



CWA REVIEW AND RECOMMENDATIONS: VOTING ITEMS ON AT&T PROXY STATEMENT

INTRODUCTION

AT&T is a prosperous company, and its leadership is predicting a bright future. In 2018, AT&T had revenues of \$170.8 billion and net income of \$19.4 billion with capital expenditures of \$21.3 billion. Each worker generated on average \$637,149 of revenues.

This company is growing and changing. AT&T now considers itself a media company with the successful acquisition of Time Warner. CEO Randall Stephenson announced in the 2019 Notice of Annual Meeting and Proxy Statement that the company's mission was "to inspire human progress through the power of communication and entertainment." CWA bargaining units are the foundation upon which AT&T's future is being built, and the company's network remains the heart of the business. CWA members are also on the frontlines of AT&T growth, staffing stores, providing customer support, laying fiber, maintaining plant, installing and maintaining equipment. We are the ones who build the networks and customer relationships, and create the needed stability for the company to grow.

For that reason, CWA members should engage in the opportunity to exercise their votes as shareholders, helping to shape the direction of the company and establishing principles that will govern the company. CWA has prepared this shareholders voting guide to offer some insight into the shareholder proposals in AT&T's 2019 proxy statement. We encourage you to exercise your right to vote on this company's future.

LOGISTICS

Date: **April 26, 2019 9:00 AM local time**

Location: **Moody Performance Hall**
2520 Flora Street
Dallas, TX 75201

MANAGEMENT PROPOSALS

ITEM 1. ELECTION OF DIRECTORS

The Board of Directors consists of 13 individuals, all of whom are independent, except for Randall Stephenson, AT&T's CEO. Twelve directors have been nominated for re-election: Joyce M. Roché is retiring April 26, 2019

RECOMMENDATION FOR ITEM 1: VOTE YOUR CONSCIENCE.

ITEM 2. RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS INDEPENDENT AUDITOR

Ernst & Young has been the auditor for AT&T, and previously SBC, since 1995. The Board's Audit Committee has re-appointed the firm for another fiscal year, through December 31, 2019. With this vote, shareholders are asked to affirm the Committee's decision. Corporate governance experts believe that such lengthy relationships can compromise the independent perspective necessary for a trustworthy review of financial results.

RECOMMENDATION FOR ITEM 2: VOTE AGAINST.

ITEM 3. ADVISORY APPROVAL OF EXECUTIVE COMPENSATION

The proposal asks shareholders to approve a compensation program already in place. The vote is only advisory and would not be binding on the company. The proxy statement includes principles for setting pay and a detailed discussion of all aspects of executive pay. Of particular interest to CWA members will be the compensation of Chairman and CEO Randall Stephenson. In 2018, according to the Summary Compensation Table in this year's proxy statement, Mr. Stephenson received total compensation of \$29,118,118. As of 12/31/2018, the value of Stephenson's pension benefit was estimated to be \$60,523,975.

This is the second year public companies must report the relationship between CEO pay and the median compensation at the company (see pp. 92-93 of the proxy statement). At AT&T in 2018 the ratio was 304 to 1.

RECOMMENDATION FOR ITEM 3: VOTE AGAINST.

STOCKHOLDER PROPOSAL

ITEM 4. INDEPENDENT CHAIR

This proposal from Kenneth Steiner, Independent shareholder, requests that the Chair of AT&T's Board of Directors be independent – that is, not employed by AT&T. This proposal is supported by many institutional shareholders because it is a structure designed to assure greater board oversight of management. Last year it received 37.99% of the vote at AT&T. Both the Council of Institutional Investors and CalPERS – the California Public Employee Retirement System – recommend independent Board Chairs. Currently Randall Stephenson is both Chairman of the Board and Chief Executive Officer of the corporation. The company argues that AT&T “can more effectively execute its strategy and business plans to maximize stockholder value if the Chairman of the Board is also responsible for the Company’s operations on a daily basis.” This argument can be used to justify anything and should be dismissed. The company also argues that AT&T already has a lead independent director (Matthew K. Rose), which accomplishes the same goal. CWA believes that a lead director is not an adequate substitute for an independent chair because it is the chair who exercises authority over board business and oversight of management.

RECOMMENDATION FOR ITEM 4: VOTE FOR.