AT&T INC.
Form PRE 14A
February 17, 2009
Table of Contents

# UNITED STATES

# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a) of the**

**Securities Exchange Act of 1934**

**(Amendment No. __ )**

Filed by the Registrant ¨ Filed by a Party other than the Registrant ¨

Check the appropriate box:

x Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

¨ Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

**AT&T Inc.**

**(Name of Registrant as Specified In Its Charter)**

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which the transaction applies:

---

(2) Aggregate number of securities to which the transaction applies:

---

(3) Per unit price or other underlying value of the transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

---

(4) Proposed maximum aggregate value of the transaction:

---

(5) Total fee paid:

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

**Important Notice Regarding the Availability of Proxy Materials**

**for the Stockholder Meeting to Be Held on April 24, 2009**

**The Proxy Statement and annual report to security holders**

**are available at www.edocumentview.com/att.**

## Notice of

## Annual Meeting of Stockholders

The 2009 Annual Meeting of Stockholders of AT&T Inc., a Delaware corporation, will be held at 9:00 a.m. Central time on Friday, April 24, 2009, at the Dallas Arboretum, Rosine Hall, 8525 Garland Road, Dallas, Texas 75218. The items of business are:

- Election of 15 Directors
- Ratification of the appointment of Ernst & Young LLP as independent auditors of AT&T Inc. for 2009
- Approve an amendment to the Restated Certificate of Incorporation to increase the number of authorized shares of common stock
- Such other matters, including certain stockholder proposals, as may properly come before the meeting.

Holders of AT&T Inc. common stock of record at the close of business on February 25, 2009, are entitled to vote at the meeting and any adjournment of the meeting.

By Order of the Board of Directors.

Ann Effinger Meuleman
Senior Vice President and Secretary
March XX, 2009

**Your vote is important. Please sign, date and return your proxy card or submit your proxy and/or voting instructions by telephone or through the Internet promptly so that a quorum may be represented at the meeting. Any person giving a proxy has the power to revoke it at any time, and stockholders who are present at the meeting may withdraw their proxies and vote in person.**

**Table of Contents**

**PROXY STATEMENT**

Table of Contents

# PROXY STATEMENT

## General Information

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of AT&T Inc. ( AT&T, the Company, or we ) for use at the 2009 Annual Meeting of Stockholders of AT&T. The meeting will be held at:

9:00 a.m. Central time
Friday, April 24, 2009
Dallas Arboretum
Rosine Hall
8525 Garland Road
Dallas, Texas 75218

The purposes of the meeting are set forth in the Notice of Annual Meeting of Stockholders (preceding the table of contents). This Proxy Statement and form of proxy are being sent beginning March 11, 2009, to certain stockholders who were record holders of AT&T s common stock, $1.00 par value per share, at the close of business on February 25, 2009. These materials are also available at www.edocumentreview.com/att. Each share entitles the registered holder to one vote. As of January 30, 2009, there were 5,893,307,211 shares of AT&T common stock outstanding.

All shares represented by proxies will be voted by one or more of the persons designated on the form of proxy in accordance with the stockholders directions. If the proxy card is signed and returned or the proxy is submitted by telephone or through the Internet, without specific directions with respect to the matters to be acted upon, the shares will be voted in accordance with the recommendations of the Board of Directors. Any stockholder giving a proxy may revoke it at any time before the proxy is voted at the meeting by giving written notice of revocation to the Senior Vice President and Secretary of AT&T, by submitting a later-dated proxy or by attending the meeting and voting in person. The Chairman of the Board will announce the closing of the polls during the Annual Meeting. Proxies must be received before the closing of the polls in order to be counted.

Instead of submitting a signed proxy card, stockholders may submit their proxies by telephone or through the Internet. Telephone and Internet proxies must be used in conjunction with, and will be subject to, the information and terms contained on the form of proxy. Similar procedures may also be available to stockholders who hold their shares through a broker, nominee, fiduciary or other custodian.

