

AT&T INC.
Form DEF 14A
March 10, 2015
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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:

- 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):

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:

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

(3) Filing Party:

(4) Date Filed:

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[Notice of 2015 Annual](#)

[Meeting of Stockholders](#)

[and Proxy Statement](#)

To the holders of Common Stock of AT&T Inc.:

The 2015 annual meeting of stockholders of AT&T Inc. will be held as follows:

When: 9:00 a.m. local time, Friday, April 24, 2015

Where: DoubleTree by Hilton Spokane City Center

Grand Ballroom

322 North Spokane Falls Court

Spokane, WA 99201

The purpose of the annual meeting is to consider and take action on the following:

1. Election of Directors
2. Ratification of Ernst & Young LLP as independent auditors
3. Advisory approval of executive compensation
4. Any other business that may properly come before the meeting, including certain stockholder proposals

Holders of AT&T Inc. common stock of record at the close of business on February 25, 2015, are entitled to vote at the meeting and any adjournment of the meeting.

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.

By Order of the Board of Directors.

Stacey Maris

Senior Vice President and Secretary

March 10, 2015

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PROXY STATEMENT

AT&T INC.
One AT&T Plaza
Whitacre Tower
208 S. Akard Street
Dallas, TX 75202

**Important Notice Regarding the Availability of Proxy Materials for the
Stockholder Meeting To Be Held on April 24, 2015:
The proxy statement and annual report to security holders
are available at www.edocumentview.com/att.**

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This summary highlights information contained elsewhere in this Proxy Statement. It does not contain all the information you should consider. You should read the entire Proxy Statement carefully before voting.

Attending the Annual Meeting of Stockholders

If you plan to attend the meeting in person, please vote your proxy and bring the admission ticket (attached to the proxy card or the Annual Meeting Notice) to the Annual Meeting. If you do not have an admission ticket or if you hold your shares in the name of a bank, broker, or other institution, you may obtain admission to the meeting by presenting proof of your ownership of AT&T stock as of February 25, 2015 (the record date).

Agenda and Voting Recommendations

Item	Description	Board Recommendation	Page
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Current Board Members *

Director				
Name	Age	Since	Principal Occupation	Committees
Randall L. Stephenson	54	2005	Chairman, CEO, and President, AT&T Inc.	Executive
Reuben V. Anderson	72	2006	Senior Partner, Phelps Dunbar, LLP	Corp. Gov. and Nominating, Executive, Public Policy and Corp. Reputation
Jaime Chico Pardo	65	2008	Founder and CEO, ENESA	Audit
Scott T. Ford	52	2012	Member and Chief Executive Officer, Westrock Group, LLC	Corp. Dev. and Finance, Executive, Human Resources
Glenn H. Hutchins	59	2014	Co-Founder, Silver Lake	Corp. Dev. and Finance
James P. Kelly	71	2006	Retired Chairman and CEO, United Parcel Service, Inc.	Audit, Corp. Gov. and Nominating

William E. Kennard	58	2014	Former United States Ambassador to the European Union and former Chairman of the FCC	Public Policy and Corp. Reputation
Jon C. Madonna	71	2005	Retired Chairman and CEO, KPMG	Audit, Corp. Gov. and Nominating, Executive
Michael B. McCallister	62	2013	Retired Chairman and CEO, Humana Inc.	Audit, Public Policy and Corp. Reputation
John B. McCoy	71	1999	Retired Chairman and CEO, Bank One Corporation	Corp. Gov. and Nominating, Executive, Human Resources
Beth E. Mooney	60	2013	Chairman and Chief Executive Officer, KeyCorp	Corp. Dev. and Finance, Public Policy and Corp. Reputation
Joyce M. Roché	67	1998	Retired President and CEO, Girls Inc.	Corp. Gov. and Nominating, Executive, Human Resources
Matthew K. Rose	55	2010	Chairman and CEO, Burlington Northern Santa Fe, LLC	Corp. Gov. and Nominating, Human Resources
Cynthia B. Taylor	53	2013	President and CEO, Oil States International, Inc.	Audit, Corp. Dev. and Finance
Laura D Andrea Tyson	67	1999	Professor of Business Admin. and Econ., Haas School of Business, Univ. of California at Berkeley	Audit, Public Policy and Corp. Reputation

**Each Director is elected annually by a majority of votes cast. All non-employee Directors are independent.*

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Information About the Meeting and Voting

[Information About the Meeting and Voting](#)

General

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 2015 Annual Meeting of Stockholders of AT&T. The meeting will be held at 9:00 a.m. local time on Friday, April 24, 2015, at the DoubleTree by Hilton Hotel Spokane City Center in the Grand Ballroom, 322 North Spokane Falls Court, Spokane, WA 99201.

