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Texas Regulatory

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Public Utility Commission of Texas
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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 copies of AT&T Texas' annual progress report on the implementation of the five-year plan to enhance supplier and workforce diversity. AT&T is pleased to report spending increases in Texas within the categories of Construction, Commodities and Professional Services. The increased spending on a percentage basis is significantly higher than AT&T's out-state spending for the reporting period.

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.

For questions concerning this report, please contact me at (512) 457-2255.

Sincerely,

Gary R. Volluz
AT&T Texas

cc with attachment:

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

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AT&T Services

AT&T Texas Annual Progress Report

Workforce/Supplier Diversity Report
&
HUB Report

Annual Progress Report on Five-Year Plan to
Enhance Supplier and Workforce Diversity

Submitted by: Marianne Strobel, Executive Director AT&T Global Supplier Diversity

Prepared by: Shari Martinez, Chief of Staff, AT&T Global Supplier Diversity

12/30/2011

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Texas Full-Time Employees Reporting Year—Oct 1st, 2010

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 & Managers	4440	2824	1616	2086	1006	233	273	364	262	104	51	23	11
Professionals	6442	4071	2371	2600	1284	408	420	524	397	479	230	27	25
Technicians	903	502	401	219	153	111	156	125	86	35	5	5	0
Sales Workers	5209	3046	2163	1356	919	473	426	1050	755	102	32	20	5
Office & Clerical	9921	2789	7132	1208	2535	510	2359	992	2127	45	51	14	28
Craft Workers (skilled)	8600	7930	670	4357	318	1186	204	2105	127	190	15	47	2
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	9	0	9	0	6	0	1	0	2	0	0	0	0
Previous Year Totals	36,242	20,800	15,442	12,013	6,669	2,845	4,231	4,839	3,998	856	377	134	93
This Years Total	35,525	21,163	14,362	11,826	6,221	2,921	3,839	5,161	3,756	955	384	289	71

Note: 2011 totals includes:

- o Native Hawaiian & Other Pacific Islander Total of 23 employees
- o Two or More Races Total of 232 employees

The Texas PUC form does not account for these 2 Categories.

AT&T Supplier Diversity Data—Texas Supplier Diversity

AT&T Texas Supplier Diversity- Oct 1 st , 2010 to Sept. 31 st 2011			
Actual = Total HUB/DIVERSE SUPPLIERS procurement plus total small business procurement/total company procurement	Actual for Previous FY 2009-2010	Actual for Current FY 2010-2011	Percent Change
Construction contracts	7.9%	10.8%	40.6%
Commodities contracts	39.7%	62.3%	76.4%
Other services	31.9%	13.2%	-57.9%
Professional services contracts	19.9%	19.5%	70.4%
Major equipment	33.5%	34.3%	-5.5%
Other	0.0%	0.0%	n/a
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 other than buildings such as pipelines, communication and power lines, sewer and water mains, asphalt and concrete construction of roads, trenching, cable laying, conduit construction, land clearing and leveling.			
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 services, janitorial, travel/lodging, automotive repair, and photography.			
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, surveying services, weather services, environmental, financial, etc.			
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/DIVERSE SUPPLIERS -- 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 Women as defined in the Texas Government Code § 481.101(1)			
7. Other -- Any commodity or service not covered by the above categories.			

AT&T Supplier Diversity Data—Outside Supplier Diversity

AT&T Outside Supplier Diversity Oct 1st, 2010 to Sept. 31st 2011			
Actual = [Total HUB/DIVERSE SUPPLIERS PROCUREMENT + Total Small Business Procurement/Total Company procurement	Actual for Previous 2009-2010 FY*	Actual for Current 2010-2011 FY	Percent Change
Construction Contracts	0.0%	25.8%	25.8%
Commodities Contracts	0.0%	18.0%	18.0%
Other Services	0.0%	21.1%	21.1%
Professional Services Contracts	0.0%	15.3%	15.3%
Major Equipment	0.0%	29.6%	29.6%
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 other than buildings such as pipelines, communication and power lines, sewer and water mains, asphalt and concrete construction of roads, trenching, cable laying, conduit construction, land clearing and leveling.			
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 services, janitorial, travel/lodging, automotive repair, and photography.			
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, surveying services, weather services, environmental, financial, etc.			
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/DIVERSE SUPPLIERS -- 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 Women as defined in the Texas Government Code § 481.101(1)			
7. Other -- Any commodity or service not covered by the above categories.			

