

## **AT&T INC. CORPORATE GOVERNANCE GUIDELINES**

The Board of Directors of AT&T Inc. ("AT&T") acting on the recommendation of its Governance and Policy Committee, has developed and adopted the following corporate governance guidelines ("Guidelines") to promote the functioning of the Board of Directors ("Board") and its Committees and to set forth a common set of expectations as to how the Board should perform its functions.

These Guidelines (along with the charters of the Board Committees as well as AT&T's Code of Ethics) are published on AT&T's website and are available in print to any stockholder who requests them. The guidelines are reviewed periodically by the Governance and Policy Committee and modified as appropriate, in accordance with the Committee's charter.

### **Board Composition and Selection**

**1. Board Size.** Under AT&T's Bylaws, the Board has the authority to fix, from time to time, the size of the Board and to fill vacancies that may occur between meetings of the stockholders. The Board periodically evaluates whether a larger or smaller board would be preferable, depending upon the needs of the Board and availability of qualified candidates. It is the sense of the Board that the size of the Board range from 9 to 12 members.

**2. Selection of Nominees.** The Board is responsible for selecting the Board's nominees for election to the Board and evaluating all candidates nominated by stockholders with respect to both their eligibility and their suitability to serve. The Governance and Policy Committee will consult with the Chairman of the Board or, if applicable, the Lead Director, and with the Chief Executive Officer regarding all candidates.

### **3. Qualification Standards.**

A. Membership Criteria. In evaluating the eligibility of candidates, the Board and the Governance and Policy Committee take into account whether the candidate was nominated in accordance with the Company's Certificate of Incorporation and Bylaws and applicable law. In evaluating the suitability of candidates, the Board and the Governance and Policy Committee take into account many factors, including: (i) a candidate's general understanding of key considerations relevant to the success of a large publicly traded company in the current business environment, (ii) a candidate's understanding of AT&T's business, (iii) a candidate's education, and professional background, (iv) whether the candidate's service as a Director would violate any applicable law (including Section 8 of the Clayton Act), (v) whether the candidate then qualifies as an "independent director" under the applicable rules of the New York Stock Exchange and the rules and regulations of the SEC; (vi) whether the candidate otherwise satisfies the applicable guidelines and policies with respect to service on the Board, (vii) the candidate's judgment, competence, anticipated participation in Board activities, experience, geographic location and special talents or personal attributes and whether the candidate is capable of devoting the necessary time to discharge their duties, taking into account memberships on other boards and other responsibilities, and (viii) that the composition of the Board should encompass a broad range of skills, expertise, industry knowledge, and contacts relevant to AT&T's business. When evaluating the suitability of

an incumbent Director for nomination for reelection, the Board and the Governance and Policy Committee also consider the Director's past performance, including attendance at meetings and participation in and contributions to the activities of the Board as well as the Director's ability to make contributions after any significant change in circumstances (including changes in employment or professional status). The Board and the Governance and Policy Committee's assessment as to any lack of suitability of a particular candidate nominated by stockholders will not render the candidate ineligible or form a basis to disqualify a candidate from inclusion on the Company's proxy card in accordance with Rule 14a-19 under the Exchange Act of 1934, as amended, but may inform the Board's and the Governance and Policy Committee's recommendation of, or determination not to recommend, the candidate for nomination.

**B. Independence.** A substantial majority of the Directors of the Board shall be "independent" in accordance with the listing standards of the New York Stock Exchange. The Board, on an annual basis, reviews the independence of all Directors, affirmatively makes a determination as to the independence of each Director, and discloses those determinations. For a Director to be "independent," the Board must affirmatively determine that, in its business judgment, the Director has no material relationship with AT&T, either directly or as a partner, shareholder or officer of an organization that has a relationship with AT&T except as a Director. In making that determination, the Board adheres to the independence requirements of the New York Stock Exchange and SEC rules.

**4. Term.** Directors are elected annually to one-year terms. The Board does not have established term limits. Directors who have served on the Board for an extended period can provide valuable insight into the operations and future of the Company based on their experience with, and understanding of, the Company's history, policies, and objectives. As an alternative to term limits, the Board seeks to maintain an average tenure of ten years or less for its independent Directors.

**5. Retirement Policy.** A Director will not be re-nominated for election by the Board if he or she would be 75 or older at the time of the election.

**6. Other Directorships.** It is the expectation of the Board that every member have sufficient time to commit to preparation for attendance at Board and Committee meetings. Therefore, it is the sense of the Board that no Director should serve on more than three other boards of publicly traded companies unless the Director demonstrates to the Governance and Policy Committee that such additional service will not interfere with his or her performance as a Director of AT&T. In addition, no member of the Audit Committee may serve on more than two other audit committees of publicly traded companies, unless the Board determines that such simultaneous service would not impair the ability of such member to effectively serve on the AT&T Audit Committee. Directors should advise the Chairperson of the Governance and Policy Committee and the Chairman of the Board in advance of (i) accepting an invitation to serve on another board of directors, or (ii) significant commitments involving affiliation with other businesses or governmental units. Service on boards and/or committees of other organizations should be consistent with AT&T's conflict of interest policies as set forth in AT&T's Code of Ethics.

