January 31, 2020

Wayne Wirtz  
AT&T Inc.  
ww0118@att.com  

Re: AT&T Inc.  
Incoming letter dated December 19, 2019  

Dear Mr. Wirtz:  

This letter is in response to your correspondence dated December 19, 2019 concerning the shareholder proposal (the “Proposal”) submitted to AT&T Inc. (the “Company”) by Jing Zhao (the “Proponent”) for inclusion in the Company’s proxy materials for its upcoming annual meeting of security holders. We also have received correspondence from the Proponent dated December 21, 2019. Copies of all of the correspondence on which this response is based will be made available on our website at http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8.shtml.

Sincerely,

M. Hughes Bates  
Acting Deputy Chief Counsel

Enclosure

cc: Jing Zhao  
***
Response of the Office of Chief Counsel  
Division of Corporation Finance  

Re: AT&T Inc.  
Incoming letter dated December 19, 2019  

The Proposal recommends that the Company “improve guiding principles of executive compensation.”

We are unable to concur in your view that the Company may exclude the Proposal under rule 14a-8(i)(3). We are unable to conclude that the Proposal, taken as a whole, is so vague or indefinite that it is rendered materially misleading. In this regard, we note that the Proposal’s supporting statement provides clarity as to what is meant by improving the guiding principles of executive compensation: “[r]educing the CEO pay ratio should be included as a guiding principle of executive compensation.” Accordingly, we do not believe that the Company may omit the Proposal from its proxy materials in reliance on rule 14a-8(i)(3).

Sincerely,

Dorrie Yale  
Special Counsel
December 21, 2019

Via email shareholderproposals@sec.gov
U.S. Securities and Exchange Commission
Office of Chief Counsel
Division of Corporation Finance
100 F Street, NE, Washington, DC 20549-2736

Re: Shareholder Proposal to AT&T 2020 Meeting

Ladies and Gentlemen:

This is to rebut the AT&T Inc. letter of December 19, 2019. My proposal is not “impermissibly vague and indefinite”. Particularly, the Supporting Statement states: “Reducing the CEO pay ratio should be included as a guiding principle of executive compensation.”

The AT&T letter cited my 2019 proposal to eBay Inc. to reform the eBay’s executive compensation committee. However, my 2019 eBay proposal’s content is different from my 2020 proposal to AT&T, and the two supporting statements are different too. The letter also failed to demonstrate the relevance of my AT&T proposal with other cases cited in the letter.

Section 953(b) of the Dodd-Frank Act directed the SEC to amend Item 402 of Regulation S-K to require each company to disclose the annual total compensation of the CEO, the median of the annual total compensation of all employees (except the CEO), and the ratio of these two amounts (CEO pay ratio). AT&T cannot make the Dodd-Frank Act and the SEC regulations irrelevant to its guiding principles of executive compensation.

Should you have any questions, please contact me at *** or ***.

Respectfully,

Jing Zhao

Cc: "WIRTZ, WAYNE A" <ww0118@att.com>, "WILSON, PAUL M" <PW2209@att.com>, "DEWALT, MONI" <md075v@att.com>
December 19, 2019

By email to shareholderproposals@sec.gov

U.S. Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
100 F Street NE
Washington, DC 20549

Re: AT&T Inc. – Shareholder Proposal Submitted by Jing Zhao

Ladies and Gentlemen:

Pursuant to Exchange Act Rule 14a-8(j), AT&T Inc. (“AT&T” or the “Company”) hereby notifies the Division of Corporation Finance of its intention to exclude a shareholder proposal (the “Proposal”) submitted by Jing Zhao (the “Proponent”) from AT&T’s proxy materials for its 2020 Annual Meeting of Stockholders (the “2020 Proxy Statement”), for the reasons stated below.

This letter, together with the Proposal and the related correspondence, are being submitted to the Staff of the Division of Corporation Finance (the “Staff”) via email in lieu of mailing paper copies. A copy of this letter and the attachments are being sent on this date to the Proponent. We respectfully remind the Proponent that if it elects to submit additional correspondence to the U.S. Securities and Exchange Commission (the “Commission”) or the Staff with respect to the Proposal, a copy of that correspondence should be furnished concurrently to the undersigned pursuant to Rule 14a-8(k).

The Proposal

“Shareholder Proposal to Improve Guiding Principles of Executive Compensation

Resolved: shareholders recommend that AT&T Inc. improve guiding principles of executive compensation.