*Previous AT&T outside supplier diversity 2009-2010 FY year data provided results for Missouri, Oklahoma, Kansas & Arkansas. Current AT&T outside supplier diversity FY 2010-2011 provides results at the national level.

AT&T: Best Practices in Diversity & Inclusion



"A diverse workforce and inclusive culture are essential to AT&T. They allow us to attract and retain the best and the brightest to develop the most innovative products and solutions to meet our customers' needs."

---Randall Stephenson Chairman & Chief Executive

Diversity and inclusion 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 is essential if we are to be successful in the marketplace.

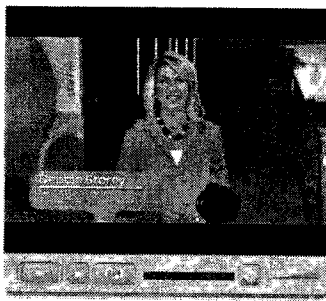
Our Vision:

- Ensure diversity and inclusion are part of our culture
- Foster an inclusive work environment that successfully utilizes diversity to drive innovation, productivity and engagement
- Ensure we are 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—helping to position AT&T as a diversity leader. Our success isn't something we take for granted. We're always trying to do better—continuously redefining and promoting the core values which 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 a rich history of a diverse, inclusive workforce. It is our diversity, combined with an inclusive culture that makes the company: a great place to work, a valued business partner and a committed member of the community. Our open, welcoming culture is something we "live and breathe" every day; our employees expect it and our customers as well as shareowners benefit from it. Our leadership knows that diverse, talented and dedicated people are critical to our success. So, we value people from diverse backgrounds and give them opportunities to grow and develop their careers. AT&T has long been a leader in providing an inclusive work environment, offering performance-based rewards, and creating cultures of excellence. Our diversity initiatives are important. They promote behaviors and actions for managers to foster a positive, inclusive work environment for enhanced performance and increased success for the company.



Workforce Inclusion Community Impact

Debbie Storey is Senior Vice President-Talent Development and Chief Diversity Officer at AT&T. Storey manages diversity and talent development, training and employee engagement and ensures that AT&T maintains its leadership in these areas. She is actively engaged with other leaders throughout the company to ensure that

workforce inclusion, multicultural marketing, supplier diversity as well as national and community stakeholder initiatives remain strong. Storey leads succession management planning to oversee programs that identify high potential, strong performers from diverse backgrounds and experiences. Once identified, she ensures that these candidates receive the career development, on-the-job training, coaching, mentoring and organizational planning resources to prepare them to lead AT&T tomorrow. In addition to Storey, the entire leadership team is responsible for ensuring that diversity and inclusion are fostered throughout the company.

Major 2010 accomplishments include:

- Significant initiatives were launched across the enterprise, as each Business Unit executed Diversity Commitment Initiatives. Business Unit progress was tracked and results reported on a quarterly basis at the Chairman's Diversity Council.
- We grew membership in our Employee Resource Groups by 26 percent through a range of tactics, including communications campaigns from senior leaders, a new membership website, and more than 25 "Meet & Greets" hosted by different business units across the country.
- We hosted our 2nd National Employee Resource Group Conference, with almost 900 employees attending (a 37 percent increase over the prior year) including attendance by two-thirds of our officers. At this conference, we awarded \$60K in prize money to three (3) Employee Resource Groups who implemented initiatives to promote a "One AT&T" culture in the business.
- Our HACEMOS organizations (Hispanic/Latino Employee Association of AT&T) was named "Best in Class" by the United States Hispanic Chamber of Commerce, in recognition for the wide range of initiatives they have spearheaded such as:
 - The HACEMOS Mentoring Program, which has been going strong for more than 10 years. This program provides members opportunities to build strong, meaningful relationships with their mentor, often a senior leader.

