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1934 Act/ Rule 14a-8

January 19, 2007

U.S. Securities and Exchange Commission  
Division of Corporation Finance  
Office of Chief Counsel  
100 F Street, N.E.  
Washington, DC 20549

Re: AT&T Inc. 2007 Annual Meeting – Stockholder Proposal of Jeremy Kagan  
on Behalf of As You Sow Foundation

Ladies and Gentlemen:

We refer to the recent letter, dated January 9, 2007, from Jonas D. Kron, on behalf of As You Sow Foundation, Jeremy Kagan, Jeffery Hersh, Calvert Asset Management Company, Inc., Larry Fahn, The Adrian Dominican Sisters and Camilla Madden Charitable Trust (the "Proponents") asking the Staff not to concur in AT&T Inc.'s ("AT&T") conclusion, as described in our letter to you of December 11, 2006, that AT&T may omit the proposal submitted by As You Sow, on behalf of Jeremy Kagan, on October 27, 2006 (the "Proposal") from the proxy statement for its 2007 Annual Meeting.

Pursuant to Rule 14a-8(j), enclosed are six copies of this letter. A copy of this letter is also being mailed concurrently to Jonas D. Kron.

This letter addresses the issues raised by Mr. Kron in his January 9, 2007 letter and should be read in conjunction with AT&T's original letter dated December 11, 2006.

Mr. Kron's extensive letter objects to AT&T's exclusion of the Proposal on each of the grounds asserted by AT&T. We believe Mr. Kron's points do not warrant a similarly extensive response, as we have already set forth our position on them in our December 11<sup>th</sup> letter. Nevertheless, we set forth below our general views regarding Mr. Kron's letter.

**The Proposal May be Omitted Pursuant to Rule 14a-8(i)(2) Because Implementing the Proposal Would Cause AT&T to Violate Federal Law.**

Mr. Kron's argument against exclusion of the Proposal under Rule 14a-8(i)(2) lacks merit because it fails to address most of the arguments made and the relevant legal authority cited in the legal opinion of Sidley Austin LLP, which was attached as Attachment A to AT&T's letter dated December 11, 2006 (the "Sidley Austin Opinion"). Rather than address the arguments made in the Sidley Austin Opinion, Mr. Kron's letter attacks strawman positions upon which the Sidley Austin Opinion does not rely, misconstrues a federal court decision that does not address the relevant issues, and attempts to recast the Proposal in a manner that is inconsistent with its plain language and import. Mr. Kron's arguments do nothing to contradict AT&T's original position that implementing the Proposal would cause AT&T to violate the law. Having considered the arguments made in Mr. Kron's letter, Sidley Austin has nevertheless confirmed their earlier opinion that implementing the Proposal would cause AT&T to violate numerous federal laws (a copy of the confirming Sidley Austin opinion is enclosed with this letter as Exhibit 1).

**The Proposal May be Omitted Pursuant to Rule 14a-8(i)(7) Because it Relates to Ordinary Business Matters.**

*The Proposal relates to ordinary business matters of customer privacy and does not implicate any significant public policy concerns.*

Mr. Kron's arguments with respect to the Proposal's "substantial policy considerations" seem to mischaracterize the magnitude of the privacy concerns purported to be implicated by the Proposal. On the contrary, these concerns do not rise to the level of significance required to overcome a company's ability to exclude a proposal as relating to matters of its ordinary business. The Staff has already concluded in *Bank of America Corp.* (February 21, 2006) that any social policy concerns implicated by a shareholder proposal very similar to the Proposal were not significant enough to override management's legitimate need for overseeing the company's daily business operations. Responding to several recent security breaches involving the company, the proposal in *Bank of America Corp.* requested the company to report on its "policies and procedures for ensuring that all personal and private information pertaining to all Bank of America customers will remain confidential." Similarly, the Proposal requests AT&T to produce a report assessing customer privacy issues and AT&T's policies and procedures for addressing such issues in response to a perceived breach of that privacy. The policy considerations purportedly implicated by the Proposal are no more "substantial" than those which the Staff considered in making its determination that *Bank of America* could nevertheless exclude the proposal under Rule 14a-8(i)(7).