## **Director Responsibilities**

**7. Oversight of AT&T.** The business and affairs of the Company shall be managed by or under the direction of the Board in accordance with Delaware law. In performing their duties, the primary responsibility of the Directors is to exercise their business judgment in the best interests of the Company. The Board has developed a number of specific expectations of Directors, set forth in these Guidelines, to promote the discharge of this responsibility and the efficient conduct of the Board's business.

In performing its functions, the Board and its Committees, as necessary and appropriate, have access to and are entitled to rely on the advice, reports and opinions of management, counsel, accountants, auditors and other expert advisors.

Directors may contact the Chief Executive Officer at any time to discuss any aspect of the Company's business. Directors also have complete access to other members of management, including in-house counsel, internal auditors, and accountants; provided, however, Directors should avoid interfering with the day-to-day effectiveness of management. The Board expects that there will be frequent opportunities for Directors to meet with the Chief Executive Officer and other members of management in Board and Committee meetings and in other formal or informal settings. Further, the Board encourages senior management to, from time to time, bring managers into Board meetings who: (a) can provide additional insight into the items being discussed because of personal involvement and substantial knowledge in those areas, and/or (b) are managers with future potential that senior management believes should be given exposure to the Board.

**8. Commitment, Attendance and Participation.** Directors are expected to attend Board meetings and meetings of Board Committees of which they are members and the Annual Meeting. Directors should devote appropriate time to Board materials in advance of meetings and be sufficiently familiar with AT&T's business (including financial statements, capital structure, risks and competition) to facilitate active and effective participation in Board and Committee deliberations. The Company will make appropriate personnel available to answer Directors' questions about aspects of AT&T's business and to provide assistance to the Board and its Committees.

**9. Loyalty and Ethics.** Directors should comply with their duty of loyalty to the Company in accordance with Delaware law. Certain portions of AT&T's Code of Ethics, discussed below in Section 28, deal with activities of Directors, particularly with respect to transactions in the securities of the Company, potential conflicts of interest, the taking of corporate opportunities for personal use, and competing with the Company. Directors should devote appropriate time to familiarize themselves with the Code's provisions in these areas and should consult with the Company's counsel in the event of any issues.

**10. Confidentiality.** The proceedings and deliberations of the Board and its Committees are confidential. Each Director shall maintain the confidentiality of information received in connection with his or her service as a Director.

**11. Board Meetings.** The Board sets the schedule for regular Board meetings which will be held as frequently as needed. In addition to regularly scheduled meetings, special Board meetings may be called in accordance with the Bylaws at any time to address specific needs of the Corporation. The Board may also take action in writing and without a meeting if all the members of the Board sign a written consent.

Management will seek, to the extent practical, to provide to all Directors appropriate materials three to five days in advance of meetings, although the Board recognizes that this will not always be consistent with the timing of transactions and the operations of the business and that in certain cases, due to the sensitive nature of the matter, it may not be appropriate. Materials presented to the Board or its Committees should provide the information needed for the Directors to make an informed judgment.

**Board Leadership.** The Board is responsible for the selection of the Chairman of the Board (the “Chairman”). The Governance and Policy Committee will periodically review and make recommendations to the Board regarding the Board’s leadership structure. The Chairman shall be selected by the independent Directors to serve a term decided at the time of the selection.

In the event Directors select a Chairman who is not determined to be independent as described in Section 3.B above, the independent Directors shall also select from the Board’s then-existing independent directors a Lead Director to serve a term decided by the Directors at the time of the selection. The Lead Director shall act as the principal liaison between the non-management Directors, the Chairman, and the Chief Executive Officer and shall coordinate the activities of the non-management Directors when acting as a group. The Lead Director shall preside at meetings of the Board at which the Chairman is not present. The Lead Director may require information relating to any matter be distributed to the Board.

The Chairman, or the Lead Director if the Chairman is not independent, shall:

- preside at executive sessions of the non-management Directors and prepare the agenda for such meetings. Any Director may request that an item be added to the agenda for an executive session.
- have the authority to call meetings of the non-management Directors in addition to the regularly scheduled meetings.
- approve the agenda for each Board meeting, in consultation with the Chairman and/or the Chief Executive Officer, as applicable.
- approve meeting schedules to ensure there is sufficient time for discussion of all agenda items. Each Board member is free to suggest the inclusion of items on the agenda.
- if requested by major stockholders, ensure that he or she is available for consultation and direct communication and act as a contact for other interested persons.
- share with other Directors, as he or she deems appropriate, letters and other contacts he or she receives.
- contact management to obtain such additional information relating to contacts by interested persons as he or she may require from time to time.

**12. Executive Sessions of Non-Management Directors.** The non-management Directors will meet in executive session, *i.e.*, with no management Directors or management personnel present, no less frequently than quarterly, as determined by the Chairman or, if applicable, the Lead Director, or when a Director makes a request.