- The 13th Annual HACEMOS High Technology Day hosting more than 1,400 students at AT&T facilities in 22 cities across the country. During this event, HACEMOS links the students across the country via satellite and educates them about careers in the science, technology, engineering and mathematics fields.
- Continued focus on education, as HACEMOS distributed more than \$105,000 in educational scholarships in 2010.
- AT&T designed and launched an on-line diversity training course, in partnership with our Supplier Diversity organization. Since its launch, more than 22,000 managers have completed the course.
- We underscored the company's commitment to D&I by featuring stories on the company's intranet, delivering more than 20 articles featuring a range of diversity messages to employees across the enterprise.
- We hosted our first Annual Generations in Action Conference, with attendees from 35 peer companies. From this conference, we distributed three (3) "AT&T Executive Briefings" which captured key-learnings and outcomes of the conference.
- The company's Diversity & Inclusion website was re-designed to 1) obtain a more prominent placement on the corporate website, 2) feature a video by our Chief Diversity Officer underscoring the company's commitment to D&I, and 3) highlight additional content on the company's D&I programs and accomplishments.
- We maintained our top rankings in several major surveys: DiversityInc, HACR (Hispanic Association on Corporate Responsibility) Inclusion Index, Hispanic Business, Human Rights Campaign Corporate Equality Index, and the Oxbridge Global 50 Employers (AT&T is the only U.S. telecommunications company). The Hispanic National Bar Association honored AT&T with its Corporate Partner of the Year award in recognition of AT&T's extraordinary achievements and contributions to the Hispanic legal community.
- Many of our executives received significant awards, highlighting our commitment to diversity. Examples include 101 Most Influential Leaders in the Latino Community, Champions of Diversity, Hispanic Engineer of the Year Award, Most Important Hispanics in Technology, Outstanding 50 Asian Americans in Business, Top 100 Influential Blacks in America, and Women Worth Watching.

Diversity Recruitment

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

We realize that diverse, talented and dedicated people are key to a company's success. Today, AT&T's 50-state workforce is 40 percent female and 38 percent people of color. AT&T employs the best people from all backgrounds and perspectives to provide products and services that meet its customers' needs. In 2010, 41 percent of AT&T new hires were women, and 46 percent were 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. We use multiple online, print and broadcast outlets to advertise these positions. Monster.com, Careerbuilder.com, Jobing.com, and Simply Hired.com are all widely used as recruitment tools. Monster links to 219 diversity focused sites. Career Builder links to 79 diversity sites while Jobing and Simply Hired.com link to five diversity sites.

In 2010, AT&T sponsored a total of 39 diversity conferences and career fairs across the country that enabled our recruiters to identify and get introduced to a diverse talent pool. AT&T also conducts campus visits to colleges and universities and attends career fairs that cater to diverse populations.

Leadership Development & Talent Acquisition

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

The LDP program is AT&T's flagship leadership development program—focusing 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 LDP program offers many exclusive developmental resources including a mentoring program, leadership assessments, regular interaction with AT&T executives, online tools, and networking events.

Other core components include:

- Annual company orientation featuring the Chairman and key AT&T 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 -- 39 percent of the participants are women, 46 percent are people of color—demonstrating AT&T's commitment to diversity.

The AT&T *Accelerated Development Program (ADP)* is a management development program designed to increase the knowledge and skill of high potential second-level managers who have not participated in the LDP. The ADP is designed to better prepare managers for additional leadership responsibilities. Forty seven percent of ADP participants are women and 47 percent are people of color, further signifying AT&T's commitment to diversity.

