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NOV 20 1987  
OFFICE OF CHIEF COUNSEL  
CORPORATION FINANCE

**Robert E. Scannell**  
Corporate Vice President - Law  
and Secretary

550 Madison Avenue  
New York, NY 10022  
212 644-1000

November 20, 1987

Securities and Exchange Commission  
450 Fifth Street, N.W.  
Washington, DC 20549

PUBLIC AVAILABILITY DATE: 12-10-87  
ACT SECTION RULE  
1934 14(a) 14a- 8

Attention: William Morley, Chief Counsel

Re: American Telephone and Telegraph Company

Dear Mr. Morley:

Norman J. Longfellow, a shareholder of AT&T, has submitted the following proposal for inclusion in the Company's 1988 proxy materials.

"Resolved: That the stockholders of AT&T assembled in annual meeting in person and by proxy, hereby direct the Board of Directors, and thru them the Compensation Committee, take the necessary steps to apply maximum limits to the executive incentive programs, both long and short term, not to exceed percentile limits as set forth herein.

1. Benefit maximum of three-fifths of one percent of outstanding shares of common stock if annual dividend to shareholders is sixty percent (60%) or less of total earnings for the AT&T fiscal year.
2. Benefit maximum of two-fifths of one percent of outstanding shares of common stock if annual dividend to shareholders is sixty one to eighty percent (61% to 80%) of total earnings for the AT&T fiscal year.
3. Benefit maximum of one-fifth of one percent of outstanding shares of common stock if annual dividend to shareholders is eighty-one to ninety-nine percent (81% to 99%) of total earnings for the AT&T fiscal year.
4. No benefit if annual dividend is equal to or exceeds the earnings for the AT&T fiscal year.

"Further Resolved:

- A. No executive would receive more than fifteen (15) percent of their base salary from all incentive plans.

- B. No executive would receive incentive awards of more than one and one half times the percentile of the annual dividend divided by the value of one share of common stock the value of determined on the day the fourth quarter dividend is payable.

(As an example the 1986 dividend of \$1.20 (Per the Annual Report) divided by \$24.95 (Stock price Feb 2, 1987 = 5%) X 1.5 = 7.5%. Therefore an executive making \$500,000.00 could receive a maximum award of \$37,500.00

- C. That no additions or deletions to the executive compensation list take place as a result of this proposal and that the total dollar pool for these programs not be increased because of this proposal.

"Further Resolved: That a list of all managers participating in incentive programs, their base salary, their awards from the incentive programs, and all other compensations they receive from AT&T be detailed in the AT&T Annual Report and the Annual Meeting and Proxy Statement."

AT&T believes this proposal and its supporting statement may be omitted from its proxy materials pursuant to SEC Rules 14a-8(c)(1) and 14a-8(c)(7). First, under the laws of the Company's domicile, the State of New York, certain aspects of the proposal are not a proper subject for action by shareholders; second, the proposal relates to the conduct of ordinary business of the Company.

The proponent suggests that the shareholders direct the Company's Board of Directors to apply maximum limits to executive incentive compensation in accordance with the formulas detailed in the proposal. AT&T has been advised by its attorneys that, to the extent that this proposal relates to cash compensation of employees, New York law provides that employee compensation is a matter committed to the discretion of the Board of Directors. An opinion of the Company's counsel is submitted herewith.

Mr. Longfellow's proposal also may be omitted because it relates to the determination of employee compensation, which is part of the ordinary business of the Company. The Staff of the Securities and Exchange Commission has consistently taken the position that proposals relating to the levels and methods of determining employee compensation do not constitute proper subjects for action by security holders and therefore may be omitted from proxy materials pursuant to the ordinary business exception under Rule 14a-8(c)(7). See Keytronic Corporation (August 25, 1987); The Great Atlantic & Pacific Tea Company, Inc. (April 10, 1987); and Ramada, Inc. (January 9, 1987).

Mr. Longfellow also requests that AT&T include in its Annual Report to shareholders and in its Proxy Statement a list of all managers who participate in the Company's incentive plans, their respective base salaries and the amount of incentive compensation paid to each. As of September 30, 1987, 115,333 AT&T employees participated in the Company's incentive plans. Publishing the requested information would be burdensome and costly and would not provide relevant information to the Company's shareholders. Moreover, Schedule 14A promulgated by the Securities and Exchange Commission, in conformity with which the Company's proxy statement must be prepared, specifies the individuals and groups for which detailed compensation information must be provided.