**13. Contacting the Board of Directors.** Interested persons may contact the Board of Directors, the non-management Directors, the Chairman, the Lead Director (if any), or any other individual Directors by sending their letters or written comments through the Office of the Secretary of the Company. In addition, in the event a person desires to submit a concern or complaint regarding accounting, internal accounting controls or auditing matters, they may do so by using various confidential methods provided on AT&T's web site at [www.att.com](http://www.att.com). Depending on the significance of the matter, the Office of the Secretary will either summarize submissions for the relevant Directors, keeping the originals available for inspection by the Directors, or the Office will forward the original materials as addressed. Submissions will be kept confidential if requested.

## **Committees**

**15. Board Committees.** The Board has established the following primary Committees: Audit Committee, Corporate Development and Finance Committee, Governance and Policy Committee, Executive Committee and Human Resources Committee. Each of these Committees has a written charter setting forth its responsibilities, duties and authorities. The Board may add new Committees or remove existing Committees as it deems advisable for purposes of fulfilling its primary responsibilities.

**16. Committee Composition.** Each of the Governance and Policy Committee, the Audit Committee and the Human Resources Committee is composed of at least three Directors, and each such Director is independent in accordance with the listing standards of the New York Stock Exchange and any additional independence requirements of the Board. In addition, no member of the Audit Committee may receive any consulting, advisory, or other compensatory fee from AT&T, other than fees for serving on the Board or a Committee.

**17. Assignment of Committee Members.** The Governance and Policy Committee is responsible, after consultation with the Chairman of the Board or, if applicable, the Lead Director, and other Directors, for the recommendation to the Board of assignment of Board members to various Committees and appointment of Chairpersons.

**18. Committee Agendas.** The Chairperson of each Committee, in consultation with management and members of the Committee, as appropriate, will develop the Committee's agenda for each meeting. All Directors, whether members of a Committee or not, are invited to make suggestions to a Committee Chairperson for additions to the agenda of his or her Committee or to request that an item from a Committee agenda be considered by the Board.

**19. Committee Reports.** After a Committee meets or otherwise takes action, it shall, as soon as practicable, make a report of its activities at a meeting of the Board.

## **Director Orientation and Education**

**20.** Management, working with the Governance and Policy Committee, will provide an orientation process for new Directors, including the Directors' Reference manual and other background material on AT&T's operations and business plans, and meetings with senior management. Periodically, management will prepare additional educational sessions for Directors on matters relevant to AT&T's operations and plans. AT&T shall reimburse Directors for reasonable expenses relating to educational courses and memberships in associations that permit access to educational materials, in each case that reasonably relate to their duties as Directors.

## **Compensation**

**21. Evaluating and Approving Compensation for the Chief Executive Officer.** In accordance with the New York Stock Exchange's requirements, the Human Resources Committee evaluates the performance of the Chief Executive Officer against AT&T's goals and objectives and, after consulting with the Board, approves the compensation level of the Chief Executive Officer, and then reports its actions to the Board.

**22. Director Compensation.** The Board, using the recommendations of the Governance and Policy Committee, conducts a review on an annual basis of the components and amount of Board compensation (including benefits) in relation to other similarly situated companies to ensure that Board compensation is consistent with market practices. Based on that review, the Board adjusts compensation as appropriate. Directors who are also employees of AT&T or its subsidiaries receive no separate compensation for serving as Directors or as members of Board Committees.

**23. Director Stock Ownership.** The Board believes that, in order to align the interests of Directors and stockholders, Directors should have a significant financial stake in the Company. In furtherance of this policy, the Board believes that each Director who has served on the Board for at least five years should own shares of common stock (including deferred shares and stock units where the value is based on the price of the common stock) equal to at least five times the annual base retainer. The Board will evaluate whether exceptions should be made in the case of any Director who, due to his or her unique financial circumstances, would incur a hardship by complying with this requirement.

## **Management Succession**

**24.** At least annually, the Human Resources Committee shall review and make recommendations to the Board regarding the management succession plan, addressing the policies and principles for Chief Executive Officer selection and performance review, as well as policies regarding succession in the event of emergency or retirement.

## **Annual Performance Evaluation of the Board**

**25.** Through a formal survey or other appropriate means, the Governance and Policy Committee leads the Board through an annual self-evaluation process to support the Board's effectiveness and continuous improvement. As soon as possible following completion of each annual self-evaluation, the Governance and Policy Committee shall report the results of the self-evaluation process to the Board.

**26.** Each Committee shall conduct a self-evaluation at least annually and reports the results to the Governance and Policy Committee for further report to the Board. Each Committee's evaluation should compare the performance of the Committee with the requirements of its written charter.

### **Public Interactions and Code of Ethics**

**27. Board's Interaction with Institutional Investors, Press, Customers, Etc.** The Board believes that the management speaks for the Company. Individual Board members may, from time to time at the request of the management, meet or otherwise communicate with various constituencies that are involved with the Company. If comments from the Board are appropriate, they should, in most circumstances, come from the Chairman of the Board.

**28. Code of Ethics.** The Board has adopted a Code of Ethics applicable to members of the Board of Directors and to the officers and employees of AT&T and its consolidated subsidiaries.