AT&T also offers a 12-month development program for first-time supervisors. This program called *SUPER*visory Excellence helps managers transition from individual contributors to

successfully managing others to achieve results. In addition, the company developed a Self-Development Resource Center that offers all employees with self-development and assessment resources, networking, resume writing and career assessment and planning.

Through the years, AT&T has long been recognized for its talent development programs. In 2011, AT&T was recognized by *Chief Learning Officer Magazine* as No. 1 among 75 American companies named to its Learning Elite Organizations for delivering exceptional learning and development programs. CLO also named the company the Editor's Choice in Business Performance Results for best aligning learning and development with business objectives. In addition, AT&T received the *Corporate University Xchange Excellence Award* for innovation in leadership development.

Diversity Training

AT&T University and AT&T Learning Services serve as the umbrella management development and training engines at AT&T, and share a responsibility with the business units for ensuring that diversity and inclusion concepts are included in all of the company's training and development materials. Programs are designed to foster inclusion and encourage integration of diversity in all business practices. Programs foster a respectful environment of inclusion, educate employees on how to work effectively within a diverse culture, and show managers how diversity and inclusion impact the business.

Diversity training is also required for all management employees. Both leader-led courses and an online course, which can be completed in less than half a day, are offered to managers on a monthly basis. Courses include Tools of Engagement: Profitability and Performance Enhancement through Diversity and Inclusion, Subtle Bias Awareness Workshop, Diversity, and Managing the Cross Generational Workforce. Our most recent addition, an online course implemented in 2010, provides a comprehensive overview of AT&T's diversity strategy and its importance in maintaining our competitive advantage in the marketplace. In addition, all employees are required to study and acknowledge the AT&T Code of Business Conduct and EEO Policy annually. AT&T also offers comprehensive diversity information to its employees to complement formal training. One source is a diversity Intranet site featuring important facts about diversity at AT&T, a library, and a Web-based resource center with diversity materials and links to information on related subjects.

AT&T Connect to Success is a mentoring program designed to connect selected managers in fruitful mentoring relationships and foster leadership training opportunities for all, including women and people of color. AT&T Connect to Success provides a broad range of managers with the ability to deepen their networks, develop and strengthen a variety of areas, and broaden their collaboration skills. The program is designed to operate in different platforms, including one-on-one meetings, and leadership blogs, among others.

Additionally, AT&T has a robust internal communications program to bring the company's diversity message to life among all employees. The Heritage Month/ERG series – which highlights culturally relevant insights on diversity, the diversity of the company and its

multicultural customer and employee base – is designed to raise diversity awareness among employees. In addition, articles featuring other aspects of the company's diversity initiatives are published regularly on the company's internal home page.

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

AT&T is committed to provide development opportunities for all employees. In 2010, we invested more than \$260 million in employee training and development programs and an additional \$34 million on tuition reimbursement for employees. We offered tuition assistance to more than 11,900 employees; 43 percent were women and 53 percent were people of color.

Career Development

The company's philosophy is to provide employees with opportunities to grow and develop their careers. Management is charged with successful implementation of various diversity initiatives as part of this philosophy.

In 2008, the *AT&T University* was created to develop leadership capability at every management level. It reflects AT&T's continuing dedication to a culture of learning. All programs are driven by AT&T's business strategy, values, focus on diversity and inclusion, and its leadership competency model. The goal of the corporate university is to accelerate growth (even more important in a faltering economy), foster innovation, and enable flawless execution through leadership development. Through the corporate university, employees have access to several learning and development programs including:

- *Leading with Distinction (LwD)* series is an award-winning management and executive development program that is setting new highs in corporate America in terms of aligning tens of thousands of employees around a common culture and set of priorities. Through the active participation of the CEO and his direct report team, coupled with leading academics and thought leaders, more than 107,000 managers have attended this series to learn about innovation, customer service, collaboration and much more.
- *Mentoring Programs*: AT&T offers several strategic mentoring and development opportunities to help all employees succeed and connect in meaningful mentorship relationships. From specialized programs to open mentoring, these opportunities connect managers and employees in fruitful mentoring relationships and foster leadership training opportunities for all participants.

AT&T Connect to Success LeadershipWORKS Forums: These forums are large group mentoring activities that contain both a virtual and live component for second-level high potential managers. The virtual piece is a six-week discussion forum where managers are grouped by geographic locations and asked to participate in discussions around business-related topics like innovation and trust and managing one's potential. At the end of the six-week virtual experience, managers in the program are able to attend live panel discussions

with leaders in the business (executive directors and senior managers made up the panels). Panel topics are shared with the participants in advance to ensure that they are prepared for the sessions. In addition to the panel discussions, managers are able to network with peers and leaders of the business.

Self-Development and Learning Resource Center is a virtual resource center that 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.

AT&T Connect to Success LeadershipWORKS Forums: These forums are large group mentoring activities that contain both a virtual and live component for second-level high potential managers. The virtual piece is a six-week discussion forum where managers are grouped by geographic locations and asked to participate in discussions around business-related topics like innovation and trust and managing one's potential. At the end of the six-week virtual experience, managers in the program are able to attend live panel discussions with leaders in the business (executive directors and senior managers made up the panels). Panel topics are shared with the participants in advance to ensure that they are prepared for the sessions. In addition to the panel discussions, managers are able to network with peers and leaders of the business.

Continuing Skills Training is a comprehensive training program offered to employees in several areas from sales to engineering. More than 10,000 courses are available to employees, including courses in consumer call center and retail sales, business call center and direct sales, network engineering and direct sales, and network (wireless and wireline).

Through the *AT&T Tuition Reimbursement Program*, financial assistance is provided to management and non-management employees pursuing academic degrees that benefit both the employee and the company.

Workforce Diversity Accountability

AT&T leaders are charged with helping AT&T recognize and address the issue of ensuring a pipeline of diverse leaders at all levels of management. The 2010 action plan for leadership development was measured by:

- Performance targets for retention of a diverse workforce and leadership development improvements, with clear accountabilities.
- Performance measures for diverse leadership advancement.
- Maintaining a diverse workforce at all levels and a supportive inclusive environment.
- Statistics around recruitment, leadership development training, and succession planning.

In addition to setting measurement procedures for AT&T leaders, we have also established measurement procedures to evaluate our workforce diversity initiatives, including recruitment and retention. These include:

- Diversity scorecards and commitment initiatives index for business units (implemented in 2009)
- Quarterly discussion of diversity initiatives and results by CEO and direct reports
- An employee survey which includes questions about AT&T's leadership commitment to diversity, our culture and work environment
- Monthly tracking of workforce representation – current employee base and new hires
- 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 by building the leadership bench which 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. As part of this review, each business unit is asked to assess the diversity profile of its leadership team and outline any action steps needed in this area. The process incorporates best practices from each of AT&T's legacy companies and evaluations are based upon an individual's performance and their demonstration of the company's leadership competencies.

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

Employee Resource Groups

AT&T has several Employee Resource Groups (ERGs) which are open to all active and retired employees. These ERGs reflect the diversity of the company's employee and customer base

and support the company's commitment to diversity and inclusion through their efforts in the workplace, marketplace, and 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 Transgender 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.
- **oxyGEN** – oxyGEN was created in 2011 for the purpose of enhancing understanding, increasing engagement, encouraging and developing leadership skills of AT&T's young professionals. It will serve as a resource to promote unity and enhance the strength across the generations represented within AT&T's workforce.
- **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. This is achieved through professional and personal development programs; mentoring; networking; community involvement; and adding value to AT&T.

In addition, AT&T sponsors a Joint Diversity Council, which includes the national presidents of the employee resource groups and members of the AT&T Diversity and Inclusion team. This council evaluates best practices, and addresses diversity and inclusion issues.

