



Randall Stephenson  
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August 23, 2010

By E-mail

Mary L. Schapiro, Chairman  
Luis A. Aguilar, Commissioner  
Kathleen L. Casey, Commissioner  
Troy A. Paredes, Commissioner  
Elisse B. Walter, Commissioner  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, D.C. 20549-1090

Re: File No. S7-10-09, *Facilitating Shareholder Director Nominations*, SEC Rel. Nos. 34-60089 (June 10, 2009) and 34-61161 (Dec. 14, 2009)

Ladies and Gentlemen:

I am writing on behalf of AT&T Inc. ("AT&T") in response to the Commission's announcement that it expects to hold a meeting on August 25, 2010 to consider whether to adopt proposed Exchange Act Rule 14a-11 and other changes to other rules to facilitate director nominations by shareholders, as proposed in the SEC Releases referenced above (the "Proposals").

AT&T has previously submitted comment letters on the Proposals, in which we have expressed our strong opposition to the Proposals. We continue to believe that the Proposals are not in the best interests of shareholders as a whole. Nevertheless, we recognize that, in light of the Commission's announcement, it is likely that the Proposals will be adopted in some form. We are writing this time to urge that – whatever specific goals the Commission may decide to further with respect to proxy access and director nominations by shareholders in any final proxy access rules that may be adopted on August 25 – the Commission adopt as part of those rules meaningful eligibility criteria designed to ensure that persons who are able to take advantage of the Commission's proxy access rules are committed to the long term best interests of the enterprise as a whole, and to discourage and help avoid potential abuses by persons who are not so committed. By imposing such criteria, the Commission will help insure that the Board can remain properly focused on fulfilling its fiduciary duty to protecting the interests of all shareholders rather than a few.

In this regard, we urge the Commission to adopt two threshold conditions that must be satisfied before a shareholder is afforded mandatory proxy access: a shareholder should be required to own at least 5% of a corporation's stock, regardless of that corporation's market capitalization, for a two consecutive year holding period, during which the shareholder must be the actual owner of the shares and retain the full economic interest in the shares.

As we have explained in our prior comment letters, one of our principal concerns is that the Proposals are likely to empower shareholders with narrow or parochial agendas, as well as speculative, short-term investors, at the expense of the interests of the other shareholders in the corporation and without regard to the long-term success of the enterprise. The demands of special interest and short-term investors are likely to give rise to pressures being placed on boards to focus on issues that the directors, who have fiduciary duties to corporations and their shareholders, may not deem critical, and to disproportionately focus on the short-term rather than the long-term interests of the corporation and its shareholders.

The Commission's current proposal, that a shareholder need only have a 1% stake for at least one year for a large cap company like AT&T in order to rely on Rule 14a-11, is simply not strong enough to deter special interest and short-term investors. As we explained in our previous letter, we believe that much higher thresholds are appropriate. Although the thresholds that we propose in this letter will not eliminate the possibility that the proxy rules could be used by a special interest or short-term investor, we believe that they would at least make it much more likely that, as the Commission stated was its goal in its original proposing release, only holders of a significant long-term investment in the enterprise would be able to rely on Rule 14a-11.

We also believe that the ownership percentage threshold is important as an indication for support of a nominee. Any proxy contest will impose significant cost and disruption on the corporation. Thus, a shareholder nominee should be able to demonstrate at least a baseline level of support sufficient to indicate a non-trivial prospect of being elected, to help avoid unnecessary, disruptive and costly election contests where there is no realistic chance that the nominee will prevail. Although we would prefer that the Commission adopt a much larger threshold, we believe that a 5% ownership threshold for large cap companies would be an important initial indication of support for a nominee.

Finally, we urge the Commission to move cautiously in this regard to avoid adding yet more uncertainty into the already tumultuous business climate that exists today. Uncertainty as to the business rules under which Boards and management must operate can only have the unintended consequence of stifling long term investments, and the consequent job creation, in order to focus on short term issues, which may be raised by a few shareholders. That is a result that would be unfortunate for the particular companies involved as well as the economy as a whole.

Thank you for considering our views on this matter. We would be pleased to discuss our views or any questions that you or the Commission's staff may have. Please contact Wayne Watts, Senior Executive Vice President and General Counsel for AT&T at 214-757-3300 if you believe a discussion would be helpful.

Sincerely,

A handwritten signature in black ink that reads "Randall L. Stephenson". The signature is written in a cursive, flowing style.

Randall L. Stephenson  
Chairman of the Board, Chief Executive Officer  
and President