The purposes of the meeting are set forth in the Notice of Annual Meeting of Stockholders (see cover page). This Proxy Statement and form of proxy are being sent or made available beginning March 10, 2015, to 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, 2015. These materials are also available at www.edocumentview.com/att. Each share entitles the registered holder to one vote. As of January 31, 2015, there were 5,187,827,522 shares of AT&T common stock outstanding.

To constitute a quorum to conduct business at the meeting, stockholders representing at least 40% of the shares of common stock entitled to vote at the meeting must be present or represented by proxy.

Voting

[Stockholders of Record](#)

Stockholders whose shares are registered in their name on the Company records, stockholders of record, will either receive a proxy card by which they may indicate their voting instructions or a notice on how they may obtain a proxy. 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.

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, it will be treated as an instruction to vote such shares 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 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.

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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.

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Information About the Meeting and Voting

[Shares Held Through a Bank, Broker or Other Custodian](#)

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.

[Shares Held on Your Behalf under Company Benefit Plans](#)

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 and Security 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 a proxy card or other 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, 2015.

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 the plans listed above 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.

Attending the Meeting

Only AT&T stockholders may attend the meeting.

[Stockholders of Record \(shares are registered in your name\)](#)

An admission ticket is attached to your proxy card or Annual Meeting Notice and Admission Ticket. If you plan to attend the annual meeting, please retain the admission ticket and bring it with you to the meeting. A stockholder of record who does not have an admission ticket will be admitted upon presentation of photo identification at the door.

[Other Stockholders \(your shares are held in the name of a bank, broker, or other institution\)](#)

You may obtain admission to the meeting by presenting proof of your ownership of AT&T common stock. To be able to vote at the meeting, you will need the bank, broker, or record holder to give you a proxy.

Voting Results

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The voting results of the annual meeting will be published no later than four business days after the annual meeting on a Form 8-K filed with the Securities and Exchange Commission, which will be available in the investor relations area of our website at www.att.com.

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Common Stock Ownership

Certain Beneficial Owners

The following table lists the beneficial ownership of each person holding more than 5% of AT&T's outstanding common stock as of December 31, 2014 (based on a review of filings made with the Securities and Exchange Commission on Schedules 13D and 13G).

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
BlackRock Inc. 40 East 52nd St., New York, NY 10022	287,637,623 (1)	5.6%
The Vanguard Group 100 Vanguard Blvd., Malvern, PA 19355	280,533,698 (2)	5.4%

1. Based on a Schedule 13G/A filed by BlackRock Inc. with the SEC on February 9, 2015, which reported the following: sole voting power of 242,484,641 shares; shared voting power of 0 shares; sole dispositive power of 287,637,623 shares, and shared dispositive power of 0 shares.
2. Based on a Schedule 13G filed by The Vanguard Group with the SEC on February 11, 2015, which reported the following: sole voting power of 8,933,207 shares; shared voting power of 0 shares; sole dispositive power of 272,077,011 shares, and shared dispositive power of 8,456,687 shares.

Directors and Officers

The following table lists the beneficial ownership of AT&T common stock and non-voting stock units as of December 31, 2014, held by each Director, nominee, and officer named in the Summary Compensation Table on page 51. 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	Non-Voting Stock Units (2)	Name of Beneficial Owner	Total AT&T Beneficial	Non-Voting Stock Units (2)
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Ownership (including options) (1)			Ownership (including options) (1)		
Reuben V. Anderson	31,504	71,729	Laura D. Andrea Tyson	0	96,280
Jaime Chico Pardo	53,319	32,614	Randall L. Stephenson	2,005,134	192,858
Scott T. Ford	66,319	15,266	John J. Stephens	441,949	71,196
Glenn H. Hutchins	103,322	0	Rafael de la Vega	483,142	195,931
James P. Kelly	23,532	57,737	John T. Stankey	410,261	50,216
William E. Kennard	0	0	Wayne Watts	254,162	45,386
Jon C. Madonna	14,573	48,115			
Michael B. McCallister	10,651	8,639			
John B. McCoy	31,584	173,605	All executive officers and Directors as a group (consisting of 26 persons, including those named above)	5,045,216	1,464,275
Beth E. Mooney	2,600	6,735			
Joyce M. Roché	3,762	131,218			
Matthew K. Rose	113,000	37,127			
Cynthia B. Taylor	2,921	4,312			