The fact that the Proposal also asks for a description of "additional policies," as Mr. Kron highlights, does not distinguish the Proposal from the one excluded in

Bank of America Corp. in any meaningful way. Consideration of any policies and/or procedures regarding the privacy of customer records is a fundamental part of a company's day-to-day business operations, regardless of whether the company is reciting its current policies or evaluating the possibility of additional policies.

Furthermore, although Mr. Kron's letter cites Cisco Systems Inc. as support for his position, it conveniently ignores the numerous precedents cited by AT&T where the Staff has allowed companies to omit shareholder proposals that address ordinary business matters, even though they might also implicate public policy concerns: Microsoft (September 29, 2006) (excluding a proposal asking the company to evaluate the impact of expanded government regulation of the internet); Pfizer Inc. (January 24, 2006) and Marathon Oil (January 23, 2006) (excluding proposals requesting inward-looking reports on the economic effects of HIV/AIDS, tuberculosis and malaria pandemics on the companies' business strategies and risk profiles).

*The Proposal relates to ongoing litigation involving AT&T.*

Mr. Kron's objection to AT&T's argument that the Proposal relates to the company's ongoing litigation is that the "Proposal does not expressly, let alone impliedly, request the Company to...do anything that could be said to involve whether or how the Company will litigate the cases." However, contrary to Mr. Kron's opinion, the Proposal does request AT&T to do just that – specifically, it requires AT&T to produce a report on the very same matters which are the very heart of the multiple pending lawsuits and other proceedings that AT&T is currently defending. Compliance with the Proposal would require AT&T to produce information that goes directly to the substance of these lawsuits and other proceedings, thereby dictating how the company will proceed with the discovery process in these various litigations. In fact, Mr. Kron concedes that AT&T has supplied numerous examples of cases in which the Staff has permitted the exclusion of shareholder "proposals requesting certain actions to be taken by the company that were expressly and directly linked to specific actions in specific pending or contemplated litigation." Rather than addressing AT&T's argument that the Proposal interferes with the company's ongoing litigation by essentially sidestepping the discovery process, Mr. Kron simply concludes that the Proposal does not require AT&T to do anything that would affect its current litigation strategy.

Moreover, in his lengthy discussion and rebuttal of the cases cited by AT&T, Mr. Kron fails to point out that the standard announced in all of those cases is that a company may exclude a shareholder proposal under the ordinary business exception of Rule 14a-8(i)(7) when the subject matter of the proposal is the same as or similar to that which is at the heart of litigation in which the company is then involved. The Proposal satisfies this standard. Although Mr. Kron attempts to re-characterize the Proposal in more innocuous terms (the Proposal contemplates "reporting on the overarching policy issues, descriptions of alternative future

policies, and general descriptions of past expenditures”), the full text of the Proposal makes it abundantly clear that the Proposal addresses exactly the same subject matter and seeks exactly the same information that is central to the multiple pending lawsuits and other proceedings in which AT&T is currently involved.

*The Proposal relates to matters of legal compliance.*

Mr. Kron makes the assertion that the Proposal can not be excluded as relating to the ordinary matters of conducting a legal compliance program because, as distinguished from the proposals in the numerous no-action precedents cited by AT&T, the Proposal requests a report on additional measures that the company can take to ensure customer privacy within its “existing legal compliance mechanism.” However, Mr. Kron does little more than simply state his point without providing any explanation as to why discussion of a company’s existing legal compliance mechanism relates any less to matters of legal compliance than the creation of new legal compliance structure. Proposals requesting the company to report on matters of its compliance with the law and of its relationship with government agencies, whether within a legal compliance structure that the company currently has in place or one which the proposal requests the company to develop, relate to matters of ordinary business. As Mr. Kron’s letter itself points out, the Staff has permitted both the exclusion of shareholder proposals that require the company to report on its current legal compliance policies and those that require the company to establish new ones. Therefore, the distinctions that Mr. Kron draws between the cases cited by AT&T in support of its argument and the Proposal are largely irrelevant.

