the Put Option to cause AT&T to buy back all the remaining Preferred Interests held by the Trust on April 5, 2023, in exchange for cash. Because the Trust did not hold the Preferred Interests or any AT&T Shares received in respect of any Preferred Interests after the Independent Fiduciary's exercise of the Put Option, exemptive relief is only provided to AT&T and the Plan under this exemption until April 5, 2023.

18. The modifications described above are reflected in the following revisions to PTE 2014-06 (which include new conditions required by the Department):

a. New Section IV. Definitions. The Department is proposing the following

---

<sup>27</sup> The Independent Fiduciary's quarterly valuation report dated April 12, 2023, is a part of the public record for Exemption Application No. D-11981 and can be requested by contacting the Department's Public Disclosure Office.

revisions to the “Definitions” section in PTE 2014-06:

- A new definition of “Modifications” was added, to describe the modifications negotiated and approved by the Independent Fiduciary that became effective on October 15, 2018.
- A new definition of “LLC Agreement” was added and would mean: the Fourth Amended and Restated Limited Liability Company Agreement of AT&T Mobility II LLC, effective October 15, 2018.
- The definition of “Call Option” would reflect the right of AT&T under the Contribution Agreement to purchase the Preferred Interests from the Trust, from September 1, 2013, until October 14, 2018, at which point the Call Option was replaced by the Redemption Option effective October 15, 2018.
- The definition of “Put Option” reflects that, after September 9, 2020, any holder of the Preferred Interests (including the Trust) can exercise the Put Option during the first and last 15 business days of each fiscal quarter instead of at any time of the holder’s choosing.
- A new definition of “Redemption Option” was added to reflect the right of the Issuer under the LLC Agreement to redeem the Preferred Interests in whole or in part (i) upon a Change of Control or (ii) on or after September 9, 2022, during the “Exercise Period.”
- The definition of “Exercise Period” was added to reflect the alternating periods of time within which the Preferred Interests can be redeemed by the Issuer pursuant to the Redemption Option and/or put to AT&T or the Issuer by any holder of the Preferred Interests (including the Independent Fiduciary on behalf of the Trust) pursuant to the Put Option.
- The definition of “Option Price” reflects revisions to the Contribution

Agreement and the LLC Agreement that removed the Call Option from the Contribution Agreement and added a Redemption Option and Put Option to the LLC Agreement, and to better reflect the understanding of the term by the parties. Further, references to “the occurrence of prior events” are no longer included in the definition of Option Price but are instead included in a new definition.

- Definitions of “Fair Market Value of the Preferred Interest” and “Contingent Event” have been added, to better clarify and confirm the parties’ understanding of these terms and to reflect the removal of the Call Option from the Contribution Agreement and addition of the Redemption Option and Put Option to the LLC Agreement, each effective October 15, 2018.
- The definition of “Change of Control” differs in that clause (ii), specifying an event involving the transfer of fifty percent or more of the Plan liabilities and Trust assets to an entity not under common control with AT&T, now only applies for purposes of the Contribution Agreement.
- The definition of “Distributions” was added for clarification and refers to the distribution rights carried by the Preferred Interests of \$1.75 per Preferred Interest.

b. New Section V. Effective October 15, 2018: Covered Transactions. This new section differs from the PTE 2014-06 “Covered Transactions” section as follows:

- No relief is being provided for the contribution of the Preferred Interests by AT&T to the SBC Master Pension Trust, since that contribution was a one-time transaction covered by PTE 2014-06, as initially granted.
- The section provides other non-substantive changes to streamline and/or clarify the covered transactions.

c. New Section VI. Effective as of October 15, 2018: Conditions. This new section differs from the PTE 2014-06 “Covered Transactions” section as follows:

- Requires that the Independent Fiduciary have discretion regarding the disposition of AT&T Shares in accordance with the Investment Management Agreement (which was amended as of October 15, 2018) and the Registration Rights Agreement.
- Requires that any modification of the Plan’s rights and obligations under any term, definition or condition of the amendment, including any Modification, must be negotiated and approved in advance on behalf of the Plan by the Independent Fiduciary.
- Includes a new requirement that the selection of the Independent Fiduciary is based solely on the Independent Fiduciary’s qualifications pursuant to a prudent process and with the understanding that the Independent Fiduciary has no interest in the transaction that could affect the best exercise of its duties as a fiduciary.
- New conditions requiring that neither the Plan nor any third party may indemnify the Independent Fiduciary or the Independent Appraiser, for (or limit in any way) any liability that is attributable to negligence or violations of ERISA, state or Federal law (as applicable), and no contract or instrument purports to waive any such liability.
- A new condition requiring that the terms of any transactions between the Plan and a purchaser of Preferred Interests or any AT&T Shares be no less favorable to the Plan than arms’ length terms between unrelated parties.
- A new condition requiring that the Preferred Interests must be transferable by the Trust and by all subsequent holders of the Preferred Interests at the holder’s sole discretion.

