
February 8, 2020

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 (2)

Ladies and Gentlemen:

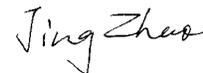
It is a surprise to read the AT&T "Request for Reconsideration" letter of February 6, 2020.

Rather than to rebut the new AT&T letter's new baseless reason, it raised the fairness issue of procedure. If the AT&T request of reconsideration is granted, all companies in the future will follow AT&T to request endless reconsiderations with new reasons to exclude shareholder proposals.

Please deny the AT&T request.

Should you have any questions, please contact me at

Respectfully,



Jing Zhao

Cc: "WIRTZ, WAYNE A" <wayne.wirtz@att.com>, "WILSON, PAUL M" <PW2209@att.com>, "DEWALT, MONI" <md075v@att.com>



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February 6, 2020

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. – Request for Reconsideration: Shareholder Proposal Submitted by
Jing Zhao

Ladies and Gentlemen:

On December 19, 2019, AT&T Inc. (“AT&T” or the “Company”) notified the Division of Corporation Finance (the “Staff”) of the Securities and Exchange Commission (the “Commission”) of its intent to exclude from its proxy statement and form of proxy for its 2020 Annual Meeting of Stockholders (the “2020 Proxy Statement”) a shareholder proposal (the “Proposal”) submitted by Jing Zhao (the “Proponent”). On January 31, 2020, the Staff issued a letter stating that it was unable to concur with AT&T’s view that the Proposal could be excluded pursuant to Rule 14a-8(i)(3) under the Exchange Act. We hereby request the Staff to reconsider its January 31, 2020, response for the following reasons.

The Proposal May Be Excluded Pursuant to Rule 14a-8(i)(7) Because It Deals with a Matter Relating to the Company’s Ordinary Business Operations

The Staff’s January 31, 2020, letter included the following statement as to why the Staff did not concur with AT&T’s view that the Proposal could be excluded pursuant to Rule 14a-8(i)(3): “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.’”

Accepting the Staff’s interpretation of the Proposal as providing clarity on which guiding principle of executive compensation AT&T shareholders are being asked to vote on – i.e., reducing the CEO pay ratio – we believe the Proposal may be excluded from the 2020 Proxy Statement pursuant to Rule 14a-8(i)(7) because the Proposal raises issues that are fundamental to management’s ability to run the Company on a day-to-day basis.

Rule 14a-8(i)(7) permits a company to omit a proposal from its proxy materials if the proposal “deals with matters relating to the company’s ordinary business operations.” The purpose of the ordinary business exclusion is “to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to

decide how to solve such problems at an annual shareholders meeting.”¹ As explained by the Commission, the term “ordinary business” in this context refers to “matters that are not necessarily ‘ordinary’ in the common meaning of the word, and is rooted in the corporate law concept providing management with flexibility in directing certain core matters involving the company’s business and operations.”

There are two central components of the ordinary business exclusion. First, as it relates to the subject matter of the proposal, “[c]ertain tasks are so fundamental to management’s ability to run a company on a day-to-day basis” that they are not a proper subject matter for shareholder oversight. The Commission has differentiated between these ordinary business matters and “significant social policy issues” that “transcend the day-to-day business matters and raise policy issues so significant that it would be appropriate for a shareholder vote.” The latter are not excludable as pertaining to ordinary business matters, and in assessing whether a particular proposal raises a “significant social policy issue,” the Staff will review the terms of the proposal as a whole, including the supporting statement. Second, as it relates to the implementation of the subject matter of the proposal, the ability to exclude a proposal “relates to the degree to which the proposal seeks to ‘micro-manage’ the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment.”

As interpreted by the Staff in its January 31, 2020 letter, the Proposal implicates the first of these considerations, as described below, and may consequently be excluded from the Proxy Statement.

The Proposal Raises Matters Fundamental to Management’s Ability to Run the Company on a Day-to-Day Basis

The Proposal’s focus is on “reducing the CEO pay ratio,” and not on reducing the total amount of compensation paid to the CEO [emphasis added]. The Proposal points out that “‘CEOs rake in 940% more than 40 years ago, while average workers earn 12% more.’” The CEO pay ratio consists of two numbers: the CEO’s total compensation and the median employee’s total compensation. Reducing the CEO pay ratio would either involve decreasing the CEO’s total compensation or increasing the median employee’s total compensation, or both.

The Company is a leading provider of telecommunications, media and technology services globally. As of January 31, 2019, the Company employed approximately 268,000 persons. Approximately 40% of Company employees are represented by unions. In explaining its calculation of its CEO pay ratio for 2018, the Company noted that it had, as of October 1, 2018, 44,892 non-U.S. employees, excluding the employees of companies acquired during 2018. (The Company excluded 11,257 of these non-U.S. employees when calculating the CEO pay ratio, as permitted by SEC rules.)