*The Proposal involves AT&T in the political or legislative process.*

Mr. Kron’s objection to excluding the Proposal as involving AT&T in the political or legislative process is that the Proposal “does not seek an evaluation, expressly or implicitly, of any legislative or regulatory proposals.” This notion is misguided. It is clear from the terms of the Proposal and the cover letter accompanying the Proposal that the Proponents believe that AT&T has participated in government surveillance programs, which the Proponent’s oppose, and they request management to evaluate the impact that these alleged programs would have on the company’s business operations and its customers. This is certainly the type of involvement in the political process that the Staff has categorized as a matter of ordinary business, which is best left to the judgment of management. See, International Business Machines Corp. (March 2, 2000); Electronic Data Systems Corp. (March 24, 2000); Niagara Mohawk Holdings, Inc. (March 5, 2001).

**The Proposal May be Omitted Pursuant to Rules 14a-8(i)(3) and 14a-8(i)(6) Because it is Vague and Indefinite and, As Such, Impossible for AT&T to Implement**

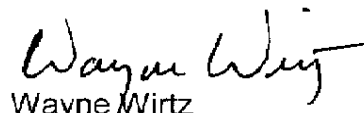
In his objection to AT&T's exclusion of the Proposal as vague and indefinite, Mr. Kron once again completely ignores AT&T's line of reasoning and focuses instead on a painstaking analysis of every minute aspect in which the Proposal differs from the proposals excluded in the precedents cited by AT&T. In fact, AT&T cited these cases simply to illustrate the Staff's long-held position that the terms of the proposal can be so vague and indefinite so as to justify its exclusion pursuant to Rule 13a-8(i)(3)'s prohibition on false and misleading statements. When read as a whole, the Proposal is intrinsically and irreconcilably contradictory. Mr. Kron has failed to point anything in the Staff's interpretations that indicates that the only basis for excluding a proposal under the vague and indefinite standard is when individual words contained in the proposal are subject to differing definitions. To the contrary, the standard adopted by the Staff is that a proposal can be excluded if "the resolution contained in the proposal is so inherently vague or indefinite that neither the stockholders voting on the proposal, nor the company in implementing the proposal (if adopted), would be able to determine with any reasonable certainty what actions or measures the proposal requires." Staff Legal Bulletin No. 14B (CF) (September 15, 2004). The Proposal satisfies this standard.

As previously discussed above, Mr. Kron's arguments as to why the information required by the Proposal is not confidential are unconvincing. Therefore, the Proposal by its own terms, is inherently contradictory - according to the Proposal, AT&T is, at the same time, required to provide information and permitted to exclude the same information. The resolution's conflicting mandates make the Proposal inherently vague and indefinite and, as such, impossible for AT&T to implement.

\* \* \*

For the reasons set forth above, AT&T continues to believe that it may omit the Proposal from its 2007 proxy statement under Rule 14a-8. Please acknowledge receipt of this letter by date-stamping and returning the extra enclosed copy of this letter in the enclosed self-addressed envelope.

Sincerely,

  
Wayne Wirtz  
Assistant General Counsel

Enclosures

cc: Jonas D. Kron



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January 22, 2007

Board of Directors  
AT&T Inc.  
c/o James D. Ellis  
General Counsel  
175 E. Houston, Room 205  
San Antonio, Texas 78205

Re: Shareholder Proposal

Ladies and Gentlemen:

By our letter of November 22, 2006, we provided our legal opinion ("Legal Opinion") regarding a shareholder proposal submitted by Jeremy Kagan along with several co-filers on October 24, 2006 (the "Proposal") to AT&T, Inc. for inclusion in its 2007 proxy statement.

We have now been asked to review the conclusions in our Legal Opinion in light of the submission to the United States Securities and Exchange Commission regarding the Proposal made by Jonas D. Kron, dated January 9, 2007 ("Kron Letter"). Nothing contained in the Kron Letter causes us to change the conclusions set forth in our Legal Opinion.

This letter is subject to, and we incorporate herein by reference, all of the provisions, conditions and limitations set forth in our Legal Opinion.

Very truly yours,

A handwritten signature in cursive script that reads "Sidley Austin LLP".

Sidley Austin LLP