- A new condition requiring that AT&T must have made the additional cash payment to the Plan of \$80 million no later than October 15, 2018, in connection with the Modifications.
- A new condition prohibiting AT&T from declaring any dividends on, or making any repurchases of, any AT&T Shares, in the event that the Trust held any unregistered AT&T Shares that were received in exchange for the Preferred Interests.
- A new condition requiring that all the material facts and representations set forth in the Summary of Facts and Representation be true and accurate and that the Applicant will promptly inform the Department in the event any material fact or representation ceases to be true and accurate.
- A requirement that the records necessary to prove adherence to the conditions of the exemption are maintained for 6 years from the later of the date that exemptive relief under the exemption is needed, or the date of publication of the final exemption.
- A new condition requiring that AT&T make available to the Department all records necessary to ensure that each condition of this exemption has been met within 30 days of request by the Department.

Department's Note: Section VI may contain additional modifications not mentioned directly above that are intended to clarify or streamline the conditions in PTE 2014-06. The Department cautions the Applicant to closely read the operative language of the proposed exemption during the comment period and notify the Department in a written comment if they have concerns about adherence to any of the conditions described therein.

d. New Section VII. Effective Dates. This new section provides the effective dates for all sections of the exemption. In this regard, Sections I, II, and III of

PTE 2014-06 are effective from September 9, 2013, through October 14, 2018; and Sections IV, V, VI, and VII of PTE 2014-06 (added by this amendment) are effective from October 15, 2018, through April 5, 2023.

19. The Department's Findings. The Department has the authority under ERISA section 408(a) to grant and amend exemptions from the prohibited transaction provisions of ERISA section 406 if the Department finds that the transaction is in the interest and protective of the rights of the affected plan and its participants and beneficiaries and is administratively feasible.<sup>28</sup> The Department's findings required under ERISA section 408(a) are discussed below.

20. The Proposed Amendment is "In the Interests of the Plan." The Department has tentatively determined that the proposed amendment is in the interest of the Plan and its participants and beneficiaries since, among other things, the Modifications allow the Plan to more freely transfer the Preferred Interests, and the Plan received an \$80 million cash contribution in return for agreeing to the Modifications.

21. The Proposed Amendment is "Protective of the Plan." The Department has tentatively determined that the proposed amendment is protective of the Plan and its participants and beneficiaries since, among other things, the Modifications were negotiated by a qualified, experienced Independent Fiduciary acting solely on behalf of the Trust. Further, in addition to the new requirements of this amendment, described above, all protections of PTE 2014-06 not affected by the Modifications will remain in place.

22. The Proposed Amendment is "Administratively Feasible." The Department has tentatively determined that the proposed amendment is administratively feasible since, among other things, the Independent Fiduciary represented the interests of the

---

<sup>28</sup> Regulations at 29 CFR 2570.30 to 2570.52 describe the procedures for applying for an administrative exemption under ERISA.

Plan for all purposes with respect to the Plan's holding of the Preferred Interests and must confirm to the Department that all of the conditions of this amendment have been met.

23. *Summary.* Given the conditions described above, the Department has tentatively determined that the relief sought by the Applicant satisfies the statutory requirements for an exemption under ERISA section 408(a).

### **Notice to Interested Persons**

Notice of the proposed exemption will be provided to all interested persons in the manner approved by the Department and will contain the documents described therein and a supplemental statement required by 29 CFR 2570.43(a)(2). The supplemental statement will inform interested persons of their right to comment on and to request a hearing with respect to the pending exemption. All written comments and/or requests for a hearing must be received by the Department by June 17, 2026. All comments will be made available to the public.

*Warning:* If you submit a comment, EBSA recommends that you include your name and other contact information in the body of your comment, but DO NOT submit information that you consider to be confidential, or otherwise protected (such as Social Security number or an unlisted phone number) or confidential business information that you do not want publicly disclosed. All comments may be posted on the internet and can be retrieved by most internet search engines.