Supporting Statement

Section 953(b) of the Dodd-Frank Act directed the SEC to amend Item 402 of Regulation S-K to require each company to disclose the annual total compensation of the CEO, the median of the annual total compensation of all employees (except the CEO), and the ratio of these two amounts (CEO pay ratio). According to AT&T 2019 Proxy Statement, the median of the annual total compensation of all employees (except the CEO) is $95,814, the annual total
compensation of the CEO is $29,118,118, and the CEO pay ratio is 304:1 (p.78). What is the justification of such a high ratio? Amazon’s CEO pay ratio is 58:1 in 2018.

Nationwide, “Median compensation for 132 chief executives of S&P 500 companies reached $12.4 million in 2018, up from $11.7 million for the same group in 2017, according to a Wall Street Journal analysis.” (March 17, 2019). “CEOs rake in 940% more than 40 years ago, while average workers earn 12% more” (CBSNEWS August 14, 2019). America’s ballooning executive compensation is neither responsible for the society nor sustainable for the economy.

With 44,892 non-U.S. employees (p.78), AT&T is a global company, but there is not a foreign company in the peer group to assess market-based compensation for executive officers in 2018 (p.43). The executive compensation and CEO pay ratios of big Japanese and European companies are much less than one tenth of big American companies.

Reducing the CEO pay ratio should be included as a guiding principle of executive compensation. It is time for American executives as citizens to take the social responsibility on their own initiative rather than to be forced by the public.


A copy of the full Proposal and related correspondence with the Proponent is attached to this letter as Exhibit A.

**Analysis**

**A. The Proposal May Be Excluded Pursuant to Rule 14a-8(i)(3) Because the Proposal is Impermissibly Vague and Indefinite**

Rule 14a-8(i)(3) permits a registrant to omit a proposal from its proxy materials where the proposal violates the Commission’s proxy rules, including rules that prohibit “materially false or misleading statements,” because the proposal is “so inherently vague or indefinite that neither the stockholders voting on the proposal, nor the company in implementing the proposal (if adopted), would be able to determine with any reasonable certainty exactly what actions or measures the proposal requires. . . .”

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1 Staff Legal Bulletin No. 14B (Sept. 15, 2004).
The Staff has repeatedly permitted exclusion of proposals that were sufficiently vague and indefinite such that the company and its shareholders would be unable to determine what the proposal entails or might interpret the proposal differently.  

The Staff has also allowed the exclusion of proposals – on vagueness and indefiniteness grounds – requesting certain actions but containing only general or uninformative references regarding the steps to be taken, or a set of general standards, principles or criteria that lack a precise definition or ascertainable scope. For example, in eBay Inc. (Apr. 10, 2019), the Staff permitted the exclusion pursuant to Rule 14a-8(i)(3) of a proposal requesting that “stockholders recommend that eBay Inc. reform the company’s executive compensation committee” and discussing the CEO pay ratio in its supporting statement. In its response letter, the Staff noted “in particular [the company’s] view that neither shareholders nor the Company would be able to determine with any reasonable certainty the nature of the “reform” the Proposal is requesting. Thus, the Proposal, taken as a whole, is so vague and indefinite that it is rendered materially misleading.”

Here, the Proposal requests shareholders to recommend that the Company “improve guiding principles of executive compensation.” The Human Resources Committee (the “Committee”) of the Board of Directors of the Company is responsible for overseeing the Company’s compensation practices, including the design and administration of employee benefit plans, establishing the compensation of the Company’s executive officers (including its chief executive officer), establishing stock ownership guidelines for officers, and developing a management succession plan.

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2 See, e.g., Motorola, Inc. (Jan. 12, 2011) (allowing exclusion of a proposal requesting that the board negotiate “with senior executives to request that they relinquish . . . preexisting executive pay rights” as vague and indefinite because “the proposal [did] not sufficiently explain the meaning of *executive pay rights*”). See also Fuqua Industries, Inc. (Mar. 12, 1991) (wherein the Staff explained that a stockholder proposal can be sufficiently misleading and therefore excludable under Rule 14a-8(i)(3) when the company and its stockholders might interpret the proposal differently such that “any action ultimately taken by the [c]ompany upon implementation [of the proposal] could be significantly different from the actions envisioned by the shareholders voting on the proposal”).