The proxy card, or a proxy submitted by telephone or through the Internet, will also serve as voting instructions to the plan administrator or trustee for any shares held on behalf of a participant under any of the following employee benefit plans: the AT&T Savings Plan, the AT&T Savings and Security Plan, the AT&T Long Term Savings and Security Plan, the AT&T of Puerto Rico, Inc. Long Term Savings and Security Plan, the AT&T Puerto Rico Savings Plan, the AT&T Puerto Rico Retirement Savings Plan, the AT&T Retirement Savings Plan, and the BellSouth Savings and Security Plan. Subject to the trustee s fiduciary obligations, shares in each of the above employee benefit plans for which voting instructions are not received will not be voted. To allow sufficient time for voting by the trustees and/or administrators of the plans, your voting instructions must be received by April 21, 2009.

**Table of Contents**

In addition, the proxy card or a proxy submitted by telephone or through the Internet will constitute voting instructions to the plan administrator under The DirectSERVICE Investment Program sponsored and administered by Computershare Trust Company, N.A. (AT&T s transfer agent) for shares held on behalf of plan participants.

If a stockholder participates in these plans and/or maintains stockholder accounts under more than one name (including minor differences in registration, such as with or without a middle initial), the stockholder may receive more than one set of proxy materials. To ensure that all shares are voted, please submit proxies for all of the shares you own.

No more than one annual report and Proxy Statement are being sent to multiple stockholders sharing an address, unless AT&T has received contrary instructions from one or more of the stockholders at that address. Stockholders may request a separate copy of the most recent annual report and/or the Proxy Statement by writing the transfer agent at: Computershare Trust Company, N.A., P.O. Box 43078, Providence, RI 02940-3078, or by calling (800) 351-7221. Stockholders calling from outside the United States may call (781) 575-4729. Requests will be responded to promptly. Stockholders sharing an address who desire to receive multiple copies, or who wish to receive only a single copy, of the annual report and/or the Proxy Statement may write or call the transfer agent at the above address or phone numbers to request a change.

A stockholder may designate a person or persons other than those persons designated on the form of proxy to act as the stockholder s proxy by striking out the name(s) appearing on the proxy card, inserting the name(s) of another person(s) and delivering the signed card to that person(s). The person(s) designated by the stockholder must present the signed proxy card at the meeting in order for the shares to be voted.

Where the stockholder is not the record holder, such as where the shares are held through a broker, nominee, fiduciary or other custodian, the stockholder must provide voting instructions to the record holder of the shares in accordance with the record holder s requirements in order to ensure the shares are properly voted.

The cost of soliciting proxies will be borne by AT&T. Officers, agents and employees of AT&T and its subsidiaries and other solicitors retained by AT&T may, by letter, by telephone or in person, make additional requests for the return of proxies and may receive proxies on behalf of AT&T. Brokers, nominees, fiduciaries and other custodians will be requested to forward soliciting material to the beneficial owners of shares and will be reimbursed for their expenses. AT&T has retained D. F. King & Co., Inc. to aid in the solicitation of proxies at a fee of $18,000, plus expenses.

Stockholders who together represent 40% of the common stock outstanding and are entitled to vote must be present or represented by proxy in order to constitute a quorum to conduct business at the meeting.

If you plan to attend the meeting in person, please bring the admission ticket (which is attached to the proxy card or the Annual Meeting Notice and Admission Ticket) to the Annual Meeting. If you do not have an admission ticket, you will be admitted upon presentation of photo identification at the door.

AT&T s executive offices are located at One AT&T Plaza, 208 S. Akard Street, Dallas, Texas 75202.

Table of Contents

## Board of Directors

The Board of Directors is responsible for our management and direction and for establishing broad corporate policies. In addition, the Board of Directors and various committees of the Board regularly meet to receive and discuss operating and financial reports presented by the Chairman of the Board and Chief Executive Officer and other members of management as well as reports by experts and other advisors. Corporate review sessions are also offered to Directors to help familiarize them with our businesses, technology, and operations. Members of the Board are encouraged to attend Board meetings in person, unless the meeting is held by teleconference. The Board held nine meetings in 2008. All of the Directors attended at least 75% of the total number of meetings of the Board and Committees on which each served. Directors are also expected to attend the Annual Meeting of Stockholders. All of the Directors were present at the 2008 Annual Meeting.