### **General Information**

The attention of interested persons is directed to the following:

(1) The fact that a transaction is the subject of an exemption under ERISA section 408(a) and/or Code section 4975(c)(2) does not relieve a fiduciary or other party in interest or disqualified person from certain other provisions of ERISA and/or the Code, including any prohibited transaction provisions to which the exemption does not apply

and the general fiduciary responsibility provisions of ERISA section 404, which, among other things, require a fiduciary to discharge their duties respecting the plan solely in the interest of the plan and its participants and beneficiaries and in a prudent manner in accordance with ERISA section 404(a)(1)(B); nor does it affect the requirement of Code section 401(a) that the plan must operate for the exclusive benefit of the employees of the employer maintaining the plan and their beneficiaries;

(2) Before an exemption may be granted under ERISA section 408(a) and/or Code section 4975(c)(2), the Department must find that the exemption is administratively feasible, in the interests of the plan and of its participants and beneficiaries, and protective of the rights of participants and beneficiaries of the plan;

(3) The proposed exemption, if granted, would be supplemental to, and not in derogation of, any other provisions of ERISA and/or the Code, including statutory or administrative exemptions and transitional rules. Furthermore, the fact that a transaction is subject to an administrative or statutory exemption is not dispositive of whether the transaction is, in fact, a prohibited transaction; and

(4) The proposed exemption, if granted, would be subject to the express condition that the material facts and representations contained in the application are true and complete at all times and that the application accurately describes all material terms of the transactions which are the subject of the exemption.

### **Proposed Amendment to PTE 2014-06**

Based on the foregoing facts and representations submitted by AT&T, Inc. (together with AT&T Inc.'s affiliates, AT&T or the Applicant), the Department is considering amending PTE 2014-06 (79 FR 43072, July 24, 2014), an individual exemption previously granted by the Department under the authority of section 408(a) of the Employee Retirement Income Security Act of 1974, as amended (ERISA) and

section 4975(c)(2) of the Internal Revenue Code of 1986, as amended (the Code), and in accordance with the procedures set forth in 29 CFR Part 2570, Subpart B (76 FR 66637, 66644, October 27, 2011), as follows:

#### **Section IV. Definitions**

For purposes of Sections V and VI:

(a) The term “Affiliate” means:

(1) Any person directly or indirectly through one or more intermediaries, controlling, controlled by, or under common control with the person;

(2) Any officer, director, employee, relative, or partner in any such person;

(3) Any corporation or partnership of which such person is an officer, director, partner, or employee.

For the purposes of clause (a)(1) above, the term “control” means the power to exercise a controlling influence over the management or policies of a person other than an individual.

(b) The term “AT&T Mobility” means AT&T Mobility II LLC.

(c) The term “AT&T Shares” means shares of AT&T Inc. common stock.

(d) The term “Call Option” means the right of AT&T under the Contribution Agreement to purchase all or any portion of the Preferred Interests from the Trust, from September 1, 2013, until October 14, 2018. Effective October 15, 2018, the Call Option was replaced by the Redemption Option, described below.

(e) The term “Change of Control” means: (i) the occurrence of any merger, reorganization or other transaction that results in AT&T Inc., directly or indirectly, owning less than fifty percent of the capital or profits interests (where AT&T Mobility remains taxable as a partnership), or equity (if AT&T Mobility becomes taxable as a corporation), of AT&T Mobility exclusive of the Preferred Interests and/or (ii) solely for purposes of the Contribution Agreement, a transfer of fifty percent or more of the Plan

liabilities and Trust assets to an entity not under common control with AT&T Inc.

(f) The term “Committee” means the AT&T Inc. Benefit Plan Investment Committee, which has been delegated the power and authority to appoint and remove trustees and investment managers, and to enter into and amend trust agreements and other agreements relating to the management of Plan assets and, in respect of such power and authority, has been designated by AT&T Services, Inc. as a “named fiduciary” of the Plan.

(g) The term “Contingent Event” means (1) the first date that the Issuer’s “debt-to-total-capitalization ratio” (as defined in the Contribution Agreement and the LLC Agreement, as applicable) exceeds that of AT&T, (2) the date on which AT&T is rated below investment grade for two consecutive calendar quarters by at least two of the following rating agencies: (x) S&P Global Ratings, (y) Moody’s, or (z) Fitch Group, or (3) a Change of Control.

