

AT&T INC.
Form DEF 14A
March 11, 2013

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)

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

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

(3) Filing Party:

(4) Date Filed:

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

The 2013 Annual Meeting of Stockholders of AT&T Inc. will be held as shown below.

9:00 a.m., local time, Friday, April 26, 2013

Little America Hotel & Resort

2800 West Lincolnway

Cheyenne, Wyoming 82009

Election of 13 Directors

Ratification of Ernst & Young LLP as independent auditors

Advisory approval of executive compensation

Approve Stock Purchase and Deferral Plan

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 27, 2013, are entitled to vote at the meeting and any adjournment of the meeting.

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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.

Ann Effinger Meuleman

Senior Vice President and Secretary

March 11, 2013

PROXY STATEMENT

AT&T Inc.
One AT&T Plaza
Whitacre Tower
208 S. Akard Street
Dallas, Texas 75202

**Important notice regarding the availability of proxy materials for
the stockholder meeting to be held on April 26, 2013:**
**The proxy statement and annual report to security holders are
available at www.edocumentview.com/att.**

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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.

PROXY STATEMENT SUMMARY

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

Annual Meeting of Stockholders

Time and Date:	9:00 a.m., local time, Friday, April 26, 2013
Place:	Little America Hotel & Resort, 2800 West Lincolnway, Cheyenne, Wyoming 82009
Record Date:	February 27, 2013
Voting:	Stockholders as of the record date are entitled to vote.
Attendance:	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 27, 2013 (the record date).

Agenda and Voting Recommendations

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Current Board Members

The following table provides summary information about each Director. Each Director is elected annually by a majority of votes cast. All of the Directors are Director nominees for 2013. All non-employee Directors are independent.

Director					
Nominee	Age	Since	Principal Occupation	Committees	
Randall L. Stephenson	52	2005	Chairman, CEO, and President, AT&T Inc.	Executive	
Gilbert F. Amelio	70	2001	Former Senior Partner, Sienna Ventures	Executive, Corp. Dev. and Finance, and Human Resources	
Reuben V. Anderson	70	2006	Senior Partner, Phelps Dunbar, LLP	Executive, Corp. Gov. and Nominating, and Public Policy and Corp. Reputation	
James H. Blanchard	71	2006	Chairman and Partner, Jordan- Blanchard Capital, LLC	Corp. Dev. and Finance, Executive, and Human Resources	
Jaime Chico Pardo	63	2008	Founder and CEO, ENESA	Audit and Corp. Dev. and Finance	
Scott T. Ford	50	2012	Partner, Westrock Capital Partners, LLC	Corp. Dev. and Finance and Public Policy and Corp. Reputation	
James P. Kelly	69	2006	Retired Chairman and CEO, United Parcel Service, Inc.	Audit and Corp. Gov. and Nominating	
Jon C. Madonna	69	2005	Retired Chairman and CEO, KPMG	Audit, Corp. Gov. and Nominating, and Executive	
Michael B. McCallister	60	2013	Chairman, Humana Inc.	Audit	
John B. McCoy	69	1999	Retired Chairman and CEO, Bank One Corporation	Corp. Gov. and Nominating, Executive, and Human Resources	
Joyce M. Roché	65	1998	Retired President and CEO, Girls Inc.	Corp. Gov. and Nominating, Public Policy and Corp. Reputation	
Matthew K. Rose	53	2010	Chairman and CEO, Burlington Northern Santa Fe, LLC	Corp. Dev. and Finance and Human Resources	
Laura D. Andrea Tyson	65	1999	S.K. and Angela Chan Professor of Global Mgmt., Haas School of Business,	Audit, Public Policy and Corp. Reputation	

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Univ. of California at Berkeley

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2013 ANNUAL MEETING OF STOCKHOLDERS

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 2013 Annual Meeting of Stockholders of AT&T. The meeting will be held at 9:00 a.m. local time on Friday, April 26, 2013, at Little America Hotel & Resort, 2800 West Lincolnway, Cheyenne, Wyoming 82009.

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 11, 2013, 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 27, 2013. These materials are also available at www.edocumentview.com/att. Each share entitles the registered holder to one vote. As of January 31, 2013, there were 5,528,548,352 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.

How to Vote

Shares Held by You as the Record Holder

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 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.

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.

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 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 23, 2013.

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.

Multiple Stockholders Sharing the Same Address

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.

Solicitation of Proxies

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 \$22,000, plus expenses.

Attending the Meeting

Only AT&T stockholders may attend the meeting, and you will need an admission ticket or other proof of stock ownership to be admitted to the meeting.

Registered Stockholders (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 vote your proxy but retain the admission ticket and bring it with you to the meeting.

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. For example, you may bring your account statement or a letter from your bank or broker confirming that you owned AT&T stock on February 27, 2013, the record date for the meeting. To be able to vote at the meeting, you will need the bank or broker or record holder to give you a proxy.

Voting Results

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.

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 and compliance organizations are responsible for managing risk in their areas and reporting regularly to the Audit Committee.

The Company's Senior Vice President-Audit Services and Chief Compliance Officer meets twice annually in executive session with the Audit Committee. The Senior Vice President-Audit Services and Chief Compliance Officer reviews 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 eight meetings in 2012. 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 2012 Annual Meeting.

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. James H. Blanchard currently serves as Lead Director; his term is scheduled to expire January 31, 2014.