3 See also Alaska Air Group, Inc. (Apr. 11, 2007) (permitting exclusion pursuant to Rule 14a-8(i)(3) of a proposal requesting the board of directors to amend the governing documents of the company to “assert, affirm and define the right of the owners of the company to set standards of corporate governance,” where the company argued that “standards of corporate governance” are a concept that is “sweeping in its scope,” making it impossible for the company, its board of directors or the stockholders to determine with any certainty what must be addressed to comply with the proposal); and Alcoa, Inc. (Dec. 24, 2002) (permitting exclusion pursuant to Rule 14a-8(i)(3) of a proposal calling for the full implementation of “human rights standards,” where the company pointed out that, although the supporting statement referenced a variety of International Labor Organization human rights goals, the reference to “standards” did not clarify for either stockholders or the company what standards were being referenced or precisely what actions were contemplated under the proposal).
The Company’s compensation philosophy, elements and objectives, including the guiding pay principles applicable to executive compensation, are disclosed in detail in the Company’s proxy statements. These “guiding pay principles” are:

- “Alignment with Stockholders”
- “Competitive and Market Based”
- “Pay for Performance”
- “Balanced Short- and Long-Term Focus”
- “Alignment with Generally Accepted Approaches”

The Proposal does not identify which guiding pay principles the Proposal seeks to “improve,” or how they could be improved. The Proposal does not define what it views as “improvement.” For example:

- Which of the five identified guiding pay principles in the proxy statement need to be “improved,” and why and how?

- It is unclear whether or how the Proposal would change the Company’s approach to aligning executives’ and stockholders’ interests. While some stockholders may believe that tying a greater percentage of executives’ compensation to stock price performance would represent an improvement, other stockholders may believe that placing a greater emphasis on minimum share ownership requirements would represent an improvement.

- It is unclear whether or how the Proposal would change the Company’s approach to evaluating its compensation program relative to those of peer companies or benchmarking its compensation decisions against those data. Would an improvement involve the selection of a different group of peer companies, or the use of different market data, or a change in the manner in which the Committee evaluates and uses the market data it collects in making executive compensation decisions?

- The Supporting Statement states that “Reducing the CEO pay ratio should be included as a guiding principle of executive compensation.” The pay ratio consists of two numbers: the CEO’s total compensation and the median employee’s total compensation. Is the Proposal asking shareholders to vote on reducing the CEO’s compensation or raising the median employee’s compensation? If the Proposal is intended to seek changes to reduce the CEO’s total compensation, what do the guiding pay principles have to do with the amount of total compensation?

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4 An excerpt of the Company’s 2019 proxy statement discussing the Company’s guiding pay principles is attached hereto as Exhibit B.
The above are examples of just some of the possible interpretations of the Proposal. Analyzing what the Proposal is really asking stockholders to vote on is made more difficult because the Supporting Statement does not focus on any particular aspect of AT&T’s guiding pay principles or AT&T’s executive compensation program generally. Instead, it focuses on the CEO’s total compensation, which has nothing to do with pay principles, as well as on “America’s ballooning executive compensation[, which] is neither responsible for the society nor sustainable for the economy,” and the “time for American executives as citizens to take the social responsibility on their own initiative rather than to be forced by the public.”

Without more, to “improve guiding principles of executive compensation” for its own sake is inherently vague and indefinite, making it impossible for the Company and its stockholders to determine with any certainty what must be addressed in order to comply with the Proposal, similar to the vague reference to “reform [of] the company’s executive compensation committee” in the proposal at issue in eBay Inc. In addition, similar to eBay Inc. and Alcoa Inc., the Supporting Statement does nothing to clarify the Proposal; in fact, it creates further confusion as to the nature of the action that the Proposal contemplates.

The lack of guidance in the Proposal and Supporting Statement as to the nature and scope of the actions sought to “improve” the Company’s guiding pay principles and the inherent diversity of views regarding what may constitute “improvement” – and therefore, what constitutes compliance with the Proposal – lead to a situation in which neither the Company nor its stockholders are able to discern the intended scope or content of the particular actions sought by the Proposal. As a result, the Company believes that the Proposal is so vague and indefinite as to be materially misleading, and therefore excludable under Rule 14a-8(i)(3).

* * *

Based on the foregoing analysis, we respectfully request that the Staff concur that the Proposal may properly be omitted from its 2020 Proxy Statement. We would be happy to provide you with any additional information and answer any questions that you may have regarding this subject. Correspondence regarding this letter should be sent to me at ww0118@att.com. If I can be of any further assistance in this matter, please do not hesitate to contact me (214) 757-3344.

Sincerely,

Wayne Wirtz

Attachments:
- Exhibit A – Proposal
- Exhibit B – Excerpt of the 2019 Proxy Statement

cc: Jing Zhao
EXHIBIT A
Re: Shareholder Proposal to 2020 Shareholders Meeting

Dear Secretary:

Enclosed please find my shareholder proposal for inclusion in our proxy materials for the 2020 annual meeting of shareholders and a letter of my shares ownership. I will continuously hold these shares through the 2020 annual meeting of shareholders.

Please set up an email account to communicate with shareholders, especially to receive shareholder proposals.

