

**PROPOSED PLAN OF ALLOCATION OF SETTLEMENT PROCEEDS**

This Plan of Allocation shall apply to the Common Fund established by Article III.1 of the Stipulation and Agreement of Settlement (hereafter, the "Settlement Agreement"), the Non-Cash Compensation defined in Article III.3 of the Settlement Agreement, and the Proration Benefit defined in Article III.4 of the Settlement Agreement. All terms capitalized herein have the meanings defined in the Settlement Agreement.

**1. Use of Funds.** If and when the Settlement set forth in the Settlement Agreement becomes Effective, the Common Fund, net of any expenses paid or incurred pursuant to Article VI of the Settlement Agreement or any Taxes and Tax Expenses paid or incurred pursuant to Section 5 of the Escrow Agreement, shall be applied as follows:

(a) To pay all unpaid costs and expenses incurred in connection with providing notice to the Settlement Class, locating Settlement Class Members (except as set forth in the Settlement Agreement), administering and distributing the Common Fund or any portion thereof and processing Proofs of Claim;

(b) To pay Class Counsel's (and, where applicable, ETF Counsel's) attorneys' fees, costs and expenses, including the fees of expert witnesses and consultants, and interest, if, and to the extent, allowed by the Court; and

(c) To pay an incentive awards to the Class Representatives if, and to the extent, allowed by the Court.

**2. The Claimant's Fund.** The balance of the Common Fund, less any reserves authorized by the Court (hereinafter, the "Claimant's Fund"), shall be distributed commencing within thirty (30) days and concluding within ninety (90) days after the Effective Date to

Authorized Claimants (as defined in Paragraph 7, below) in accordance with this Plan of Allocation and other applicable orders which may be issued by the Court.

**3. The Non-Cash Compensation.** The Non-Cash Compensation shall be issued by AT&T Mobility LLC (“ATTM”) commencing within thirty (30) days and concluding within ninety (90) days after the Effective Date to Authorized Claimants (as defined in Paragraph 7, below) in accordance with this Plan of Allocation and other applicable orders which may be issued by the Court.

**4. The Proration Benefit.** The Proration Benefit shall be applied by ATTM to the wireless service contracts of Authorized Claimants (as defined in Paragraph 7, below) commencing within thirty (30) days and concluding within ninety (90) days after the Effective Date in accordance with this Plan of Allocation and other applicable orders which may be issued by the Court.

**5. Allocation of the Claimant’s Fund.** If the total of the aggregate Allowed Claims of all Authorized Claimants for cash claims exceeds the Claimant’s Fund, the Claimant’s Fund shall be allocated among Authorized Claimants who are entitled to cash claims, *pro rata*, in the proportion that the Allowed Claim of such Authorized Claimant bears to the total of the aggregate Allowed Claims of all Authorized Claimants, as computed by the Claims Administrator pursuant to this Plan of Allocation.

**6. Allocation of the Non-Cash Compensation.** If the face, retail value of the total of the aggregate Allowed Claims of all Authorized Claimants for non-cash benefits exceeds Two Million Dollars \$2,000,000.00, the value of the Non-Cash Compensation shall be allocated among Authorized Claimants who are entitled to non-cash benefits, *pro rata*, in the proportion that the face, retail value of the Allowed Claim of such Authorized Claimant bears to the face,

retail value of the total of the aggregate Allowed Claims of all Authorized Claimants for non-cash benefits, as computed by the Claims Administrator pursuant to this Plan of Allocation. Authorized Claimants shall receive non-cash benefits of the type to which they are entitled whose face, retail value is equivalent to their aforementioned *pro rata* share.

**7. Definitions of “Claimant” and “Authorized Claimant.”** “Claimant” shall be a Member of the Settlement Classes who has submitted a proof of claim form (in the form attached hereto as Exhibit A) that the Claims Administrator, in its sole discretion, determines to be timely and properly completed and signed. A proof of claim form is timely if it is submitted within sixty (60) days after the Court has entered the Final Approval Order and Judgment. An “Authorized Claimant” shall be a Claimant who: (a) was not a member of the CPUC Refund Group, unless the Claimant was charged a Flat-Rate ETF by ATTM other than the Flat-Rate ETF charge which caused the Claimant to be a member of the CPUC Refund Group; and (b) whose Allowed Claim is (i) greater than zero, as computed pursuant to Paragraphs 8(a) and 8(b), (ii) a non-cash benefit, as provided in Paragraph 8(c), or (iii) the Proration Benefit, as provided in Paragraph 8(c).

