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

Re: Shareholder Proposal Submitted to AT&T Inc. for 2007 Proxy Statement

Dear Sir/Madam:

On behalf of AT&T shareholders As You Sow Foundation, Jeremy Kagan, Jeffery Hersh, Calvert Asset Management Company, Inc., Larry Fahn, The Adrian Dominican Sisters, and Camilla Madden Charitable Trust (“Proponents”) this letter is a response to AT&T Incorporated's (“the Company”) second letter on this matter, dated January 19, 2007, which was inexplicably not received by this office until January 31st, a full 12 days later.

Pursuant to Rule 14a-8(k), enclosed are six copies of this letter and enclosure. A copy of these materials is being mailed concurrently to AT&T Inc. Assistant General Counsel Wayne A Wirtz.

In the interest of time I have responded to the Company's January 19th letter as quickly as possible, but would like to take this opportunity to express distaste at the way in which this matter has transpired, and my concern that the Proponents have indeed been prejudiced.

On February 2, 2007 I received a phone call from Special Counsel Ted Yu asking when I received AT&T's January 19th letter. I informed him that I received the letter on January 31, 2007 and that the envelope was USPS post-marked January 25, 2007 (see attached copy of the postmarked envelope from AT&T). Mr. Yu informed me that the Staff had received the letter on January 23, 2007 – apparently two days before it was mailed to me.

Query: why is it that AT&T could not deliver its January 19th letter to me (or to the Proponents themselves) via overnight delivery as it had done with the original no-action request of December 11, 2006? Could the Company not have sent the letter, only 5 pages in length, via e-mail or fax, to allow for a timely delivery? How can the Company explain the fact that they did not even send a copy of their January 19th letter via the U.S. mail (i.e. in the slowest manner possible) until 2 days *after it was received* by SEC Staff. The result of AT&T's conduct has been to prejudice the Proponents by hampering our ability to prepare a timely reply in a time-critical proceeding before the SEC Staff.

While the Company's strenuous attempts to bolster its original contentions and, regrettably, disparage our

intentions and analysis are noted, we continue to stand by our January 9th letter to the Staff. Mindful of the need for conciseness, we would respectfully like to address the Company's latest assertions as briefly as possible.

I. The Company Can Implement the Proposal Without Violating the Law.

Contrary to the Company's contention that the Proponents did not adequately address its arguments on Rule 14a-8(i)(2), the comprehensive analysis we provided was in direct response to the very few specific arguments made by the Company. For the most part, AT&T and Mr. Austin made a lengthy presentation of some aspects of national security law without making any attempt to connect that law to the facts of this case. In those rare instances that they did, we responded fully and directly and, accordingly, will let our January 9th letter speak for itself (see especially pages 4 - 9).

Similarly, because of the brevity of AT&T's assertions it is not at all clear in what way the Company believes we misconstrued the Hon. Judge Walker's July 20, 2006 Order. If the Company believes that Judge Walker's lengthy and well reasoned opinion stands for something different, it is imperative that they share their interpretation with us at this time. All parties would appreciate at least some explanation of how the Company interprets Judge Walker's decision. The Company has had the opportunity to explain why the findings in the Order are inapplicable and has not done so. In contrast, we have provided the Staff with a full discussion of the Order and respectfully request the Staff concur with that analysis.

Additionally, the Company has failed to demonstrate how we attempted to "recast" the Proposal – it simply asserts that baseless accusation. We believe the Proposal is clear and informative and have successfully responded to AT&T's attempts to confound or confuse its meaning. To reiterate, the Proposal reads as follows:

RESOLVED: That shareholders request that the Board of Directors issue a report to shareholders in six months, at reasonable cost and excluding confidential and proprietary information, which describes the following:

- The overarching technical, legal and ethical policy issues surrounding (a) disclosure of the content of customer communications and records to the Federal Bureau of Investigation, NSA and other government agencies without a warrant and its effect on the privacy rights of AT&T's customers and (b) notifying customers whose information has been shared with such agencies;
- Any additional policies, procedures or technologies AT&T could implement to further ensure (a) the integrity of customers' privacy rights and the confidentiality of customer information, and (b) that customer information is only released when required by law; and
- AT&T's past expenditures on attorney's fees, experts fees, operations, lobbying and public relations/media expenses, relating to this alleged program.

There is nothing in our letter that runs contrary to this language. If the Company disagrees, it is incumbent upon AT&T to provide some specificity so that we may respond. We are unable to do anymore than disagree with such bald assertions and respectfully request the Staff to concur with our position.