(h) The term “Contribution Agreement” means the Amended and Restated Contribution Agreement between Brock Fiduciary Services LLC, JPMorgan Chase Bank, N.A., as Directed Trustee of the Trust, AT&T Inc. and AT&T Mobility II LLC, dated October 15, 2018.

(i) The term “Distributions” means distribution rights carried by the Preferred Interests of \$1.75 per Preferred Interest, for a total of \$560 million per year in cash payable to the Trust as measured on the date of the Contribution, in accordance with the terms of the Contribution Agreement.

(j) The term “Exercise Period” means, with respect to the Put Option, the period comprised of the first 15 business days and the last 15 business days of any fiscal quarter of AT&T; and with respect to the Redemption Option, the period beginning on the 26<sup>th</sup> business day of any fiscal quarter of AT&T and ending on the 35<sup>th</sup> business day of such quarter.

(k) The term “Fair Market Value of the Preferred Interest” means (1) in cases of the exercise of the Put Option on or after September 9, 2020 (other than an exercise prior to September 9, 2022 as the result of a Contingent Event) OR upon the exercise of the Redemption Option on or after September 9, 2022, an amount determined based upon \$25.00 per Preferred Interest plus any accrued and unpaid Distributions and market conditions at the time; and (2) in cases of the exercise of the Put Option prior to September 9, 2022 as the result of a Contingent Event OR upon the exercise of the Redemption Option prior to September 9, 2022, an amount determined based upon the sum of: (x) \$25.00 per Preferred Interest plus any accrued and unpaid Distributions, and (y) the present value of future Distributions through and ending on September 9, 2022 (excluding accrued and unpaid Distributions accounted for in (x) immediately above).

(l) The term “Investment Management Agreement” means the Investment Management Agreement by and between AT&T Services, Inc., the AT&T Benefit Plan Investment Committee, AT&T Inc. and Brock Fiduciary Services LLC, amended as of October 15, 2018.

(m) The term “Independent Appraiser” means an individual or entity meeting the definition of a “Qualified Independent Appraiser” under 29 CFR 2570.31(i) retained to determine, on behalf of the Plan, the Fair Market Value of the Preferred Interests as of the date of the Contribution and while the Preferred Interests are held on behalf of the Plan. For avoidance of doubt, the Independent Appraiser may be the Independent Fiduciary, provided it qualifies as a Qualified Independent Appraiser.

(n) The term “Independent Fiduciary” means Brock Fiduciary Services LLC and any other fiduciary who: (1) is independent or unrelated to AT&T Inc. and its Affiliates and has the appropriate training, experience, and facilities to act on behalf of the Plan regarding the covered transactions in accordance with the fiduciary duties and responsibilities prescribed by ERISA (including, if necessary, the responsibility to seek

the counsel of knowledgeable advisors to assist in its compliance with ERISA); and (2) if relevant, succeeds Brock Fiduciary Services LLC pursuant to the terms of the Investment Management Agreement, Independent Fiduciary Agreement, or other relevant agreement. The Independent Fiduciary will not be deemed to be independent of and unrelated to AT&T Inc. and its Affiliates if: (i) such fiduciary directly or indirectly controls, is controlled by or is under common control, with AT&T and its Affiliates; (ii) such fiduciary directly or indirectly receives any compensation or other consideration in connection with any transaction described in this proposed amendment other than for acting as an Independent Fiduciary in connection with the transactions described herein, provided that the amount or payment of such compensation is not contingent upon, or in any way affected by, the Independent Fiduciary's ultimate decision; and (iii) the annual gross revenue received by the Independent Fiduciary, during any year of its engagement, from AT&T Inc. and its Affiliates, exceeds two percent (2%) of the Independent Fiduciary's annual gross revenue from all sources (for federal income tax purposes) for its prior tax year. For the purposes of this Section IV(n), the term "control" has the meaning set forth in Section IV(a) above.

(o) The term "Independent Fiduciary Agreement" means the Independent Fiduciary Agreement dated May 1, 2012, as amended, by and among AT&T Services, AT&T Inc. and Brock Fiduciary Services LLC.

(p) The term "Issuer" means AT&T Mobility II LLC.

(q) The term "LLC Agreement" means the Fourth Amended and Restated Limited Liability Company Agreement of AT&T Mobility II LLC, effective October 15, 2018.