In accordance with the requirements of Rule 14a-8(d), the following items are included herewith:

1. Six copies of the complete text of the shareholder's proposal; and
2. Six copies of the opinion of H. John Hokenson, Esq.; and
3. Five additional copies of this letter which includes the reasons why the proposal may properly be omitted from AT&T's 1988 proxy materials.

By sending the shareholder a copy of this letter, we are advising Mr. Longfellow that AT&T intends to omit his proposal from its 1988 proxy materials.

Very truly yours,



Enclosures

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RECEIVED

OCT 27 1987

SECRETARY'S OFFICE  
AT&T

18 EDGEHILL ROAD  
GIBBSBORO, N.J. 08026  
OCTOBER 18, 1987

CORPORATE VICE-PRESIDENT  
SECRETARY OF THE COMPANY  
550 MADISON AVENUE  
ROOM 3309  
NEW YORK, N.Y. 10022-3297

ENCLOSED IS MY FORMAL SHAREHOLDER PROPOSAL TO BE INCLUDED IN THE PROXY STATEMENT AND TO BE ACTED ON AT THE NEXT AT&T ANNUAL CONVENTION. THIS PROPOSAL IS SUBMITTED FOLLOWING INSTRUCTIONS ON PAGE 31 IN THE 1987 NOTICE OF ANNUAL MEETING AND PROXY STATEMENT.

  
NORMAN J. LONGFELLOW  
18 EDGEHILL ROAD  
GIBBSBORO, N.J. 08026  
TEL# 609-783-6143

P.S. IF POSSIBLE COULD YOU LET ME KNOW ON THE DAY YOU RECEICE THIS SO I KNOW I MADE YOUR OCTOBER 27, 1987 DEADLINE.

  
THANK YOU

OCTOBER, 20, 1987

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CORPORATE VICE-PRESIDENT  
SECRETARY OF AT&T  
550 MADISON AVENUE  
ROOM 3309  
NEW YORK, NEW YORK 10022-3297

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I SUBMIT THE FORMAL PROPOSAL TO THE AT&T BOARD OF DIRECTORS FOR ACTION AT THE NEXT ANNUAL MEETING.

RESOLVED: THAT THE STOCKHOLDERS OF AT&T ASSEMBLED IN ANNUAL MEETING IN PERSON AND BY PROXY, HEREBY DIRECT THE BOARD OF DIRECTORS, AND THRU THEM THE COMPENSATION COMMITTEE, TAKE THE NECESSARY STEPS TO APPLY MAXIMUM LIMITS TO THE EXECUTIVE INCENTIVE PROGRAMS, BOTH LONG AND SHORT TERM, NOT TO EXCEED PERCENTILE LIMITS AS SET FORTH HEREIN.

1. BENEFIT MAXIMUM OF THREE-FIFTHS OF ONE PERCENT OF OUTSTANDING SHARES OF COMMON STOCK IF ANNUAL DIVIDEND TO SHAREHOLDERS IS SIXTY PERCENT (60%) OR LESS OF TOTAL EARNINGS FOR THE AT&T FISCAL YEAR.

2. BENEFIT MAXIMUM OF TWO-FIFTHS OF ONE PERCENT OF OUTSTANDING SHARES OF COMMON STOCK IF ANNUAL DIVIDEND TO SHAREHOLDERS IS SIXTY-ONE TO EIGHTY PERCENT (61% TO 80%) OF TOTAL EARNINGS FOR THE AT&T FISCAL YEAR.

3. BENEFIT MAXIMUM OF ONE-FIFTH OF ONE PERCENT OF OUTSTANDING SHARES OF COMMON STOCK IF ANNUAL DIVIDEND TO SHAREHOLDERS IS EIGHTY-ONE TO NINETY-NINE PERCENT (81% TO 99%) OF TOTAL EARNINGS FOR THE AT&T FISCAL YEAR.

4. NO BENEFIT IF ANNUAL DIVIDEND IS EQUAL TO OR EXCEEDS THE EARNINGS FOR THE AT&T FISCAL YEAR.

FURTHER RESOLVED:

A. NO EXECUTIVE WOULD RECEIVE MORE THAN FIFTEEN (15) PERCENT OF THEIR BASE SALARY FROM ALL INCENTIVE PLANS.

B. NO EXECUTIVE WOULD RECEIVE INCENTIVE AWARDS OF MORE THAN ONE AND ONE HALF TIMES THE PERCENTILE OF THE ANNUAL DIVIDEND DIVIDED BY THE VALUE OF ONE SHARE OF COMMON STOCK THE VALUE OF DETERMINED ON THE DAY THE FOURTH QUARTER DIVIDEND IS PAYABLE.