At least four times a year, the non-management members of the Board of Directors meet in executive session, *i.e.,* without management Directors or management personnel present. The Lead Director, who is appointed for a two-year term, presides over these meetings. Gilbert F. Amelio currently serves as Lead Director; his term is scheduled to expire February 1, 2010. Responsibilities of the Lead Director include:

- Presiding over each session of the non-management Directors;
- Preparing the agenda for the executive session of the non-management Directors;
- Acting as the principal liaison between the non-management Directors and the Chairman and Chief Executive Officer;
- Coordinating the activities of the non-management Directors when acting as a group; and
- Advising the Chairman and Chief Executive Officer as to the quality, quantity and timeliness of the flow of information from management, including the materials provided to Directors at Board meetings.

Interested persons may contact the Lead Director or the non-management Directors by sending written comments through the Office of the Secretary of AT&T Inc. The Office will either forward the original materials as addressed or provide Directors with summaries of the submissions, with the originals available for review at the Directors request.

The Corporate Governance and Nominating Committee is responsible for identifying candidates who are eligible under the qualification standards set forth in our Corporate Governance Guidelines to serve as members of the Board. The Committee is authorized to retain search firms and other consultants to assist it in identifying candidates and fulfilling its other duties. The Committee is not limited to any specific process in identifying candidates and will consider candidates whom stockholders suggest. Candidates are recommended to the Board after consultation with the Chairman of the Board. In recommending Board candidates, the Committee considers a candidate s:

- general understanding of elements relevant to the success of a large publicly traded company in the current business environment,
- understanding of our business, and
- educational and professional background.

The Committee also gives consideration to a candidate s judgment, competence, anticipated participation in Board activities, experience, geographic location and special talents or personal attributes. Stockholders who wish to suggest qualified candidates should write to the Senior Vice President and Secretary, AT&T Inc., 208 S. Akard Street, Suite 3241, Dallas, Texas 75202, stating in detail the qualifications of the persons proposed for consideration by the Committee.

Under our Bylaws, the Board of Directors has the authority to determine the size of the Board and to fill vacancies. Currently, the Board is comprised of 15 Directors, one of whom is an executive officer of AT&T. There are no vacancies on the Board. We have included biographical information about each continuing Director on pages 13-16. Holdings of AT&T common stock by AT&T Directors are shown on the table on page 11.

The Board of Directors has nominated the 15 persons listed in this Proxy Statement, beginning on page 13, for election as Directors. Each of the nominees is an incumbent Director of AT&T recommended for re-election by the Corporate Governance and Nominating Committee. Under AT&T s Corporate Governance Guidelines, a Director will not be nominated for re-election if the Director has reached age 72.

## Board Committees

From time to time the Board establishes permanent standing committees and temporary special committees to assist the Board in carrying out its responsibilities. The Board has established seven standing committees of Directors, the principal responsibilities of which are described below. The charters for each of these committees may be found on our web site at www.att.com. The biographical information included later in this Proxy Statement identifies committee memberships held by each Director.

***Audit Committee*** The Committee met 13 times in 2008. It consists of five independent Directors. The Audit Committee oversees the integrity of our financial statements, the independent auditor s qualifications and independence, the performance of the internal audit function and independent auditors, and our compliance with legal and regulatory matters, including environmental matters. The Committee is responsible for the appointment, compensation, retention and oversight of the work of the independent auditor. The independent auditor audits the financial statements of AT&T and its subsidiaries.

***Corporate Development Committee*** The Committee met three times in 2008. It consists of four independent Directors. The Committee reviews mergers, acquisitions, dispositions and similar transactions.

***Corporate Governance and Nominating Committee*** The Committee met five times in 2008. It consists of five independent Directors. The Committee is responsible for recommending candidates to be nominated by the Board for election by the stockholders, or to be appointed by the Board of Directors to fill vacancies, consistent with the criteria approved by the Board, and recommending committee assignments and the appointment of the Lead Director. In addition, the Committee periodically assesses AT&T s Corporate Governance Guidelines and makes recommendations to the Board for amendments and also recommends to the Board the compensation of Directors. Finally, the Committee takes a leadership role in shaping corporate governance and oversees an annual evaluation of the Board.