(r) The term "Modifications" means the modifications negotiated and approved by the Independent Fiduciary that became effective on October 15, 2018, that, in general: (1) provide that the Preferred Interests are transferable by the Trust and all subsequent holders of the Preferred Interests without the Issuer's prior approval; (2)

provide that the Put Option may be exercised by any holder of the Preferred Interests; (3) remove the Call Option from the Contribution Agreement, and add the Redemption Option to the LLC Agreement, whereby AT&T Mobility has the right to redeem the Preferred Interests; and (4) preserve all of the Trust's rights with respect to the Preferred Interests, except for the following: (i) the Put Option was modified so that during each calendar quarter, it may be exercised only during specific periods that alternate with the periods during which the Redemption Option may be exercised, and (ii) the Registration Rights Agreement was modified to change the consequences to AT&T if it were to fail to register AT&T Inc. common stock received by the Trust as a result of the exercise of the Put Option or the Redemption Option.

(s) The term "Option Price" means an amount equal to the greater of: (1) the Fair Market Value of the Preferred Interest, determined by the Independent Fiduciary as of the last date of the calendar quarter preceding the date of exercise of the Redemption Option or the Put Option, as the case may be, or for the portion of Preferred Interests that are not immediately purchased by AT&T or the Issuer pursuant to the Redemption Option or the Put Option because of the limitation on AT&T's obligation to purchase the Preferred Interests pursuant to the Put Option to no more than 106,666,667 Preferred Interests in any twelve month period, (except in the event of a Change of Control) the Fair Market Value of the Preferred Interest, determined by the Independent Fiduciary as of the last date of the calendar quarter immediately preceding the date such portion of the Preferred Interest is actually purchased by AT&T Inc.; and (2) the sum of \$25.00 (i.e., \$8 billion in the aggregate) plus any accrued and unpaid Distributions.

(t) The term "Plan" means the AT&T Pension Benefit Plan.

(u) The term "Preferred Interests" means the Series A Cumulative Perpetual Preferred Membership Interests in AT&T Mobility, an indirect wholly owned limited liability company subsidiary of AT&T Inc., as such Preferred Interests were modified

effective October 15, 2018, pursuant to the Contribution Agreement, the LLC Agreement and the Registration Rights Agreement.

(v) The term “Put Option” means the right of the Independent Fiduciary on behalf of the Trust to require AT&T to purchase the Preferred Interests pursuant to the terms and conditions set forth in the Contribution Agreement; or the right of any holder of the Preferred Interests (including the Independent Fiduciary on behalf of the Trust) to require the Issuer to purchase the Preferred Interests pursuant to the terms and conditions set forth in the LLC Agreement, as applicable, at the Option Price per Preferred Interest, at any time and from time to time on or after the earliest of: (1) the first date that the Issuer’s debt-to-total-capitalization ratio exceeds that of AT&T; (2) the date on which AT&T Inc. is rated below investment grade for two consecutive calendar quarters by at least two of the following rating agencies: (x) S&P Global Ratings, (y) Moody’s, or (z) Fitch Group; (3) a Change of Control; or (4) on or after September 9, 2020, as long as the exercise is within the Exercise Period.

(w) The term “Redemption Option” means the right of the Issuer to redeem the Preferred Interests in whole or in part pursuant to the terms and conditions set forth in the LLC Agreement, at the Option Price per Preferred Interest at any time and from time to time on or after the earliest of: (1) a Change of Control; or (2) September 9, 2022, the ninth anniversary of the date on which the Preferred Interests were contributed to the Trust, as long as such redemption is within the Exercise Period.

(x) The term “Registration Rights Agreement” means the Amended and Restated Registration Rights Agreement by and among AT&T Inc., the SBC Master Pension Trust and Brock Fiduciary Services LLC, as Independent Fiduciary and investment manager with respect to the AT&T Pension Benefit Plan, a participating plan in the SBC Master Pension Trust, dated October 15, 2018.

(y) The term “Trust” means the SBC Master Pension Trust, established and maintained pursuant to an agreement between AT&T Inc. and JPMorgan Chase Bank, N.A., as amended and restated effective as of February 1, 2012.

### **Section V. Covered Transactions**

Effective October 15, 2018, the restrictions of ERISA sections 406(a)(1)(A), 406(a)(1)(B), 406(a)(1)(D), 406(a)(1)(E), 406(a)(2), 406(b)(1), 406(b)(2), and 407(a) and the sanctions resulting from the application of Code section 4975 (a) and (b), by reason of Code section 4975(c)(1)(A), 4975(c)(1)(B), 4975(c)(1)(D) and 4975(c)(1)(E), shall not apply to AT&T and the Plan with respect to the following transactions, provided that the conditions described in Section VI are satisfied:

(a) The holding of the Preferred Interests by the Trust on behalf of the Plan;

(b) The granting by the Trust to the Issuer of the Redemption Option, and the disposition of the Preferred Interests in connection with the exercise of the Redemption Option; and

(c) The holding by the Trust of the Put Option, and the disposition by the Trust of the Preferred Interests in connection with the Trust’s exercise of the Put Option.

### **VI. Conditions**

Relief for the transactions described in Section V of this proposed amendment is conditioned upon the parties’ adherence to the following requirements, in accordance with the Definitions provided in Section IV:

(a) The Preferred Interests had a liquidation value of \$25 per Preferred Interest and carry distribution rights of \$1.75 per Preferred Interest (i.e., the Distributions), for a total of \$560 million per year in cash payable to the Trust as measured on the date of the Contribution, in accordance with the terms of the Contribution Agreement;

(b) The Plan did not incur fees, costs or other charges in connection with the transactions described in Section V, other than fees and expenses of the Independent

Fiduciary for duties required by this exemption, as amended, as described herein;

(c) For the duration of the Investment Management Agreement, an Independent Fiduciary acted solely on behalf of the Plan and the Trust, represented the Plan's interests for all purposes with respect to the Preferred Interests, and determined, prior to entering into any of the transactions described in Section V, that each such transaction was in the interest of the Plan;

(d) The selection of the Independent Fiduciary was based solely on the Independent Fiduciary's qualifications to serve as a qualified independent fiduciary and was made after a prudent process that included a determination that the Independent Fiduciary is qualified to perform the work required in connection with this exemption, and that the Independent Fiduciary does not have any interests in any party in interest involved in the covered transactions or in the covered transactions themselves which may affect the exercise of such fiduciary's best judgment as a fiduciary;

(e) For the duration of the Investment Management Agreement, the Independent Fiduciary had complete discretion regarding the disposition of any AT&T Shares received in exchange for Preferred Interests, in accordance with the Investment Management Agreement, as further defined below, and the Registration Rights Agreement;

(f) The Independent Fiduciary negotiated and approved, on behalf of the Plan and the Trust, the terms and conditions of the Contribution Agreement, including the terms of the Preferred Interests and the Call Option set forth in the Contribution Agreement, as well as the terms of the Redemption Option and the Put Option set forth in the LLC Agreement, and terms of the Investment Management Agreement and the Registration Rights Agreement, and any modification of the Plan's rights and obligations under any term, definition or condition of the amendment, including the Modifications, in advance of such term, condition or modification;

(g) The Independent Fiduciary managed the holding and disposition of the Preferred Interests and took whatever action it deemed necessary to protect the rights of the Plan with respect to the Preferred Interests or the AT&T Shares received in connection with the exercise of the Redemption Option or the Put Option;

(h) The Independent Fiduciary monitored AT&T and the Issuer to determine whether a Change of Control, or a different Contingent Event, had occurred that permits the Trust to dispose of the Preferred Interests;

(i) The Independent Fiduciary: did not enter into any agreement, arrangement, or understanding that includes any provision that provides for the direct or indirect indemnification or reimbursement of the Independent Fiduciary by the Plan or other party for any failure to adhere to its contractual obligations or to state or Federal laws applicable to the Independent Fiduciary's work; or waive any rights, claims, or remedies of the Plan under ERISA, state, or Federal law against the Independent Fiduciary with respect to the transactions that are the subject of this exemption;

(j) An Independent Appraiser, acting on behalf of the Plan, determined the Fair Market Value of the Preferred Interests contributed to the Trust on behalf of the Plan as of the date of the Contribution and while the Preferred Interests were held on behalf of the Plan, and for all purposes under this exemption, consistent with sound principles of valuation. The Independent Appraiser: did not enter into, any agreement, arrangement, or understanding that included any provision that provides for the direct or indirect indemnification or reimbursement of the Independent Appraiser by the Plan or any other party for any failure to adhere to its contractual obligations or to state or Federal laws applicable to the Independent Appraiser's work; or waive any rights, claims or remedies of the Plan or its participants and beneficiaries under ERISA, the Code, or other Federal and state laws against the Independent Appraiser with respect to the transactions that are the subject of this exemption;