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:

- call meetings of the non-management Directors in addition to the quarterly meetings, and
- require information relating to any matter be distributed to the Board.

Randall Stephenson currently serves as both Chairman of the Board and Chief Executive Officer. The Board believes that having Mr. Stephenson serve in both capacities is in the best interests of AT&T and its stockholders because it enhances communication between the Board and management and allows Mr. Stephenson to more effectively execute the Company's strategic initiatives and business plans and confront its challenges. The Board believes that the appointment of a strong independent Lead Director and the use of regular executive sessions of the non-management Directors, along with the Board's strong committee system and substantial majority of independent Directors, allow it to maintain effective oversight of management.

Communicating with the Board

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., 208 S. Akard Street, Suite 3241, Dallas, Texas 75202. 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.

Criteria and Process for Nominating Directors

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. Although the Committee does not have a formal diversity policy, it believes that diversity is an important factor in determining the composition of the Board. 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.

Composition of the Board

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 13 Directors, one of whom is an executive officer of AT&T. We have included biographical information about each continuing Director on pages 17-23. Holdings of AT&T common stock by AT&T Directors are shown on the table on page 14.

The Board of Directors has nominated the 13 persons listed in this Proxy Statement, beginning on page 17, 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. There are no vacancies on the Board.

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 six 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.

Committee	Members	Functions and Additional Information	Meetings in 2012
Audit	Jon C. Madonna, Chair Jaime Chico Pardo James P. Kelly Michael B. McCallister Laura D. Andrea Tyson	Consists of five independent Directors. Oversees the integrity of our financial statements, the independent auditor's qualifications and independence, the performance of internal audit function and the independent auditors, and our compliance with legal and regulatory matters, including environmental matters. 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.	12
Corporate Development and Finance (1)	James H. Blanchard, Chair Gilbert F. Amelio Jaime Chico Pardo Scott T. Ford Matthew K. Rose	Consists of five independent Directors. 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. Reviews mergers, acquisitions, dispositions and similar transactions; reviews corporate strategy and recommends or approves transactions and investments; reviews and makes recommendations about the capital structure of the Company and the evaluation, development and implementation of key technology decisions.	5
Corporate Governance and Nominating	John B. McCoy, Chair Reuben V. Anderson James P. Kelly Jon C. Madonna Joyce M. Roché	Consists of five independent Directors. 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. 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. Takes a leadership role in shaping corporate governance and oversees an annual evaluation of the Board.	4
Executive	Randall L. Stephenson, Chair Gilbert F. Amelio Reuben V. Anderson James H. Blanchard Jon C. Madonna	Consists of the Chairman of the Board and the chairpersons of our five other standing committees. Established to assist the Board by acting upon matters when the Board is not in session. Has 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.	0

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	John B. McCoy		
Human Resources	Gilbert F. Amelio, Chair	Consists of four independent Directors. Oversees the compensation practices of AT&T, including the design and administration of employee benefit plans.	6
	James H. Blanchard	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.	
	John B. McCoy		
	Matthew K. Rose		
Public Policy and Corporate Reputation (2)	Reuben V. Anderson, Chair	Consists of four independent Directors. Assists the Board in its oversight of policies related to corporate social responsibility, as well as political and charitable contributions. Oversees the Company's management of its brands and reputation.	4
	Scott T. Ford		
	Joyce M. Roché		
	Laura D. Andrea Tyson		

1. This committee was previously the Corporate Development Committee (CDC) and the Finance/Pension Committee (FPC), which were combined effective April 27, 2012. The CDC met twice and the FPC met once in 2012.
2. Known as the Public Policy Committee prior to April 27, 2012.

Independence of Directors

The New York Stock Exchange (*NYSE*) prescribes independence standards for companies listed on the NYSE, including AT&T. 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 is a current partner or employee of a firm that is our internal or external auditor; (b) the Director has an immediate family member who is a current partner of such a firm; (c) the Director has an immediate family member who is a current employee of such a firm and personally works on our audit; or (d) the Director or an immediate family member was within the last three years 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.

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: Gilbert F. Amelio, Reuben V. Anderson, James H. Blanchard, Jaime Chico Pardo, Scott T. Ford, James P. Kelly, Jon C. Madonna, Michael B. McCallister, John B. McCoy, Joyce M. Roché, Matthew K. Rose, and Laura D. Andrea Tyson. 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 John B. McCoy (Chairperson), Reuben V. Anderson, James P. Kelly, Jon C. Madonna, 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. 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 other public companies. In reviewing Director compensation, the Committee may use the consultant's director compensation studies in connection with making compensation recommendations to the Board. 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.

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 \$95,000 (\$85,000 in 2012), together with \$2,000 for each Board meeting or corporate strategy 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 \$15,000 (\$10,000 in 2012), except for the Chairpersons of the Audit and Human Resources Committees, each of whom receives an additional annual retainer of \$25,000. The Lead Director receives an additional annual retainer of \$60,000 (\$30,000 in 2012). Under the AT&T Non-Employee Director Stock Purchase Plan (the ***Director Stock Purchase Plan***), Directors may choose to invest all or half of their retainers in shares of AT&T common stock at fair market value.

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 \$150,000 in the form of deferred stock units. The annual grants are fully earned and vested at issuance.

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*). To the extent these earnings exceed the interest rate specified by the Securities and Exchange Commission (*SEC*) for disclosure purposes, they are included in the Director Compensation