1. The table above includes presently exercisable stock options and stock options that became exercisable within 60 days of the date of this table. The following Directors and executive officers hold the following numbers of options: Mr. Kelly 9,767, Mr. Stephenson 1,046,938, Mr. de la Vega 66,685, Mr. Stankey 50,216, Mr. Stephens 200,754, and Mr. Watts 22,597, and all executive officers and Directors as a group 1,431,577. In addition, of the shares shown in the table above, the following persons share voting and investment power with other persons with respect to the following numbers of shares: Mr. Chico Pardo 50,000, Mr. Hutchins 103,322, Mr. Madonna 14,573, Mr. McCallister 290, Ms. Mooney 2,600, Mr. Rose 113,000, Mr. Stephenson 861,681, Mr. Stankey 388,145, Mr. Stephens 237,836, and Mr. Watts 165,758.

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Related Person Transactions

2. *Represents number of vested stock units held by the Director or executive officer, where each stock unit is equal in value to one share of AT&T stock. The stock units are paid in stock or cash depending upon the plan and the election of the participant at times specified by the relevant plan. None of the stock units listed may be converted into common stock within 60 days of the date of this table. As noted under Compensation of Directors, AT&T's plans permit non-employee Directors to acquire stock units (also referred to as deferred stock units) by deferring the receipt of fees and retainers into stock units and through a yearly grant of stock units. Officers may acquire stock units by participating in stock-based compensation deferral plans. Certain of the Directors also hold stock units issued by companies prior to their acquisition by AT&T that have been converted into AT&T stock units. Stock units carry no voting rights.*

[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.

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.

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Board of Directors

[Board of Directors](#)

The Role of the Board

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 give them more detailed views of our businesses and matters that affect our businesses, corporate opportunities, technology, and operations.

Assessing and managing risk is the responsibility of the management of AT&T. The Board of Directors oversees and reviews certain aspects of the Company's risk management efforts. Annually, the Board reviews the Company's strategic business plans, which includes evaluating the competitive, technological, economic and other risks associated with these plans.

In addition, under its charter, the Audit Committee reviews and discusses with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies. This includes, among other matters, evaluating risk in the context of financial policies, counterparty and credit risk, and the appropriate mitigation of risk, including through the use of insurance where appropriate. Members of the Company's finance, internal audit and compliance organizations are responsible for managing risk in their areas and reporting regularly to the Audit Committee.

The Company's senior internal auditing executive and Chief Compliance Officer each meet annually in executive session with the Audit Committee. The senior internal auditing executive and Chief Compliance Officer review with the Audit Committee each year's annual internal audit and compliance risk assessment, which is focused on significant financial, operating, regulatory and legal matters. The Audit Committee also receives regular reports on completed internal audits of these significant risk areas.

Members of the Board are expected to attend Board meetings in person, unless the meeting is held by teleconference. The Board held ten meetings in 2014. 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 Directors were present at the 2014 Annual Meeting.

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Board of Directors

Board Leadership Structure

The non-management members of the Board of Directors meet in executive session (without management Directors or management personnel present) at least four times per year. The Lead Director, who is appointed for a two-year term, presides over these sessions. Joyce M. Roché currently serves as Lead Director; her term is scheduled to expire January 31, 2017.

Responsibilities of the Lead Director include:

presiding at meetings of the Board at which the chairman is not present;

presiding at executive sessions of the non-management Directors;

preparing the agenda for the executive sessions 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;

approving the agenda for each Board meeting;

approving meeting schedules to ensure there is sufficient time for discussion of all agenda items;
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;

if requested by major stockholders, ensuring that he or she is available for consultation and direct communication and acting as a contact for other interested persons;

sharing with other Directors as he or she deems appropriate letters and other contacts that he or she receives;
and

contacting management to obtain such additional information relating to contacts by interested persons as he or she may require from time to time.

In addition, the Lead Director may: