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AT&T Texas
Texas Regulatory
400 W. 15th Street, Suite 950
Austin, TX 78701-1600

December 28, 2009

Filing Clerk
Public Utility Commission of Texas
1700 N. Congress Avenue
Austin, Texas 78701

RE: Project No. 30240– Annual Progress Report on Five-Year Plan to Enhance Supplier and Workforce Diversity

Pursuant to Substantive Rule §26.85(e), enclosed for filing are four (4) copies of AT&T Texas' Annual Progress Report on the Implementation of the Five-Year Plan to Enhance Supplier and Workforce Diversity.

Consistent with the requirements of the rule, copies of this report are also being provided to the following: (1) Governor; (2) Lieutenant Governor; (3) Speaker of the House; (4) Chair- House Legislative Black Caucus; (5) Chair- Texas Senate Hispanic Caucus; (6) Chairman-House Mexican-American Caucus.

If you have any questions concerning this report, please contact me at (512) 870-2107.

Sincerely,

Emily Steele
AT&T Texas

cc w/ attachment

The Honorable Governor Rick Perry
The Honorable Lieutenant Governor David Dewhurst
The Honorable Representative Joe Straus
The Honorable Representative Sylvester Turner
The Honorable Senator Juan "Chuy" Hinojosa
The Honorable Representative Trey Martinez Fischer

AT&T

Data as of October 1, 2009

NUMBER OF TEXAS FULL-TIME EMPLOYEES FOR REPORTING YEAR													
Occupational Categories	Combined Total	Company Totals		Caucasian		African American		Hispanic		Asian		American Indian	
		Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Officials and Managers	3903	2439	1464	1853	950	182	228	286	232	86	35	22	9
Professionals	6267	3923	2344	2572	1271	361	410	515	399	421	229	25	25
Technicians	710	324	386	160	152	75	144	58	82	24	4	4	1
Sales Workers	4329	2400	1929	1189	870	377	409	730	600	71	32	16	11
Office and Clerical	11621	3188	8433	1439	3017	606	2770	1058	2506	57	60	16	41
Craft Workers (Skilled)	9403	8525	878	4800	404	1244	270	2191	176	197	17	51	6
Operatives (Semi-skilled)	1	1	0	0	0	0	0	1	0	0	0	0	0
Laborers (Unskilled)	0	0	0	0	0	0	0	0	0	0	0	0	0
Service Workers	8	0	8	0	5	0	0	0	3	0	0	0	0
Previous Years Totals	16830	9721	7109	5788	2942	1282	2302	2411	1784	188	47	52	34
Year Totals	36242	20800	15442	12013	6669	2845	4231	4839	3998	856	377	134	93

AT&T Supplier Diversity Data

AT&T Texas Workforce and Supplier Diversity Form			
Actual = [Total HUB PROCUREMENT + Total Small Business Procurement/Total Company procurement]	Actual for Previous FY	Actual for Current FY	Percent Change
Construction Contracts	25.0%	23.6%	-5.6%
Commodities Contracts	50.9%	48.8%	-4.0%
Other Services	21.7%	43.1%	98.1%
Professional Services Contracts	23.8%	28.4%	19.3%
Major Equipment	34.8%	34.6%	-0.4%
Other	0.0%	0.0%	0.0%

(1) **Construction** -- Construction done by general contractors and special trade contractors which includes new work, additions, alterations, reconstruction, installations, repairs, remodeling, renovating, and repair of office buildings. Heavy construction

(2) **Commodities** -- All materials, goods or tangibles purchased to conduct business, not including fuel or purchased power contracts and major equipment purchases and rentals.

(3) **Others Services** -- All specialty work, special circumstances that required contract labor, special consultants or other non-defined services. Examples include audio/visual, staffing services, landscaping, forestry, tree trimming, art and decorative s

(4) **Professional Services** -- Contracted professional services which include legal, consulting, health, engineering, accounting, advertising/marketing, architectural, real estate, computer services, research and analysis, education/training, insurance, sur

(5) **Major Equipment** -- Includes all major equipment purchases and rentals including but not limited to transmission and distribution equipment, power plant equipment, substation equipment, heavy construction equipment, fleet requirements, etc.

(6) **HUB** -- Business enterprises that are 51% owned and controlled by U.S. citizens who are socially disadvantaged because of their identification as members of certain groups, including African-American, Hispanic, Native American, or Asian Pacific and Wome

(7) **Other** -- Any commodity or service not covered by the above categories.

AT&T Outside Texas Workforce and Supplier Diversity Form			
Actual = [Total HUB PROCUREMENT + Total Small Business Procurement/Total Company procurement]	Actual for Previous FY	Actual for Current FY	Percent Change
Construction Contracts	23.4%	19.2%	-17.8%
Commodities Contracts	53.3%	49.0%	-8.1%
Other Services	25.2%	34.8%	38.0%
Professional Services Contracts	23.4%	21.0%	-10.6%
Major Equipment	38.9%	26.8%	-31.2%
Other	0.0%	0.0%	0.0%

(1) **Construction** -- Construction done by general contractors and special trade contractors which includes new work, additions, alterations, reconstruction, installations, repairs, remodeling, renovating, and repair of office buildings. Heavy construction

(2) **Commodities** -- All materials, goods or tangibles purchased to conduct business, not including fuel or purchased power contracts and major equipment purchases and rentals.

(3) **Others Services** -- All specialty work, special circumstances that required contract labor, special consultants or other non-defined services. Examples include audio/visual, staffing services, landscaping, forestry, tree trimming, art and decorative s

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(7) **Other** -- Any commodity or service not covered by the above categories.

AT&T: Best Practices in Diversity & Inclusion

“For AT&T, diversity and inclusion will always be top priorities. We strive to be an innovative company that successfully leverages diversity and inclusion to drive employee engagement and deliver world-class products and services.

In the midst of continuous change, we recognize that our success is directly related to understanding and leveraging the many facets of diversity – in our workplace, the marketplace and our communities.”

– Randall L. Stephenson
Chairman and Chief Executive Officer

Diversity is essential to AT&T’s culture and business success. In fostering diversity and inclusion, AT&T seeks to create a better business environment, one that makes the company an employer of choice, a preferred business partner and an important contributor to the community. We realize that diversity and inclusion give our company a competitive edge – they are essential if we are to be successful in the marketplace.

Our vision:

- Diversity and inclusion are part of our culture.
- We foster an inclusive work environment that successfully utilizes diversity to drive innovation, productivity and engagement.
- We are recognized as an employer of choice and admired as a leader in the global marketplace by customers, suppliers and the communities we serve.

AT&T’s diversity and inclusion strategy is aligned with the company’s business goals and leadership priorities. This approach has helped position AT&T as one of the corporate diversity leaders but our success isn’t something we take for granted. We’re always trying to do better – continuously redefining and promoting core values that drive our actions, decisions and operations. The following outlines our best practices, including programs and initiatives that demonstrate the company’s strategic approach to diversity and inclusion.

WORKFORCE DIVERSITY & INCLUSION

AT&T has expanded its Workforce Diversity and Inclusion team to align resources closer to the various business areas in order to effectively integrate inclusion into the company’s operational strategy. Resources are positioned at headquarters as well as regional locations. The new Workforce Diversity and Inclusion team is responsible for:

- Positioning diversity as a strategic initiative that meets bottom-line results and promotes inclusion for all AT&T stakeholders.
- Ensuring diversity and inclusion are integrated into the company’s business and operating strategies.
- Providing support with the development and implementation of inclusion strategies that incorporate workforce, multicultural marketing, supplier diversity, and national and community stakeholders.

DIVERSITY RECRUITMENT

In this rapidly changing world, AT&T has become a global telecommunications leader, offering its management and occupational employees challenging and rewarding career opportunities. Our commitment to diversity enhances the way we do business and gives AT&T a competitive edge.

We realize that diverse, talented and dedicated people are key to a company's success. Today, AT&T's 50-state workforce is 44 percent female and 39 percent people of color. AT&T seeks out talented individuals from a variety of fields of study, including business, telecommunications, management information systems, engineering, mathematics and international studies. AT&T employs the best people from all backgrounds and perspectives to provide products and services that meet its customers' needs. In 2008, 46 percent of AT&T new hires were women, and 48 percent were people of color.

AT&T uses multiple online, print and broadcast outlets for its recruitment advertising. Last year the company placed career advertisements in numerous publications, including *LATINA Style*, *Black EOE Journal*, *Hispanic Networking*, *DiversityInc*, *Black MBA Magazine*, *SCLC Magazine*, and *Diversity/Careers in Engineering & Information Technology*.

AT&T conducts campus visits to colleges and universities, and attends career fairs that cater to a more diverse population. In 2008, AT&T participated in numerous job/career fairs, such as the Diversity.com Job Fair, the National Society of Hispanic MBAs Career Fair, Mosaic Career Fair, National Black MBA Association Career Fair and Women for Hire Career Fair, just to name a few. In addition, AT&T posts job opportunities with diverse recruitment resources such as e-boards. Examples include IMDiversity.com, HireDiversity.com, DiversityInc.com, MonsterDiversity.com and LatPro.com.

LEADERSHIP DEVELOPMENT & TALENT ACQUISITION

AT&T has significantly increased leadership development opportunities for women and minorities through initiatives such as the Leadership Development Program (LDP).

This program is AT&T's flagship leadership development program, which focuses on building a strong and diverse leadership bench across the enterprise. Designed for recent college graduates, LDP is a rotational program designed for high achievers with outstanding leadership potential. The structure of the program includes three distinct job assignments in critical operations across the company.

The program offers many exclusive developmental resources including a mentor program, assessments, regular interaction with executives, online tools, and networking events. Other core components include:

- Annual company orientation featuring the Chairman and a selection of key leaders
- Seminars focused on business acumen, strategic thinking, and improving leadership effectiveness
- Frequent performance feedback and career development planning

Since 1988, hundreds of employees have successfully completed the program and nearly half of the participants are women and nearly half are people of color — demonstrating AT&T's commitment to reflecting the employee and consumer base.

AT&T's *HBCU Campus Challenge* is another innovative approach to demonstrate the company's commitment to diversity and inclusion. A unique marketing competition, the HBCU Campus Challenge involves students from Historically Black Colleges and Universities. Through the challenge, students are introduced to hands-on, real-world marketing endeavors while earning scholarships for themselves and grants for their institutions.

DIVERSITY TRAINING

Building diversity awareness and understanding is a priority for all employees, from orientation to management training. All employees are required to review the AT&T Code of Business Conduct and EEO Policy annually. In addition, employees may also participate in more in-depth diversity training. AT&T also offers comprehensive diversity information to its employees in addition to formal training. One source is a diversity Intranet site featuring important facts about diversity at AT&T, a resource

library, and a Web-based resource center with diversity materials and links to additional information on related subjects.

AT&T's Diversity & Inclusion website, www.att.com/diversity, highlights the company's commitment to diversity. Other available resources include internal communication tools and an AT&T Corporate Citizenship brochure.

CAREER DEVELOPMENT

The company's philosophy is to provide employees with continued opportunities to grow and develop their careers. Management is charged with successful implementation of various diversity initiatives as part of this philosophy. To support this principle, AT&T employs several programs, including:

- *AT&T Self-Development and Learning Resource Center* – This virtual resource center supports all employees in developing strategies to remain competitive in AT&T's work environment. Services include résumé writing and interview workbooks, skill-building tools, test preparation material, career-related workshops, mentoring material and an extensive library of developmental resources. A section of the library is dedicated to diversity awareness and education.
- *Career Movement* – Management and occupational employees can nominate themselves for job openings throughout the company. Hiring managers are provided with a diversified pool of qualified job candidates.
- *Continuing Skills Training* – As new technologies are introduced, employees are updated to ensure their technical knowledge and abilities remain current.
- *Tuition Assistance Programs* – Financial assistance is provided to management and non-management employees pursuing academic degrees that benefit both the employee and the company. In 2008, AT&T provided tuition assistance to more than 9, 800 employees.

WORKFORCE DIVERSITY ACCOUNTABILITY

Because of the company's commitment to workforce diversity, accountability is a key component of its initiatives. We've established measurement procedures to evaluate our workforce diversity initiatives, including recruitment and retention. These measurements include:

- Employee survey which includes questions about AT&T's leadership commitment to diversity, our culture and work environment.
- Analysis of any discrimination complaints
- Performance against supplier diversity goals, including the annual analysis of feedback and input from suppliers
- Awards and honors received for diversity, in every area, including workforce, management, supplier diversity and corporate philanthropy

ORGANIZATION & TALENT REVIEW

AT&T's Organization & Talent Review is an internal process designed to identify top talent across the company. Building the leadership bench is critical to the long-term success of AT&T. As we combine the talent of our new organization, we must ensure we are retaining employees with skills and experience and who are prepared to step into leadership positions. The main objective of the Organization & Talent Review process is to identify talent enterprise-wide with a focus on building a strong and diverse bench. Our efforts are focused on:

- Improving the diversity profile of the leadership team
- Identifying top talent across the enterprise

- Providing a consistent and effective approach to identifying and growing talent to increase overall organizational capability
- Identifying areas where specific interventions are needed, and setting objectives and action plans for those areas
- Decreasing the disruption of talent transition and attrition – maintaining high productivity

The Organization and Talent Review process incorporates best practices from each of AT&T's legacy companies. Evaluations are based upon the company's leadership competencies.

EMPLOYEE RESOURCE GROUPS

AT&T has several Employee Resource Groups (ERGs) that are open to all employees and reflect the diversity of the company's employee and customer base. AT&T's Employee Resource Groups support the company's commitment to diversity and inclusion through their efforts in the workplace, the marketplace, and the community. AT&T recognizes the value and goodwill these groups can provide in furthering the company's goals, values and interests.

AT&T's Employee Resource Groups include:

- *APCA – The Asian Pacific Islanders For Professional and Community Advancement* is dedicated to creating alliances that enhance professional and leadership opportunities for its members to benefit both AT&T and the community. Through education and membership development, the organization seeks to increase diversity awareness within the corporation and community, promote organizational growth and influence issues that impact Asian Pacific Americans.
- *AT&T Veterans* – The organization was founded in 2006 to raise awareness of the sacrifices made by military veterans and to encourage the company to share information on veteran activities. The organization also provides support to employees who are active or retired military personnel and employees whose loved ones are serving their country in the armed forces.
- *Community NETwork – The African American Telecommunications Professionals of AT&T* dedicate their energy toward encouraging and facilitating personal and professional growth of African-American employees, and assisting organizations in the African-American community. The group provides thousands of dollars in scholarships for minority students every year.
- *FACES – The Filipino American Communications Employees of AT&T* fosters understanding and appreciation of all cultures and a posture of valuing differences. Each year, FACES provides scholarships for underprivileged children in the Philippines.
- *HACEMOS – The Hispanic/Latino Employee Association of AT&T* is open to all AT&T employees. Each year, HACEMOS links thousands of students across the country via satellite for High Technology Day, which educates students about technology careers.
- *ICAE – The Inter Tribal Council of AT&T Employees* brings together employees that have an interest in the Native American culture. The group is committed to the cultural development, career advancement, education, understanding and general well-being of all employees, and more specifically, Native Americans.
- *IDEAL – Individuals with Disabilities Enabling Advocacy Link* is a group for people interested in the employment and other issues of people with disabilities. The mission of the organization is to enhance the understanding, awareness, and resolution of the challenges facing individuals with disabilities in the workplace and to assist them in career advancement. IDEAL also supports the disability community in gaining access to technology.
- *LEAGUE – Lesbian, Bisexual, Gay and Transgendered United Employees at AT&T* provides a supportive environment for LGBT employees and allies to network with one another and to develop professionally. In support of AT&T's diversity vision, LEAGUE promotes an accepting, diverse and respectful work environment.

- *OASIS – The Organization of Asian Indians at AT&T* provides its members with opportunities for self-development, professional enhancement and networking, while supporting the company's business goals.
- *Women of AT&T* – The organization is established to connect and inspire members to achieve their personal and professional goals and to effect change in the community.

In addition, AT&T also has a Joint Diversity Council, which includes the national presidents of the employee resource groups and members of the AT&T Diversity and Inclusion team, to address issues and opportunities and to review best practices at the company.

AT&T PHILANTHROPY: COMMUNITY GIVING

AT&T is committed to enriching and strengthening diverse communities nationwide. The AT&T Foundation, the corporate philanthropy organization of AT&T Inc., supports nonprofit organizations and projects that increase inclusion and create opportunities for diverse populations. Projects supported by AT&T address quality-of-life issues, with an emphasis on improving education and advancing community development.

Education is the primary focus of AT&T philanthropy. In 2008, AT&T announced the largest education initiative in company history – AT&T Aspire – a \$100 million commitment focused on high school success and workforce readiness. AT&T Aspire supports the great work of educators - whose passion and commitment helps students succeed each and every day. Since 1996, the AT&T Foundation has distributed more than \$428 million in grants to support new classroom technology, after-school programs, teacher training and many other educational endeavors.

In 2008, AT&T contributed more than \$169 million through corporate-, employee- and AT&T Foundation-giving programs and supported nearly 23,878 organizations and programs that enrich and strengthen diverse communities nationwide. AT&T and the AT&T Foundation have provided more than \$1.9 billion in charitable support to communities across the country.

AT&T PIONEERS

AT&T Pioneers are employees and retirees who volunteer time to enhance the communities where they work and live. Their main focus is to provide immediate help when it is needed, along with education and community programs that improve quality of life. Nearly 325, 000 employees and retiree volunteers make up the AT&T Pioneers, creating the nation's largest company-sponsored volunteer organization.

The Pioneers were on the front lines helping victims of Hurricane Katrina make their first critical phone calls to loved ones at AT&T phone banks – setting up voice mailboxes so that evacuees could begin to rebuild their lives – and providing more than 1,000 backpacks and school supplies to children in Katrina shelters.

The Pioneers have assisted in a number of initiatives that link troops and their families via videoconferencing. AT&T has hosted more than 100 such events and has connected more than 2,500 military family members and active-duty military members in Iraq.

In 2008, the AT&T Pioneers joined forces with the charity, Cell Phones for Soldiers, to help reduce e-waste and help connect military families through a national cell phone recycling campaign, which collected more than 23,000 phones in its first Earth Day drive.

AT&T MULTICULTURAL OUTREACH EFFORTS

AT&T recognizes the value of multicultural consumers and invests in identifying and communicating in a way that reflects how the company's products and services fit into their lives and aspirations.