***Executive Committee*** The Committee did not meet in 2008. It consists of the chairpersons of our six other standing committees and the Chairman of the Board. The Committee was established to assist the Board by acting upon matters when the Board is not in session. The Committee has the full power and authority of the Board to the extent permitted by law, including the power and authority to declare a dividend or to authorize the issuance of common stock.

Table of Contents

***Finance/Pension Committee*** The Committee met four times in 2008. It consists of four independent Directors. The Committee assists the Board in its oversight of our finances, including recommending the payment of dividends and reviewing the management of our debt and investment of our cash reserves.

***Human Resources Committee*** The Committee met six times in 2008. It consists of four independent Directors. The Committee oversees the compensation practices of AT&T, including the design and administration of employee benefit plans. The Committee is also responsible for establishing the compensation of the Chief Executive Officer and the other executive officers, establishing stock ownership guidelines for officers and developing a management succession plan.

***Public Policy Committee*** The Committee met three times in 2008. It consists of five independent Directors. The Committee assists the Board in its oversight of policies related to corporate social responsibility, as well as political and charitable contributions.

## Independence of Directors

The New York Stock Exchange ( NYSE ) prescribes independence standards for companies listed on the NYSE, including us. These standards require a majority of the Board to be independent. They also require every member of the Audit Committee, Human Resources Committee, and Corporate Governance and Nominating Committee to be independent. A Director is considered independent only if the Board of Directors affirmatively determines that the Director has no material relationship with the listed company (either directly or as a partner, stockholder or officer of an organization that has a relationship with the Company). In addition, the Board of Directors has adopted certain additional standards for determining the independence of its members. In accordance with the NYSE standards, a Director is not independent if:

The Director is, or has been within the last three years, an employee of AT&T, or an immediate family member is, or has been within the last three years, an executive officer of AT&T;

The Director has received, or has an immediate family member who has received, during any 12-month period within the last three years, more than $120,000 in direct compensation from AT&T, other than Director and committee fees and pension or other forms of deferred compensation for prior service (provided the compensation is not contingent in any way on continued service);

(a) The Director or an immediate family member is a current partner of a firm that is our internal or external auditor; (b) the Director is a current employee of such a firm; (c) the Director has an immediate family member who is a current employee of such a firm and who participates in the firm s audit, assurance or tax compliance (but not tax planning) practice; or (d) The Director or an immediate family member was within the last three years (but is no longer) a partner or an employee of such a firm and personally worked on our audit within that time period;

The Director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of our present executive officers at the same time serves or served on that company s compensation committee; or

The Director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, us for property or services in an amount which, in any of the last three fiscal years, is more than the greater of $1 million, or 2% of such other company s consolidated gross revenues.

Table of Contents

Additional standards for determining independence of Directors have been established by our Board and are set forth in our Corporate Governance Guidelines, which can be found on our web site at www.att.com. These additional standards are:

A Director who owns, together with any ownership interests held by members of the Director s immediate family, 10% of another company that makes payments to or receives payments from us (together with our consolidated subsidiaries) for property or services in an amount which, in any single fiscal year, is more than the greater of $1 million or 2% of such other company s consolidated gross revenues, is not independent until three years after falling below such threshold.

A Director who is, or whose immediate family member is, a director, trustee or officer of a charitable organization, or holds a similar position with such an organization, and we (together with our consolidated subsidiaries) make contributions to the charitable organization in an amount which exceeds, in any single fiscal year, the greater of $1 million per year or at least 5% of such organization s consolidated gross revenues, is not independent until three years after falling below such threshold.

The Board of Directors, using these standards for determining the independence of its members, has determined that the following Directors are independent: William F. Aldinger III, Gilbert F. Amelio, Reuben V. Anderson, James H. Blanchard, August A. Busch III, Jaime Chico Pardo, James P. Kelly, Jon C. Madonna, Lynn M. Martin, John B. McCoy, Mary S. Metz, Joyce M. Roché, Laura D Andrea Tyson and Patricia P. Upton. Each member of the Audit Committee, the Corporate Governance and Nominating Committee, and the Human Resources Committee is independent.

## Compensation of Directors

The compensation of Directors is determined by the Board with the advice of the Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee is composed entirely of independent Directors. None of our employees serve on this Committee. The Committee s current members are August A. Busch III (Chairman), James P. Kelly, John B. McCoy, Mary S. Metz, and Joyce M. Roché. Under its charter (available on our web site at www.att.com), the Committee periodically, and at least every two years, reviews the compensation and benefits provided to Directors for their service, and makes recommendations to the Board for changes. This includes not only Director retainers and fees, but also Director compensation and benefit plans.

The Committee s charter authorizes the Committee to employ independent compensation and other consultants to assist in fulfilling its duties. The Committee may also form and delegate authority to subcommittees. From time to time, the Committee engages Total Rewards Strategies, LLC, an employee benefits and compensation consulting firm (which also acts as a consultant to the Human Resources Committee on executive compensation matters), to provide the Committee with information regarding director compensation paid by companies principally in the *Fortune* 50, *Fortune* 100 and a special comparator group used by the Human Resources Committee. In reviewing Director compensation, the Committee may request Total Rewards Strategies to provide a study of director compensation disclosed in proxy statements of companies in the comparison groups. After reviewing the study, the Committee may make recommendations to the Board for modifying the compensation of Directors. In addition, from time to time, the Chief Executive Officer may make recommendations to the Committee or the Board about types and amounts of appropriate compensation and benefits for directors.

**Table of Contents**

Directors who are employed by us or one of our subsidiaries receive no separate compensation for serving as Directors or as members of Board committees. Non-employee Directors receive an annual retainer of $85,000, together with $2,000 for each Board meeting or review session attended. Committee members receive $1,700 for each committee meeting attended, except that members of the Audit and Human Resources Committees receive $2,000 for each meeting attended in person. The Chairperson of each committee receives an additional annual retainer of $5,000, except for the Chairpersons of the Audit and Human Resources Committees, each of whom receives an additional annual retainer of $20,000. The Lead Director also receives an additional annual retainer of $20,000. Retainers may be taken in cash or invested in AT&T stock.

Under the AT&T Non-Employee Director Stock and Deferral Plan (the Director Deferral Plan ), Directors may choose to defer the receipt of their fees and all or part of their retainers into either deferred stock units or into a cash deferral account. Each deferred stock unit is equivalent to a share of common stock and earns dividend equivalents in the form of additional deferred stock units. Directors purchase the deferred stock units at the fair market value of AT&T common stock. Deferred stock units are paid in cash in a lump sum or in up to 15 annual installments, at the Director s election, after the Director ceases service with the Board. In addition, under the Director Deferral Plan each non-employee Director annually receives one and one-half times his or her base annual retainer in the form of deferred stock units. Each Director who joined the Board after November 21, 1997, and before September 24, 2004, receives an additional annual grant of $13,000 in the form of deferred stock units, limited to ten annual grants; no additional grants will be made after 2009. The annual grants are fully earned and vested at issuance. These deferred stock units are paid out in cash at the same time as deferred stock units acquired with deferred retainers and fees.

Deferrals into the cash deferral account under the Director Deferral Plan earn interest during the calendar year at a rate equal to the Moody s Long-Term Corporate Bond Yield Average for September of the preceding year ( Moody s Rate ). This interest rate roughly approximates the market interest rate prescribed by the Securities and Exchange Commission ( SEC ) for disclosure purposes. Amounts earned above the SEC interest rate, if any, are included in the Director Compensation table on page 8 under the heading Change in Pension Value and Nonqualified Deferred Compensation Earnings. Directors may annually choose to convert their cash deferral accounts into deferred stock units at the fair market value of our stock at the time of the conversion.

AT&T does not offer non-employee Directors a retirement plan or pension. However, Directors who joined the Board before 1997 have vested rights in a former pension plan that we no longer offer. *Only benefits that have already vested are payable under the plan.* Each Director who is vested in the former pension plan, upon retirement, will receive an annual pension equal to 10% of the annual retainer in effect at the time of his or her retirement multiplied by the number of years of service not to exceed ten years. The payments will continue for the life of the Director. If the Director dies before receiving ten years of payments, the Director s beneficiaries will receive the payments for the remainder of the ten-year period.

Upon our acquisition of Pacific Telesis Group ( PTG ) on April 1, 1997, certain of the former PTG Directors joined our Board. As part of their service with PTG, these Directors previously received PTG Deferred Stock Units, which were issued in exchange for a waiver by the Directors of certain retirement benefits. The PTG Deferred Stock Units are fully vested, earn dividend equivalents and are paid out in the form of cash after the retirement of the Director. After the acquisition of PTG, the Deferred Stock Units were modified so that their value was based on AT&T stock instead of PTG stock. Service as a Director of AT&T is deemed service with PTG for these benefits. In addition, these Directors were allowed to continue their prior deferrals of PTG retainers and fees made before they joined the AT&T Board at the PTG rates. Under the PTG plans, deferrals earn a rate of interest equal to Moody s Rate plus 4% for deferrals from 1985 through 1992, Moody s Rate plus 2% for deferrals from 1993 through 1995, and the ten-year Treasury Note average for the month of September for the prior year plus 2% for deferrals after 1995.

**Table of Contents**

Similarly, upon our acquisition of BellSouth Corporation on December 29, 2006, certain of the former BellSouth Directors joined our Board. These Directors had previously made cash- and stock-based deferrals under the BellSouth Corporation Directors Compensation Deferral Plan, which was no longer offered after 2006. These deferrals pay out in accordance with the choices of the Directors. Cash deferrals earn a rate of interest equal to Moody s Monthly Average of Yields of Aa Corporate Bonds for the previous July, while earnings on deferrals in the form of stock units are reinvested in additional deferred stock units at the fair market value of the underlying stock.

In addition, under the BellSouth Nonqualified Deferred Compensation Plan offered to BellSouth Directors prior to its acquisition, Directors were permitted to make up to five annual deferrals of up to 100% of their compensation. For deferrals made in 1995 and 1996, the plan returned the original deferred amount in the 7th year after the deferral year. No interim distributions were granted for subsequent deferral years. For deferrals made from 1995 through 1999, Directors received fixed interest rates of 16%, 12.7%, 12.8%, 12.4% and 11.8%, respectively. Distributions are made at times elected by the Directors. BellSouth discontinued offering this plan in 2000.

**Director Compensation**

| Director | Fees Earned or Paid in Cash (1) ($) | Stock Awards (2) (3) ($) | Change in Pension Value and Nonqualified Deferred Compensation Earnings (4) ($) | All Other Compensation (5) ($) | Total ($) |
|---|---|---|---|---|---|
| William F. Aldinger III | 136,000 | 127,500 | 0 | 21,189 | 284,689 |
| Gilbert F. Amelio | 167,233 | 127,500 | 591 | 3,948 | 299,272 |
| Reuben V. Anderson | 120,650 | 127,500 | 51,348 | 1,478 | 300,976 |
| James H. Blanchard | 123,250 | 127,500 | 41,311 | 4,129 | 296,190 |
| August A. Busch III | 121,900 | 127,500 | 0 | 7,158 | 256,558 |
| Jaime Chico Pardo (6) | 37,733 | 0 | 0 | 0 | 37,733 |
| James P. Kelly | 137,100 | 127,500 | 0 | 1,619 | 266,219 |
| Charles F. Knight (6) | 39,100 | 0 | 0 | 19,768 | 58,868 |
| Jon C. Madonna | 153,700 | 127,500 | 0 | 3,587 | 284,787 |
| Lynn M. Martin | 126,000 | 140,500 | 0 | 3,260 | 269,760 |
| John B. McCoy | 128,633 | 140,500 | 0 | 15,068 | 284,201 |
| Mary S. Metz | 118,600 | 127,500 | 3,841 | 13,356 | 263,297 |
| Toni Rembe (6) | 41,100 | 0 | 578 | 12,225 | 53,903 |
| Joyce M. Roché | 116,600 | 140,500 | 0 | 10,027 | 267,127 |
| Laura D Andrea Tyson | 111,200 | 140,500 | 748 | 4,004 | 256,452 |
| Patricia P. Upton | 121,500 | 127,500 | 0 | 4,325 | 253,325 |

1. The following table shows the number of deferred stock units purchased in 2008 by each Director with deferrals of their retainers and fees. Each year, Directors may elect to make monthly purchases during the following calendar year of deferred stock units at the fair market value of our stock at the time of the purchase.

| Director | Deferred Stock Units | Director | Deferred Stock Units |
|---|---|---|---|
| Gilbert F. Amelio | 5,077 | Charles F. Knight | 1,025 |
| Reuben V. Anderson | 2,712 | John B. McCoy | 3,935 |
| James H. Blanchard | 1,050 | Toni Rembe | 636 |

| | | | |
|---|---|---|---|
| August A. Busch III | 3,739 | Joyce M. Roché | 2,585 |
| James P. Kelly | 1,612 | | |

Table of Contents

2. This represents an annual grant of deferred stock units that are immediately vested, valued using the grant date value in accordance with Statement of Financial Accounting Standard ( FAS ) 123R, and deferred. The deferred stock units will be paid out in cash after the Director ceases his or her service with the Board at the times elected by the Director.

3. Each of Mr. Aldinger and Mr. Madonna hold 1,017 outstanding restricted stock units which were received while they were serving on the Board of Directors of AT&T Corp., before its acquisition by AT&T Inc. (then known as SBC Communications Inc.). Pursuant to the acquisition agreement, these restricted stock units were converted into AT&T Inc. units. The units vest in 2009. At vesting of the units, each unit is converted into a share of AT&T Inc. stock. Termination of service on the Board before vesting of these units will result in forfeiture of the units. Mr. Madonna was also issued options by AT&T Corp., which were converted into options to acquire 2,496 shares of AT&T Inc. common stock. Similarly, Mr. Anderson, Mr. Blanchard, and Mr. Kelly hold 50,560 options, 62,334 options, and 41,099 options, respectively, that were originally granted by BellSouth Corporation while they served on the BellSouth Board before its 2006 acquisition by AT&T Inc.

4. Amounts shown represent the difference between market interest rates determined pursuant to SEC rules and actual rates used to determine earnings on deferred compensation.

5. Under the AT&T Higher Education/Cultural Matching Gift Program, which covers AT&T employees as well as Directors, the AT&T Foundation matches charitable contributions ranging from $25 to $15,000 per year by active Directors. In 2008, a total of $61,386 was paid on behalf of active Directors under the program. The amounts reported in this column include the following matching contributions paid on behalf of the following Directors: Mr. Aldinger $15,000, Mr. Blanchard $1,000, Mr. Knight $15,000, Mr. McCoy $8,000, Dr. Metz $6,600, Ms. Rembe $10,000, and Ms. Roché $5,786.

6. Mr. Knight and Ms. Rembe retired from the board in April 2008; Mr. Chico joined the Board in September 2008.

## Related Person Transactions

Under the rules of the SEC, public issuers, such as AT&T, must disclose certain Related Person Transactions. These are transactions in which the Company is a participant where the amount involved exceeds $120,000, and a Director, executive officer or holder of more than 5% of our common stock has a direct or indirect material interest.

AT&T has adopted a written policy requiring that each Director or executive officer involved in such a transaction notify the Corporate Governance and Nominating Committee and that each such transaction be approved or ratified by the Committee.

In determining whether to approve a Related Person Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Person Transaction:

- whether the terms of the Related Person Transaction are fair to the Company and on the same basis as would apply if the transaction did not involve a related person,
- whether there are business reasons for the Company to enter into the Related Person Transaction,
- whether the Related Person Transaction would impair the independence of an outside director, and

whether the Related Person Transaction would present an improper conflict of interest for any of our Directors or executive officers, taking into account the size of the transaction, the overall financial position of the Director, executive officer or other related person, the direct or indirect nature of the Director s, executive officer s or other related person s interest in the transaction and the ongoing nature of any proposed relationship, and any other factors the Committee deems relevant.