In sum, it is abundantly clear that the Company would be able to implement the Proposal without violating the law. Whether it be the compelling conclusions of the Hon. Judge Walker or the plain

meaning of the Proposal, in both cases it is apparent that the Proposal simply asks the Company to discuss the privacy issues facing the Company at an appropriately general level that will not violate the law. These issues are already being discussed in the public square, in Congress, in several courts and they rightfully should be discussed by the Company with its shareholders as well.

II. The Proposal is Focused on Significant Social Policy Issues.

The Company next contends that our arguments “mischaracterize the magnitude of the privacy concerns”. While the Company may wish that this issue did not garner so much scrutiny, its opinion apparently is not shared by 67% of Americans, the media, members of Congress, federal regulators, state utility regulators or investors who all seem to think that it is a significant issue that warrants attention. One only needs to open the newspaper or do a brief online search to confirm that this issue continues to attract considerable attention, in the media and elsewhere, on a regular basis. We believe the lengthy examples previously provided to the Staff (see our January 9th letter at pages 11 and 12) more than demonstrate that the proposal addresses “significant policy, economic or other implications”. *Roosevelt v. E.I. DuPont de Nemours & Company*, 958 F. 2d 416 (DC Cir. 1992) at 426.

With respect to the Company's reference to *Bank of America Corp.* (February 21, 2006) we stand by our analysis that it is not analogous to our Proposal because it was limited to a recitation of compliance policies. As discussed at length in our January 9th letter, such proposals are properly excluded. In addition, that proposal did not raise Constitutional issues or concerns about fundamental American rights and thus to say that the two proposals address the same subject matter is simply false. Furthermore, the dearth of any meaningful discussion of the issues raised in *Bank of America* by that proposal's proponent means that the Staff's conclusion was reached without the benefit of a complete discussion of privacy issues. Consequently, that proposal cannot be the basis for an exclusion in this matter.

We also note that the Company did not dispute our analysis regarding *Applied Digital Solutions, Inc.* (March 25, 2006) which demonstrated that the Company erroneously cited to that ruling. Nor have they objected to the applicability of *Cisco Systems Inc.* (July 13, 2002) which stands for the proposition that constitutional protections and respect for individual rights are indeed significant social policy issues. Accordingly, we respectfully request the Staff conclude that the weight of past no-action letters is on the Proponents' side and concur that this Proposal is permissible.

Finally, the Company's references to *Microsoft* (September 29, 2006); *Pfizer Inc.* (January 24, 2006); and *Marathon Oil* (January 23, 2006) are completely misplaced because those proposals evidently did not implicate any significant social policy issues. With respect to *Microsoft*, that proposal, similar to *Bank of America Corp.* (February 21, 2006), was focused exclusively on financial issues and did not address large social policy issues like the United States Constitution and US citizens' fundamental right to privacy. Similarly, the *Pfizer* and *Marathon Oil* proposals were focused on “the **economic** effects of the HIV/AIDS, Tuberculosis and Malaria pandemics on our Company's **business** strategy.” (emphasis added). Those two proposals were excluded as implicating an “evaluation of risk” - a unique circumstance that was addressed in Staff Legal Bulletin 14C. The Company has not made any evaluation of risk argument and therefore the proposals in those cases are irrelevant. Consequently, to equate these three proposals, which were focused solely on company specific financial issues as opposed to significant policy issues that transcend the ordinary business of the company, is to misapprehend the meaning of those proposals.

We would urge the Staff, especially in light of the Second Circuit's reaffirmation in *AFSCME v. AIG*,

Docket No. 05-2825-cv of the importance of the Staff adhering to its 1976 and 1998 Interpretive Releases, and to base its decision here on the rule that companies may only exclude proposals that “do not involve *any* substantial policy or other considerations”. 1976 Interpretive Release (emphasis added). Under that standard, the Company has simply not met its burden. It remains clear that these issues are beyond all doubt significant social policy issues that have captured the attention of millions of Americans, as well as elected representatives at the federal, state and local levels. There is no doubt whatsoever that consumer privacy is also of major concern to investors.¹

III. The Proposal Does not Wrongfully Relate to Ongoing Litigation.

With respect to the Company's reiteration of its litigation argument we do not have anything to add. The Proposal speaks for itself and contrary to the Company's assertion, we have not misrepresented or, in any way, mischaracterized its appropriate level of generality or its rightful focus on significant policy issues, as opposed to litigation details. We stand by our thorough and accurate analysis of no-action letters concerning litigation. It is evident from that analysis that the Proposal is appropriate because it does not request the Company to bring an action in court, to sue anyone, to make settlement payments, to implement regulations, forgo appellate rights or do anything that could be said to involve whether or how the Company will litigate the cases. While the Company would seem to prefer that the Rule exclude proposals that in some way implicate litigation, it simply does not do that.