AT&T values individual perspectives and connects with customers through its multicultural outreach efforts. The company develops advertising and marketing campaigns that represent the diversity of the local communities that it serves and that authentically portray diverse individuals in positive roles.

Sponsorships of events such as the "Quilters of Gee's Bend College Tour" and the ALMA Awards, enable AT&T to inform consumers about AT&T products and services by connecting with them through meaningful moments in a culturally relevant way.

AT&T GLOBAL SUPPLIER DIVERSITY

AT&T remains in the forefront of supplier diversity programs, continuing its unwavering commitment to diversity and inclusion. AT&T was a supplier diversity pioneer when it began its formal programs in 1968. Today, we have passed our 40th Anniversary milestone and the company continues to innovate and to maintain its status as a national leader in developing and implementing supplier diversity best practices for the inclusion of historically underutilized businesses (HUBs) in the company's supply chain. AT&T's Global Supplier Diversity initiative continues to achieve benchmark-best spending results — among the highest in the nation.

AT&T is committed to economic development through the integration of HUBs in our business. AT&T Supplier Diversity Programs are TL9000 quality registered and are administered by the company's Global Supplier Diversity team, which is responsible for:

- Establishing and maintaining corporate supplier diversity policies, strategies and quality processes
- Ensuring regulatory compliance
- Providing internal and external supplier diversity training
- Managing supplier diversity results
- Managing internal and external stakeholder relationships
- Producing internal and external supplier diversity marketing communications

POLICY

It is the policy of AT&T to promote, increase and improve the quality of the overall participation of minority, women and disabled veteran-owned business enterprises (M/WBE-DVBEs) and small business enterprises in our purchases of materials and services. Maximum practicable opportunity shall be given to minority, women and disabled veteran-owned business enterprises to participate as suppliers of materials and services to AT&T. AT&T also encourages subcontracting opportunities for minority, women and disabled veteran-owned businesses by requiring Supplier Diversity Participation Plans from our largest prime suppliers.

SUPPLIER DIVERSITY RESULTS

Our goal is to procure 20 percent of our products and services from minority and women business enterprises (M/WBEs). Specifically, our diversity goals are:

- 15 percent with Minority Business Enterprises (MBE)
- 5 percent with Women Business Enterprises (WBE)

AT&T encourages HUB suppliers to explore opportunities and compete for business in all aspects of our supply chain. Today, diverse suppliers are participating in the core of our communications network, our latest technology, in advertising, in financial management and in every other sector of our business. HUBs help AT&T maintain our competitive edge by providing quality products and services to meet the diverse needs of our customers.

BUSINESS DEVELOPMENT

AT&T's Global Supplier Diversity staff works with HUB suppliers to identify potential business opportunities. These staff members also work with current suppliers to ensure requirements and standards are clearly communicated so that diversity suppliers are successful in our complex and ever-evolving communications supply chain.

The Supplier Diversity Managers serve as subject matter experts and partner closely with AT&T's Strategic Sourcing teams. They confer with Strategic Sourcing Managers to ensure HUBs are given the opportunity to fully participate in the company's business. Supplier Diversity Managers assist Procurement spend teams in crafting supplier diversity purchasing solutions and help them meet supplier diversity spending targets.

SUPPLIER DEVELOPMENT

Through active participation in nationally recognized and respected supplier diversity organizations, our company fosters and supports development programs for HUBs. AT&T is a corporate member in the National Minority Supplier Development Council (NMSDC) and the Women Business Enterprise National Council (WBENC). AT&T is active in many of the local branches of these national organizations to promote supplier diversity and educate prospective suppliers on our procurement processes. AT&T also works with numerous ethnic organizations and Chambers of Commerce to assist them with their supplier development initiatives. We provide potential suppliers with information on how to do business with us. We coach and mentor prospective and incumbent HUB suppliers to help them understand supply chain operations, supplier requirements, national and global procurement trends. We also actively encourage our diversity suppliers to gain quality certifications such as ISO9000 and TL9000 to remain on the competitive edge.

CORPORATE SPONSORSHIPS

AT&T sponsors numerous supplier diversity outreach events, such as trade shows, workshops and award and recognition programs. All of these forums provide diverse suppliers and corporations an opportunity to network and explore potential business opportunities. Examples of organizations in which AT&T is active include the Dallas/ Fort Worth Minority Supplier Development Council, Houston Minority Supplier Development Council, Southwest Minority Supplier Development Council, the Women Business Enterprise Alliance, the Women Business Council Southwest and others. A list of recognized certification agencies for HUBs is included in this report. (See AT&T Recognized Certification Agencies). This list is also available on our supplier diversity website at www.attsupplierdiversity.com.