(AS AN EXAMPLE THE 1986 DIVIDEND OF \$1.20 (PER THE ANNUAL REPORT) DIVIDED BY \$24.95 (STOCK PRICE FEB 2, 1987 = 5%) X 1.5 = 7.5%. THEREFORE AN EXECUTIVE MAKING \$500,000.00 COULD RECEIVE A MAXIMUM AWARD OF \$37,500.00.

C. THAT NO ADDITIONS OR DELETIONS TO THE EXECUTIVE COMPENSATION LIST TAKE PLACE AS A RESULT OF THIS PROPOSAL AND THAT THE TOTAL DOLLAR POOL FOR THESE PROGRAMS NOT BE INCREASED BECAUSE OF THIS PROPOSAL.

FURTHER RESOLVED:

THAT A LIST OF ALL MANAGERS PARTICIPATING IN INCENTIVE PROGRAMS, THEIR BASE SALARY, THEIR AWARDS FROM THE INCENTIVE PROGRAMS, AND ALL OTHER COMPENSATIONS THEY RECEIVE FROM AT&T BE DETAILED IN THE AT&T ANNUAL REPORT AND THE ANNUAL MEETING AND PROXY STATEMENT.

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*Handwritten initials: J. M.*

REASON: EXECUTIVE INCENTIVE PROGRAMS SHOULD REFLECT THE PROFITABILITY OF THE AT&T COMPANY AND BE TIED TO SHAREOWNERS RETURN ON THEIR INVESTMENT. MANAGERS CERTAINLY SHOULD BE REWARDED FOR THEIR ACHIEVEMENTS BUT THE REWARDS SHOULD REFLECT THE PROSPERITY OF THE COMPANY AND BE TIED TO INVESTORS RETURN ON THEIR INVESTMENT. MANAGERS DO NOT DESERVE HUGE AWARDS LIKE THEY RECEIVED FOR 1986 WHEN TOTAL YEARLY EARNINGS WERE REPORTED AS \$0.05 OR (5 CENTS). INCENTIVES PAID FOR THAT YEAR WERE EQUAL TO OVER 6 MILLION SHARES OR OVER \$150 MILLION DOLLARS BASED ON \$25.00 PER SHARE. THIS PROPOSAL WOULD PLACE RESTRICTIONS ON THE AWARDS BASED OF EARNINGS AND SHAREHOLDERS ARE URGED TO SUPPORT IT.

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*Norman Longfellow*

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550 Madison Avenue  
New York, NY 10022  
Phone (212) 605-5500

November 19, 1987

American Telephone and Telegraph Company  
550 Madison Avenue  
New York, NY 10022

Dear Sirs:

You have requested my opinion as to whether the determination of employee compensation is a proper subject for action by shareholders of American Telephone and Telegraph Company, a corporation organized and existing under the laws of the State of New York.

Based on my review of the statutory and case law of New York, it is my opinion that the fixing of compensation of employees of New York corporations is a matter committed to the discretion of the Board of Directors.

The New York Business Corporation Law expressly provides that corporations shall have the power: "To elect or appoint officers, employees and other agents of the corporation, define their duties, fix their compensation and the compensation of directors, and to indemnify corporate personnel."

In construing the statute, New York courts have held that the fixing of compensation of employees for services rendered to a New York corporation is the responsibility and right of the Board of Directors. Further, New York case law holds that the directors are the persons chosen by the stockholders to pass upon such matters, and that, in the absence of clear abuse, their decisions as to the amount of compensation of employees are final.

Very truly yours,

A handwritten signature in dark ink, appearing to read "H. John Hokenson".

H. John Hokenson  
General Attorney

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DEC 10 1987

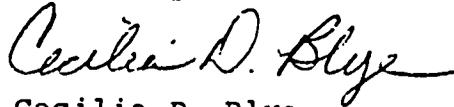
RESPONSE OF THE OFFICE OF CHIEF COUNSEL  
DIVISION OF CORPORATION FINANCE

Re: American Telephone and Telegraph Company  
(the "Company")  
Incoming letter dated November 20, 1987

The proposal relates to establishing limits to the Company's executive incentive programs.

There appears to be some basis for your view that the proposal may be omitted from the Company's proxy material under Rule 14a-8(c)(7), since it appears to deal with a matter relating to the conduct of the Company's ordinary business operations (i.e., executive compensation). Under the circumstances, this Division will not recommend any enforcement action to the Commission if the Company omits the subject proposal from its proxy material. In considering our enforcement alternatives, we have not found it necessary to reach the other bases for omission upon which you rely.

Sincerely,



Cecilia D. Blye  
Special Counsel