Should you have any questions, please contact me at *** or ***

Yours truly,

Jing Zhao

Enclosure: Shareholder proposal
Shares ownership letter
Shareholder Proposal to Improve Guiding Principles of Executive Compensation

Resolved: shareholders recommend that AT&T Inc. improve guiding principles of executive compensation.

Supporting Statement

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Nationwide, “Median compensation for 132 chief executives of S&P 500 companies reached $12.4 million in 2018, up from $11.7 million for the same group in 2017, according to a Wall Street Journal analysis.” (March 17, 2019). “CEOs rake in 940% more than 40 years ago, while average workers earn 12% more” (CBSNEWS August 14, 2019). America’s ballooning executive compensation is neither responsible for the society nor sustainable for the economy.

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Reducing the CEO pay ratio should be included as a guiding principle of executive compensation. It is time for American executives as citizens to take the social responsibility on their own initiative rather than to be forced by the public. See ‘Passive Income’ to ‘Two Cents’: How Elizabeth Warren Honed Her Message, Wall Street Journal October 4, 2019.
10/10/2019

Jing Zhao
***

Re: Your TD Ameritrade Account Ending in ***

Dear Jing Zhao,

Thank you for allowing me to assist you today. As you requested, this letter is to confirm you have continuously held 120 shares of AT&T Inc. -T since July 25, 2018 until today's date.

If we can be of any further assistance, please let us know. Just log in to your account and go to the Message Center to write us. You can also call Client Services at 800-669-3900. We're available 24 hours a day, seven days a week.

Sincerely,

[Signature]

Lindsey Olsan
Resource Specialist
TD Ameritrade

This information is furnished as part of a general information service and TD Ameritrade shall not be liable for any damages arising out of any inaccuracy in the information. Because this information may differ from your TD Ameritrade monthly statement, you should rely only on the TD Ameritrade monthly statement as the official record of your TD Ameritrade account.

Market volatility, volume, and system availability may delay account access and trade executions.

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ROLE OF THE HUMAN RESOURCES COMMITTEE

The Committee’s charter is available on our website at www.att.com. Our Committee is composed entirely of independent Directors. The current members of the Committee are: Ms. Roché (Chairman), Mr. Ford, Mr. McCallister, Mr. Rose, and Mr. Yang. Our Committee is responsible for:

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<tr>
<th>Compensation-related Tasks</th>
<th>Organizational Tasks</th>
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<td>– Determining the compensation for our Executive Officers, including salary and short- and long-term incentive opportunities;</td>
<td>– Evaluating the performance of the CEO;</td>
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<td>– Reviewing, approving, and administering our executive compensation plans, including our stock plans;</td>
<td>– Reviewing the performance and capabilities of the other Executive Officers, based on input from the CEO; and</td>
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<tr>
<td>– Establishing performance objectives under our short- and long-term incentive compensation plans;</td>
<td>– Reviewing succession planning for Executive Officer positions including the CEO’s position.</td>
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<td>– Determining the attainment of those performance objectives and the awards to be made to our Executive Officers;</td>
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<td>– Evaluating Executive Officer compensation practices to ensure that they remain equitable and competitive; and</td>
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<td>– Approving employee benefit plans, as needed.</td>
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GUIDING PAY PRINCIPLES

Our Committee has designed an executive compensation program that encourages our leaders to produce outstanding financial and operational results, create sustainable long-term value for our stockholders, and lead the company with ethics and integrity. Our guiding pay principles are:

Alignment with Stockholders

Provide compensation elements and set performance targets that closely align executives’ interests with those of stockholders. For example, approximately 69% of target pay for NEOs is tied to stock price performance. In addition, we have executive stock ownership guidelines and stock holding requirements, as described on page 60.

Competitive and Market Based

Evaluate all components of our compensation and benefits program in light of appropriate peer company practices to ensure we are able to attract and retain world-class talent with the leadership abilities and experience necessary to develop and execute business strategies, obtain superior results, and build long-term stockholder value in an organization as large and complex as AT&T.

Pay for Performance

Tie a significant portion of compensation to the achievement of predetermined goals and recognize individual accomplishments that contribute to our success. For example, in 2018, 93% of the CEO’s target compensation (and, on average, 89% for other NEOs) was variable and tied to short- and long-term performance incentives, including stock price performance.

Balanced Short- and Long-Term Focus

Ensure that the compensation program provides an appropriate balance between the achievement of short- and long-term performance objectives, with a clear emphasis on managing the sustainability of the business and mitigating risk.

Alignment with Generally Accepted Approaches

Provide policies and programs that fit within the framework of generally accepted approaches adopted by leading major U.S. companies.