CONTINUING EDUCATIONAL OPPORTUNITIES

To assist HUBs in growing their businesses, AT&T provides funding to several university-level executive educational programs. AT&T also provides full and partial scholarships to many of these business school certificate programs. These courses provide specific training on how to improve the operational efficiency and overall strategic business plans of minority- and women-owned firms. Continuing educational opportunities include:

- The Minority Business Executive Program, Tuck Graduate School of Business, Dartmouth College

- Tuck WBENC Executive Program, Tuck Graduate School of Business, Dartmouth College
- NMSDC Advanced Management Education Program, Kellogg Graduate School of Management, Northwestern University
- Minority Business Management Seminar, University of Wisconsin Small Business Development Center, University of Wisconsin-Madison
- The Management Development for Entrepreneurs (MDE) Program, Anderson School of Management, UCLA
- FastTrac Program, Robinson College of Business, Georgia State University

Many minority and women business enterprises have consistently attested to the value these programs in delivering increased management skills and improvement in their business plans.

FINANCIAL SUPPORT AND RESOURCES

AT&T was one of the first companies to provide significant funding for programs that provide financial resources specifically for diverse companies. AT&T was the first one million dollar contributor to the Business Consortium Fund (BCF), the NMSDC's national loan program for minority-owned firms. Supplier diversity best practices encourage corporations to create and support strong networks of financial resources for the healthy development and expansion of HUB businesses. AT&T recognizes this and continues to support the BCF's mission today.

SUPPLIER DIVERSITY OUTREACH AMBASSADORS

AT&T's corporate commitment to include diverse firms in our supply chain does not reside within the Procurement organization alone. Employees from across the company volunteer to be Supplier Diversity Outreach Ambassadors. These Ambassadors represent the company at HUB business trade fairs and outreach events. This program was established more than ten years ago and helps bolster AT&T's efforts to meet new HUB companies. Ambassadors are knowledgeable about the supplier diversity mission and share program information with prospective suppliers, customers, advocacy groups, business councils and government representatives. AT&T continues to add and train new employees to this program each year as we grow internal support for our programs.

SUPPLIER DIVERSITY RECOGNITION

AT&T's Global Supplier Diversity organization reinforces the importance of meeting supplier diversity goals through employee recognition. In 2008, to celebrate the 40th Anniversary of its supplier diversity programs, AT&T launched a nationwide media campaign to share our best practices and hosted various local celebration events with suppliers, community organizations and employees. The supplier diversity team also provides monthly "Taking the Lead" recognition certificates to employees going "above and beyond" to help the company meet its objectives. AT&T also annually evaluates and recognizes our suppliers for their contributions to growing diversity in our supply chain. Many of the recognized companies are HUB businesses that have established themselves as strategic and successful businesses in our procurement operations. Our company also presents a Supplier Diversity Award to the prime supplier that achieves supplier diversity excellence.

PRIME SUPPLIER PARTICIPATION PROGRAM

The AT&T Prime Supplier Participation Program is one of the critical elements of AT&T's Supplier Diversity program. Established in 1989, AT&T's prime supplier program helps these major supplier partners to increase the utilization of minority, women and disabled-veteran owned businesses (M/WBE-DVBEs) in AT&T's supply chain through subcontracting and value added reseller arrangements. The AT&T supplier policy states that contracts valued at \$500,000 and more must contain terms requiring annual Diversity Participation Plans and Quarterly Reports. AT&T works closely with the prime suppliers to help them achieve their goals. AT&T provides a step-by-step guide and training classes for

strategic prime suppliers to help them develop the necessary methods and procedures to succeed in this significant initiative.

EMPLOYEE TRAINING AND EDUCATION

The Supplier Diversity team's Supplier Diversity Orientation Training, new in 2008, is available to all AT&T employees. Supply Chain and Fleet Operations business unit employees are required to complete this course. The training helps educate employees on the benefits of our Supplier Diversity Programs and provides specific information on how to get involved and help increase our supplier diversity results. In addition to this training, all contract managers receive customized supplier diversity training on our Six-Step Procurement Processes that will help them development and implement supplier diversity sourcing solutions for their commodity areas.

KEY INITIATIVES

During the October 2008 to September 2009 reporting period, AT&T implemented some key supplier diversity initiatives, including:

- Despite a challenging business environment, AT&T actively participated in approximately 150 supplier diversity outreach events nationally, including Texas HUB outreach events: Southwest Minority Supplier Development Council Expo, WBC Southwest Business Works Tradeshow, Dallas Ft. Worth Minority Supplier Development Council Access 2009 Tradeshow, San Antonio Hispanic Chamber of Commerce Meet the Buyer, Greater Dallas Asian American Chamber of Commerce Conference, TAMACC Annual Convention and Expo, South Texas Black Business Expo, Houston Minority Supplier Development Council Business Opportunity Marketplace, Center for Women's Business Research Dallas Forum.
- AT&T is a sponsor and participating member of NMSDC's Center of Excellence mentoring initiative with the South Texas Minority Business Council. One of six programs nationwide, the San Antonio-based effort works to enhance successful business relationships between corporations and minority business enterprises by strengthening the supplier development process. The participating corporations and MBEs use the forum to define issues, gather data on industry best practices and establish tools and processes to engage minority businesses in capacity-building activities with the assistance of the corporations.
- In 2009 AT&T launched its "Women of Color Businesses Growth Initiative" mentoring program. An outgrowth of AT&T's ongoing work with the Center for Women's Business Research, this program was designed to take action regarding the findings from the Center's multi-year study of businesses started by women of color. The program will closely coach and mentor a pilot group of minority women-owned firms to "the next level" and improve their competitiveness for corporate contracts. The program was launched during the 2009 Women's Business Enterprise National Council (WBENC's) national in June, where program participants attended workshops and met corporate and small business leaders. The mentoring program will train women of color businesses on six critical competencies including: gaining quality certifications, improving access to capital, utilizing business technology solutions and understanding global supply chains.
- Providing leadership for supplier diversity national initiatives through the Billion Dollar Roundtable (BDR). This supplier diversity think-tank is an initiative of the Dallas-based publisher of Minority Business News USA. BDR membership is limited to corporations that spend more than \$1 billion annually with diverse companies. AT&T is one of only 16 companies that qualify at this level. AT&T is working to increase contracting for HUBs in non-traditional areas through our contributions to the BDR's initiative on supplier diversity contracting in the advertising industry.

- AT&T provided leadership to the 2009 DiversityNXT, the telecom industry's collaborative initiative to bring diverse suppliers into the next-generation communications supply chain. Held in conjunction with the International CTIA Wireless 2009 trade fair, the Diversity NXT meetings drew global corporate leaders from major communications and equipment firms. AT&T's procurement president, Tim Harden, was a featured panelist discussing the "New Realities in Wireless Industry Supply Chains." In addition, AT&T met with current and prospective diversity suppliers to discuss industry issues and opportunities. As a member of the NMSDC's Telecommunication Industry Group, AT&T helped to design the DiversityNXT programs to spotlight future opportunities for diversity suppliers in the converged industry.
- Produced additional Quality Certification Training overview workshops for diversity suppliers in Houston, Austin and other cities across the nation. AT&T has partnered with Bizphyx, a Texas-based woman-owned quality training company, to provide free orientation and counseling to HUB owners on how to gain relevant quality certifications for their businesses. The initiative also offered a unique opportunity for the HUB firms to received discounted rates for certification mentoring.

2010 SUPPLIER DIVERSITY PROGRAMS AND INITIATIVES

At AT&T, supplier diversity remains our legacy and also our future. We will continue to deliver cutting edge products and services backed by our commitment to diversity inclusion in our supply chain. AT&T customers want products and services that deliver "their world" according to their own unique requirements. Diverse suppliers help AT&T meet customer requirements, lead to better business solutions and inspire greater customer loyalty. Providing opportunity to diverse suppliers makes good business sense and it is the right thing to do for our business and our community.

In 2010, in addition to ongoing programs and initiatives to meet its 20 percent HUB spending goal, the Supplier Diversity team will focus on initiatives including:

- Continuing our initiatives to develop more opportunities for diverse suppliers in the company's top corporate initiatives—the wireless area and the build-out of our U-Verse product. Wireless and Data Communications continues to be a telecom growth area, generating increased spending for equipment as well as network enhancements. U-Verse, in its phased roll-outs, is enabling AT&T customers to access integrated digital TV, super high-speed broadband access, and voice over IP (Internet Protocol) services via a new fiber-rich network.
- Completing our Women of Color Businesses Growth Initiative, providing the second half of the training program for our women business owner protégés, including the completion of quality certification training.
- AT&T will continue to grow supplier diversity globally with our EMS Supplier Diversity Forums. These forums have helped present the supplier diversity business case to several leading global manufacturers—OEMS and EMSs companies within the communications supply chain. As more manufacturing corporations embrace supplier diversity, more contracting opportunities will be available for HUB firms to explore.
- AT&T will continue to strive for greater representation of HUB enterprises in the professional services areas, such as legal, financial services and advertising. AT&T has already increased its efforts to educate and inform its prime suppliers in the advertising area, and has solicited their participation in enhancing contracting opportunities for minority and women owned businesses.