(k) The terms of any transactions between the Plan and a purchaser of Preferred Interests or any AT&T Shares received in connection with the Preferred Interests were no less favorable to the Plan than terms negotiated at arm's length under similar circumstances between unrelated third parties determined by the Independent Fiduciary at the time the contractual terms with respect to such transactions, including without limitation, the Put Option and the Redemption Option, were entered into;

(l) The Preferred Interests ranked senior to any other equity holders of the Issuer in respect of: the right to receive Distributions; and the right to receive Distributions or payments out of the assets of the Issuer upon liquidation of the Issuer, in accordance with the terms of the Contribution Agreement;

(m) In the event that the Distributions were in arrears, AT&T was restricted from making certain transfers of cash out of the Issuer or declaring dividends on and repurchasing AT&T Shares, in accordance with the terms of the Contribution Agreement;

(n) AT&T was not permitted to declare any dividends on, or make any repurchases of, AT&T Shares during any time there remained any unregistered AT&T Shares held by the Trust that were received in exchange for the Preferred Interests;

(o) The Committee and the Independent Fiduciary maintain for a period of six (6) years from the later of (1) the latest date that exemptive relief under this exemption, as amended, is necessary to avoid engaging in a non-exempt prohibited transaction, or (2) the date of publication of this amendment, in a manner that is convenient and accessible for audit and examination, the records necessary to enable the persons described in paragraph (p)(1) below to determine whether conditions of this exemption have been met, except that (1) a prohibited transaction will not be considered to have occurred if, due to circumstances beyond the control of the Committee and/or the Independent Fiduciary, the records are lost or destroyed prior to the end of the six-year period, and (2) no party in interest other than the Committee or the Independent Fiduciary shall be subject to the

civil penalty that may be assessed under ERISA section 502(i) if the records are not maintained, or are not available for examination as required by paragraph (p) below; and

(p)(1) Except as provided in section (2) of this paragraph and notwithstanding any provisions of subsections (a)(2) and (b) of ERISA section 504, the records referred to in paragraph (o) above shall be unconditionally available at their customary location during normal business hours to:

(i) any duly authorized employee or representative of the Department or the Internal Revenue Service;

(ii) AT&T or any duly authorized representative of AT&T;

(iii) the Independent Fiduciary or any duly authorized representative of the Independent Fiduciary;

(iv) the Committee or any duly authorized representative of the Committee; and

(v) any participant or beneficiary of the Plan, or any duly authorized representative of such participant or beneficiary;

(2) None of the persons described above in paragraph (p)(1) (iii) or (v) shall be authorized to examine the trade secrets of AT&T or commercial or financial information that is privileged or confidential, and should AT&T refuse to disclose information on the basis that such information is exempt from disclosure; AT&T shall by the close of the thirtieth (30th) day following the request, provide a written notice advising that person of the reasons for the refusal and that the Department may request such information;

(q) Notwithstanding any provision in this exemption, as amended, to the contrary, the Preferred Interests were transferable by the Trust and all subsequent holders of the Preferred Interests at the holder's sole discretion in accordance with the terms of the LLC Agreement;

(r) AT&T made an additional cash payment to the Trust of \$80 million dollars no later than October 15, 2018, solely in connection with the Modifications described herein;

(s) All the material facts and representations set forth in the Summary of Facts and Representation must be true and accurate and the Applicant will promptly inform the Department in the event that it becomes aware that any material fact or representation is no longer true and accurate; and

(t) AT&T must provide to the Department the records necessary to demonstrate that the conditions of this exemption, as amended, have been met, within 30 days from the date the Department requests such records.

#### **Section VII. Exemption Dates.**

(a) Sections I, II and III of PTE 2014-06 are in effect between September 9, 2013, to October 14, 2018.

(b) Sections IV, V and VI of PTE 2014-06, which are added by this amendment, are in effect October 15, 2018, to April 5, 2023.

**Christopher Motta,**

*Acting Director, Office of Exemption Determinations, Employee Benefits Security Administration, U.S. Department of Labor.*

[FR Doc. 2026-05165 Filed: 3/16/2026 8:45 am; Publication Date: 3/17/2026]