¹ *Final Rule: Amendments to Rules on Shareholder Proposals*, Release No. 34-40018 (May 21, 1998). Except where otherwise noted, the quotations in this paragraph and the paragraph below are from this release.

Because the Proposal focuses on reducing the CEO pay ratio, the Proposal is not limited to compensation that may be paid to senior executive officers and therefore relates to the ordinary business operations of the Company, specifically, compensation paid to employees generally. Decisions about employee compensation necessarily involve a wide array of decision points, including an employee's position, tenure, full time or part time status, union membership and employment location, among others. These decisions are even more complex and multi-faceted for AT&T management in view of its large, global workforce and the significant number of unionized employees.

The Commission has stated that “management of the workforce, such as the hiring, promotion, and termination of employees, decisions on production quality and quantity, and the retention of suppliers” are examples of matters that are “so fundamental to management's ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight.” Consistent with this guidance, proposals that relate to general employee compensation and benefits are excludable under Rule 14a-8(i)(7).²

The Staff has consistently permitted companies to exclude shareholder proposals involving compensation that may be paid to employees generally as relating to companies' “ordinary business operations” within the meaning of Rule 14a-8(i)(7). For example, in *The Walt Disney Co.* (Dec. 6, 2019), the Staff recently permitted the exclusion pursuant to Rule 14a-8(i)(7) of a proposal seeking to “limit the annual total compensation of our Chairman and Chief Executive Officer to a ratio not to exceed the total annual compensation of [the] median employee by more than 500:1” within five years by decreasing the CEO's compensation and increasing the annual total compensation of the company's lowest paid employees. The Staff has also permitted the exclusion, pursuant to Rule 14a-8(i)(7), of proposals that relate to the compensation payable to senior executive officers where such proposals also relate to general employee compensation. *See, e.g., Baxter International Inc.* (Jan. 6, 2016) (permitting exclusion pursuant to Rule 14a-8(i)(7) of a proposal requesting a reduction in benefits and stock options, on the basis that the proposal “relates to compensation that may be paid to employees generally and is not limited to compensation that may be paid to senior executive officers and directors”); *Yum! Brands, Inc.* (Feb. 24, 2015) (permitting exclusion pursuant to Rule 14a-8(i)(7) of a proposal requesting the compensation committee to review executive compensation policies and report on a comparison of total senior executive compensation to employees' median wage with an analysis of changes in the size of any gap and the rationale justifying any identified trends, on the basis that the proposal “relates to compensation that may be paid to employees generally and is not limited to compensation that may be paid to senior executive officers and directors”); *Green Bankshares, Inc.* (Feb. 7, 2011) (permitting exclusion pursuant to Rule 14a-8(i)(7) of a proposal requesting that the company “cut salaries by 9% on all employees making more than \$25,000 dollars [sic] in salary per year,” on the basis that the proposal “relates to compensation that may be paid to employees generally and is not limited to compensation that may be paid to senior executive officers and directors”); and *Exxon Mobil Corporation* (Feb. 16, 2010, recon. denied Mar. 23, 2010) (permitting exclusion pursuant to Rule 14a-8(i)(7) of a proposal

² Staff Legal Bulletin No. 14A (“We agree with the view of companies that they may exclude proposals that relate to general employee compensation matters in reliance on rule 14a-8(i)(7)”).

requesting that the board “eliminate all remuneration for any one of Management in an amount above \$500,000.00 per year, eliminating possible severance pay and funds placed yearly in a retirement account,” on the basis that the proposal “relates to compensation that may be paid to employees generally and is not limited to compensation that may be paid to senior executive officers and directors”).

Due to its focus on reducing the CEO pay ratio, the Proposal does not relate exclusively to senior executive compensation, but rather also relates to the compensation of the Company’s workforce generally and the relationship between their compensation as compared to the CEO’s compensation. As a result, the Proposal does not otherwise transcend day-to-day business matters. The Proposal involves the type of day-to-day operational oversight of the Company’s business – here, employee compensation decisions – that the ordinary business exclusion in Rule 14a-8(i)(7) was meant to address, thus the Proposal should be deemed excludable pursuant to Rule 14a-8(i)(7), consistent with the precedents cited above.

* * *

Based on the foregoing analysis, we respectfully request that the Staff concur that the Company may properly exclude the Proposal 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 wayne.wirtz@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

cc: Jing Zhao (***)