AT&T's Supplier Diversity team will continue to ensure HUB suppliers are fully included in these and other significant strategic projects via:

- Leveraging our Prime Supplier Participation Program
- Utilizing multiple sourcing tools and databases to find best qualified HUB suppliers
- Coaching and mentoring to build capacity in existing diversity suppliers
- Working closely to develop and implement diversity solutions with Strategic Sourcing teams in opportunity areas
- Involving executive leadership in our efforts within and outside of the company
- Maintaining active membership with numerous supplier diversity advocacy organizations that develop HUB companies

AT&T Diversity Awards & Recognitions

In the past year, AT&T has received accolades for the company's commitment to diversity and inclusion, including:

- **Top 50 Companies for Diversity and Hall of Fame, DiversityInc (2001 – 2009)**
AT&T is included among DiversityInc's 2009 Top 50 Companies for Diversity for its longstanding commitment to diversity and inclusion across its global operations — earning the No. 2 spot on the list and moving up 20 spaces over last year — from 22nd to 2nd. In 2008, AT&T was also named as one of the Top 10 Companies for Supplier Diversity. In 2005, DiversityInc named the company to its Hall of Fame as a result of making the Top 50 list since the inception of this ranking.
- **DiversityNxt Gen Corporation Award, Telecommunications Industry Group (2009)**
AT&T received this honor for its proven leadership to include diverse companies in next-generation supply chain solutions.
- **America's Top Corporation for Women's Business Enterprises, Women's Business Enterprise National Council (2009)**
Recognizes AT&T for its world class supplier diversity programs through which women's business enterprises are given equal access when competing for, and winning, corporate contracts for goods and services.
- **Top 10 Companies for Recruitment & Retention, DiversityInc (2006, 2007, 2009)**
AT&T Inc. was recognized as a leader in recruiting and retaining diverse employees based on its recruitment strategy, employee programs and annual retention rates.
- **Top 10 Companies for African Americans, DiversityInc (2006, 2007, 2009)**
In 2007 and 2009, AT&T ranked No. 1 among DiversityInc's Top 10 Companies for African Americans based on the company's strong diversity record and company programs geared toward African American employees. The company was also included in this specialty list in 2006.
- **Top 10 Companies for Supplier Diversity, DiversityInc (2002 – 2004, 2006, 2008)**
AT&T ranked among the Top 10 Companies for Supplier Diversity based on the company's solid reputation for being the leader and pioneer in supplier diversity spending and development.
- **40 Best Companies for Diversity, Black Enterprise Magazine (2005, 2007 – 2009)**
AT&T was selected as one of the 40 Best Companies for Diversity based on its commitment to diversity in key areas that include supplier diversity and employee base.
- **The 50 Best Companies for Latinas to Work, LATINA Style Magazine (1998 – 2008)**
In 2008, AT&T was named as Company of the Year by *LATINA Style* for best meeting the

workplace needs deemed most important by *LATINA Style's* Hispanic female readers. The company has ranked among the publication's top 50 companies for eleven consecutive years. In 2006 and 2007, the company was ranked among the top 12 best companies for Latinas to work.

- **Diversity Elite 60, *Hispanic Business Magazine* (2005 – 2008)**
In 2008, AT&T ranked No. 1 on this list of the top companies for Hispanics based on the company's commitment to reaching out to Hispanics in the areas of recruitment, promotion, procurement, philanthropy and marketing.
- **Corporate Diversity Honor Roll, *Latin Business Magazine* (2004 – 2008)**
Latin Business magazine's honor roll recognized the company for its support of minority communities — particularly Hispanics — and the company's work to improve Hispanic representation in management and involvement with Hispanic suppliers. Companies were surveyed for their commitment outreach, procurement, workforce and philanthropy.
- **Top Organizations for Multicultural Business Opportunities, *DiversityBusiness.com* (2000 – 2008)**
Voting business owners ranked AT&T as the No. 1 organization for multicultural business opportunities for its consistency and quality of business opportunities granted to minority- and women-owned companies. AT&T has been included in this list, also known as the "Div 50," since its inception eight years ago and has topped the list for three consecutive years since 2006.
- **Utility Advocate Award, National Association of Regulated Utilities Commissioners (NARUC) (2008)**
AT&T was recognized by the National Association of Regulatory Utility Commissioners (NARUC) with the Utility Marketplace Access Partnership (UMAP) Advocate Award. Kerr was one of five individuals who received this award for leading supplier diversity practices and helping DBE groups achieve equal access in the highly competitive worldwide economy.
- **Best of the Best Supplier Diversity Programs for Hispanics and Latinos/Latinas, *Hispanic Network Magazine* (2009)**
AT&T was recognized for having one of the best supplier diversity programs for Hispanics.
- **Top Supplier Diversity Programs for African Americans and Overall Diversity, *Black EOE Journal* (2009)**
AT&T was recognized for its outstanding supplier diversity programs for African Americans.
- **Top Supplier Diversity Programs for Multi-Cultural Women, *Professional WOMAN'S Magazine* (2009).**
AT&T was recognized for its outstanding supplier diversity programs for the inclusion of multi-cultural women.