**8. Calculation of “Allowed Claim.”**

**(a) “Allowed Claims” for Class Members Who Submit a Proof of Claim Form Asserting That They Paid Flat-Rate ETFs**

**(i) “Allowed Claims” Where Claimant Submits Adequate Proof or ATTM Records Confirm Amount Paid.** Where a Claimant paid in full one or more Flat-Rate ETFs during the Class Period, whether to ATTM, a collection agency, or other third party to whom ATTM assigned the rights to the ETF, the Claimant shall receive an Allowed Claim in the amount to be determined by the number of months left on the Claimant’s contract at termination:

Months Remaining in Contract		Maximum Cash Benefit
1 year contract	2 year contract	
10-12	19-24	\$25
4-9	7-18	\$80
3	4-6	\$110
1-2	1-3	\$140

(ii) “Allowed Claims” Where Claim Form Does Not Include Adequate Proof of Payment and ATTM Records Do Not Show Payment. Where a Claimant asserts but cannot prove that he or she paid in full one or more Flat-Rate ETFs during the Class Period, whether to ATTM, a collection agency, or other third party to whom ATTM assigned the rights to the ETF, but the Claimant certifies under penalty of perjury in the proof of claim form that he or she paid in full one or more such fees during the Class Period, the Claimant shall receive an Allowed Claim in an amount not to exceed Twenty-Five Dollars (\$25.00) if the Claimant was charged such a fee or fees during the Class Period, and the Claimant certifies under penalty of perjury in the proof of claim form that the charging of the fee and/or the partial payment caused him or her harm.

(b) **“Allowed Claims” for Class Members Who Submit a Proof of Claim Form Asserting That They Were Charged But Did Not Pay in Full Flat-Rate ETFs.** Where the Claimant was charged but did not pay in full one or more Flat-Rate ETFs during the Class Period, the Claimant shall receive an Allowed Claim in an amount not to exceed Twenty-Five Dollars (\$25.00). Notwithstanding the foregoing, the Claimant shall receive no Allowed Claim if the Claimant received a credit of such fee or fees within thirty (30) days of its assessment.

**(c) "Allowed Claims" for Class Members Subject to a Flat-Rate ETF.**

Where a proof of claim form asserts that a Claimant was not charged a Flat-Rate ETFs and includes an attestation, sworn under penalty of perjury, that the Claimant was party to a contract with ATTM as of the date that the court preliminarily approved the settlement that permitted the assessment of a Flat-Rate ETF and has been harmed because a Flat-Rate ETF had or has the potential to be assessed and/or believes that he or she should not be subject to a Flat-Rate ETF will be entitled to an Allowed Claim of one of the following: (i) an AT&T Prepaid Long Distance Card with up to two hundred (200) minutes, or (ii) the Proration Benefit.

Notwithstanding the foregoing, a Claimant who elected the Proration benefit shall receive: (a) an Allowed Claim for cash benefits under Paragraph 8(a)(i) above if the Claimant is no longer a party to a post-paid contract for wireless service at the time non-cash benefits are distributed and was charged and paid in full one or more Flat-Rate ETFs; (b) an Allowed Claim for cash benefits under Paragraph 8(a)(ii) above if the Claimant is no longer a party to a post-paid contract for wireless service at the time non-cash benefits are distributed and was charged but did not pay in full one or more Flat-Rate ETFs; or (c) an Allowed Claim under this paragraph of an AT&T Prepaid Long Distance Card with up to two hundred (200) minutes if either the Claimant is no longer a party to a post-paid contract for wireless service with ATTM that includes a Flat-Rate ETF provision at the time the Proration Benefit would be applied, and was not charged and/or did not pay in full a Flat-rate ETF.

**(d) Limitations on Allowed Claims.** Claimants who receive an Allowed Claim pursuant to Paragraph 8(a)(i) shall not be entitled to receive Allowed Claims under Paragraphs 8(a)(ii), 8(b) or 8(c). Claimants who receive an Allowed Claim pursuant to Paragraph 8(a)(ii) shall not be entitled to receive Allowed Claims under Paragraphs 8(a)(i), 8(b)

or 8(c). Claimants who receive an Allowed Claim pursuant to Paragraph 8(b) shall not be entitled to receive Allowed Claims under Paragraphs 8(a)(i), 8(a)(ii), or 8(c). Claimants who receive an Allowed Claim pursuant to any subdivision of Paragraph 8(c) shall not be entitled to receive Allowed Claims under Paragraphs 8(a)(i), 8(a)(ii), or 8(b) or any other subdivision of Paragraph 8(c). If the Settlement Administrator cannot determine whether a Claimant is entitled to receive a benefit or which benefit is sought, the Claimant will not receive an Allowed Claim. If the Settlement Administrator cannot determine which benefit is sought, the Claimant will receive an AT&T Prepaid Long Distance card with up to two hundred (200) minutes.

9. The Claimant's Fund shall be allocated and distributed only to Authorized Claimants who receive benefits pursuant to Paragraphs 8(a) and 8(b).

10. In determining whether a fact has been proven for purposes of this Plan of Allocation, the Claims Administrator shall use a preponderance of the evidence standard. Evidence that may be considered by the Claims Administrator in making this determination includes but is not limited to materials submitted by Claimants with their Claim Forms and records made available by ATTM in connection with the Settlement to effectuate notice.

11. Class Counsel shall present to the Court an application for leave to distribute the Claimant's Fund in accordance with this Plan of Allocation and other applicable Orders of the Court, and for an order providing that the Court retains jurisdiction to allow or disallow the claim of any Person who does not submit a proof of claim form as required herein.

12. In any distribution of funds pursuant to this Plan of Allocation, no check shall be issued if the amount would be less than Five Dollars (\$5.00).

13. Any amounts remaining in the Claimant's Fund after distribution has been made to Authorized Claimants and all expenses have been paid shall be conveyed to one or more