IV. The Proposal Appropriately Requests that the Company Consider Additional Policies Within the Company's Existing Compliance Structure.

The Company contends that the distinctions we have made with respect to legal compliance issues are irrelevant. We respectfully disagree. It is clear from many Staff letters that the distinction we drew is a valid and meaningful one. We will not take up the Staff's time with a recitation of our analysis and would ask the Staff to review Section II.B.3 of our January 9th letter and concur with the analysis therein.

V. The Proposal is Proper Because it Does Not Seek an Evaluation of a Specific Legislative Proposal.

Despite the Company's attempt to draw attention away from the law on this issue and cast aspersions on the Proponent's intentions, the fact remains that the SEC Staff has concluded on numerous occasions that proposals which *do* involve companies in the political or legislative process are permissible. The Company does not take any steps in its letter to distinguish the cases we cite or refute our analysis and therefore our conclusions stand. As previously explained in our January 9th letter, the Proposal does not seek an evaluation, expressly or implicitly, of *any* legislative or regulatory proposal and therefore must be ruled as permissible. Under Rule 14a-8(g) “the burden is on the company to demonstrate that it is entitled to exclude a proposal” and it is clear in this line of argument, as in all of the Company's arguments, that it has not met this burden.

VI. The Proposal Does Not Violate the Law and Has Struck the Proper Balance Between Specificity and Generality, Therefore the Company Has the Power and Authority to Implement The Proposal.

The Company finally argues that we have ignored the Company's line of reasoning with respect to vagueness. We could not disagree more. In response we would simply point the Staff and the Company to the second and

¹ A very recent demonstration of investor concern can be found in the January 17, 2007 report released by one of the largest asset management firms in Europe, F&C Asset Management plc. This report, entitled *Managing Access, Security & Privacy in the Global Digital Economy*, focuses on the core risks facing technology, media and telecom companies surrounding the issues of access, security and privacy. <<http://www.itsecurity.com/press-releases/press-release-access-privacy-telecommunications-011707/>>

last paragraphs of Section III of our January 9th letter as an example of how we addressed AT&T's argument. The Company's entire vagueness argument is based upon the premise that the "state secrets" privilege makes any discussion of these issues forbidden and therefore the Proposal has irreconcilable conflicts within its requests that would result in a meaningless report. Our primary response to the Company's vagueness argument (the "state secrets" argument) is contained in Section I of our January 9th letter and therefore we appropriately referred to Section I of our January 9th letter. The essence of our analysis is that Judge Walker concluded that the existence of the Programs and AT&T's participation is not a secret. As such, it is not impossible to implement the Proposal. Rather, the Company can implement the Proposal and respect the needs of confidentiality without misleading shareholders, violating the law or creating a meaningless report. Therefore, Rules 14a-8(i)(3) and 14a-8(i)(6) do not apply and cannot be a basis for excluding the Proposal.

Conclusion

For the reasons given above and in our more extensive letter of January 9, 2007 the Proponents, with all respect, request that the Staff inform the Company that SEC proxy rules require denial of AT&T's no-action request. As demonstrated in our two letters, the Proposal focuses on a critical social policy issue facing the nation and the Company and does so in a manner that does not cause AT&T to violate the law and does not mislead shareholders. Consequently, the Company has not met its burden under Rule 14a-8. Therefore, we are of the opinion that the Proposal must be included in the Company's 2007 proxy materials.

As previously noted, we request that this matter be taken up by the full Commission in the event that the Staff is inclined to rule in the Company's favor.

Please call me at (971) 222-3366 with any questions in connection with this matter, or if the Staff wishes any further information. Thank you for your consideration of this matter.

Sincerely,



Jonas Kron
Attorney at Law

enclosure

cc: Wayne A. Wirtz, Assistant General Counsel, Legal Department, AT&T Inc.
As You Sow senior staff
As You Sow Board of Directors
Adrian Dominican Sisters
Calvert Group
Jeremy Kagan
Larry Fahn
Jeffry Hersh