

AT&T -- PRIVACY RIGHTS PROTECTION REPORT

WHEREAS: The right to privacy is a long established value, enshrined in the Constitution and decades of U.S. jurisprudence, and cherished by people of all political persuasions; and

Privacy protections serve many important societal purposes: encouraging development of science and knowledge; preventing fraud; and allowing individuals to communicate sensitive information (i.e. health care providers, clergy, brokers); and

AT&T's reputation and good standing may be placed in jeopardy by reports that it has voluntarily provided customer phone records and communications data to the National Security Agency, as first revealed by *USA Today*; and

We believe this alleged practice is seen by millions of Americans, including customers, shareholders and employees of AT&T, as a violation of our customers' privacy expectations and basic right to have phone and e-mail records kept confidential; and

This is an opportunity for our company to take an industry leadership role as a defender of privacy rights and thereby attract new customers. Our customers have the choice to go to other telecommunications companies if they do not agree with the company's practices and may do so. These events could affect, both positively and negatively, the long-term value of our company; and

This alleged program, as described in the *USA Today* report, has resulted in thousands of media stories on the subject and the filing of dozens of lawsuits against AT&T. These cases were brought not only by the American Civil Liberties Union and Electronic Frontier Foundation, but by our own customers in consumer class actions, seeking billions of dollars in damages; and

These allegations pose questions in regard to general respect for the rule of law upon which our democratic system depends; and

In light of the potentially negative uses of today's technology, we believe it is important that AT&T re-examine the steps it takes to protect the values embodied in an individual's right to privacy.

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.

SUPPORTING STATEMENT

We believe it will benefit society, our customers, shareholders and AT&T's long-term value for the company to take a leadership role as protector of privacy rights and to issue this report. The proponents urge a YES vote.