Table of Contents

A Related Person Transaction entered into without the Committee s pre-approval will not violate this policy, or be invalid or unenforceable, so long as the transaction is brought to the Committee as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy.

During 2008, a brother of Ronald E. Spears (President and Chief Executive Officer, AT&T Business Solutions) was employed by a subsidiary with an approximate rate of pay, including commissions, of $207,000. This rate of pay is similar to those paid for comparable positions at the Company. The employment of this person was approved by the Corporate Governance and Nominating Committee under the Company s Related Party Transactions Policy.

Under the relocation plan for all employees moving as a result of the Company headquarters move to Dallas, the Company paid certain expenses incurred in the sale of employee homes. If the employee was not able to timely sell a home, the Company purchased the home at the higher of two independent appraisals. If the employee found a buyer offering at least 90% of the appraised value, the Company purchased the home from the employee at the appraised value or the actual sale price, whichever was higher, and paid a bonus of 3% of the sales price, and then completed the sale to the buyer. If the employee paid more for the home than the appraised value, then the loss on sale feature of the plan reimbursed the employee for the difference, including any resulting taxes.

Mr. Stephenson and Mr. Watts each sold their homes to the Company at appraised values of $1,700,000 and $660,000, respectively. Their homes have not yet been resold. The Company paid Mr. Cicconi $807,317 for his home (representing his original purchase price under the loss on sale feature) and $22,000 as a home sale bonus because he found a buyer for the home at not less than 90% of the appraised value; the Company sold Mr. Cicconi s home to a third-party buyer for $740,000. The Company paid Mr. de la Vega $3,050,000 for his home (representing the appraised amount) and $87,000 as a home sale bonus because he found a buyer for the home at not less than 90% of the appraised value; the Company sold Mr. de la Vega s home to a third-party buyer for $2,900,000. The Company paid Mr. Wilkins $4,490,000 for his home (representing the 3rd party s purchase price) and $134,700 as a home sale bonus because he found a buyer for the home at not less than 90% of the appraised value; the Company sold Mr. Wilkins home to a third-party buyer for $4,490,000. Because Mr. Wilkins found a buyer before his home was appraised, we treated the resale price as the appraised price. The Company was responsible for commissions and closing costs on the resale of each home. Each of these transactions was approved by the Corporate Governance and Nominating Committee under the Company s Related Party Transactions Policy. See note 4 to the Summary Compensation Table for moving expenses and other relocation benefits provided to executive officers in connection with the movement of AT&T s headquarters.

Table of Contents

## Common Stock Ownership

The following table lists the beneficial ownership of AT&T common stock and non-voting stock units as of December 31, 2008, held by each Director, nominee and officer named in the Summary Compensation Table on page 44. As of that date, each Director and officer listed below, and all Directors and executive officers as a group, owned less than 1% of our outstanding common stock. Except as noted below, the persons listed in the table have sole voting and investment power with respect to the securities indicated.

| Name of Beneficial Owner | Total AT&T Beneficial Ownership (including options) (1) | Non-Voting Stock Units (2) | Name of Beneficial Owner | Total AT&T Beneficial Ownership (including options) (1) | Non-Voting Stock Units (2) |
|---|---|---|---|---|---|
| William F. Aldinger III | 18,718 | 13,338 | Patricia P. Upton | 14,164 | 39,974 |
| Gilbert F. Amelio | 5,400 | 68,971 | Randall L. Stephenson | 1,304,425 | 253,110 |
| Reuben V. Anderson | 71,500 | 10,496 | Richard G. Lindner | 314,447 | 85,095 |
| James H. Blanchard | 130,255 | 8,787 | Rafael de la Vega | 540,798 | 0 |
| August A. Busch III (3) | 146,354 | 117,249 | Forrest E. Miller | 661,630 | 90,720 |
| Jaime Chico Pardo (4) | 13,800 | 0 | John T. Stankey | 223,608 | 36,382 |
| James P. Kelly | 47,066 | 9,705 | | | |
| Jon C. Madonna | 16,052 | 11,035 | | | |
| Lynn M. Martin | 6,851 | 39,848 | All executive officers | | |
| John B. McCoy | 31,584 | 76,930 | and Directors as a | | |