AT&T Philanthropy—Community Giving

AT&T has a strong belief that we should support the communities where we live and work. Through volunteering and giving, we have helped make a difference for more than a century. The AT&T Foundation has been actively enriching and strengthening the diverse communities we serve for 25 years. The Foundation supports non-profit organizations and projects nationwide that promote 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. In 2010, AT&T and its employees contributed nearly \$148 million through corporate-, employee- and AT&T Foundation-giving programs. AT&T has a strong legacy with organizations focused on empowering the Hispanic, African-American, Asian and Asian American, military, disability, LGBT, and American Indian communities.

AT&T Volunteerism

Volunteerism is ingrained in AT&T's culture. For almost 100 years, we have been donating our time and talents to support underserved populations and strengthen our communities. Each year, approximately 300,000 of our employees and retirees take time to enhance their communities. In 2010, employees and retirees donated 9 million hours of time to community outreach activities — worth more than \$192 million.

Volunteerism continues to be a key component of AT&T Aspire, with employees finding new ways to engage and impact youth through the program. Employee volunteerism programs are part of AT&T Cares, a comprehensive, company-wide volunteer initiative designed to provide options for how employees volunteer, while encouraging them to engage, and remain engaged, in community service that is meaningful to them and their communities.

To celebrate National Volunteer Week, in April 2010, AT&T held a special AT&T Cares National Volunteer Week Contest. Employees got the chance to present their favorite nonprofit volunteer project or activity, apply for funding dollars to support the project and then rally

other employees to vote for it. More than 12,000 AT&T employees cast their votes for their favorite employee volunteer project during this special fundraising event. AT&T contributed a total of \$40,000 to fund the top six projects receiving the most employee votes.

AT&T Multicultural Outreach Efforts

The company's customer base is very diverse and we do our best to serve our customers in their preferred language. It's all about helping individuals see how AT&T might be able to improve their lives. To that end, we constantly ask ourselves: How can we improve the way we connect with a wide array of people?

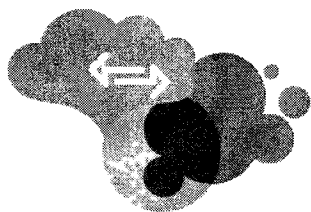
AT&T recognizes the value of multicultural consumers and communicates in a way that reflects how the company's products and services might best fit into their lives. The company's advertising and marketing campaigns represent the diversity of the local communities that we serve, and they authentically portray diverse individuals in positive roles. Our campaigns allow consumers to be informed about the company's products and services by connecting with them through meaningful moments in a culturally relevant way.

AT&T currently conducts business in more than 160 languages and provides service to more than 1.5 million customers in languages other than English. More than 70 percent of the nation's Hispanic population lives in AT&T's combined 22-state footprint. To better communicate with the Hispanic community online, we have a full-service Spanish-language web site, <http://espanol.att.com/>. In 2005, AT&T launched AT&T World, a web site with five Asian languages offering self-service customer capabilities that prefer to do business in Chinese, Vietnamese, Korean, Tagalog and Japanese. In 2009, we added two additional languages to AT&T World, Russian and Polish, to serve select regions. As a leading bilingual telecommunications retailer,

AT&T has converted more than 700 locations nationwide to bilingual concept stores allowing our Hispanic customers to speak with someone who understands their needs and language. These stores are located in high-density Hispanic markets including California, Florida, New York and Texas.

AT&T Global Supplier Diversity

AT&T Global Supplier Diversity is an organization that connects certified minority, women and disabled veteran businesses with the opportunity to provide products and services to AT&T around the world.



Minority, women and disabled-veteran owned suppliers bring value to our company through their unique skills and fresh ideas; their efforts help us deliver world-class products and services to meet our customers' diverse needs and improve our position in the communications marketplace as an innovative leader.

We are extremely proud of our achievements in working with qualified diverse business enterprises and enhancing their ability to participate in the corporate supply chain. AT&T has been a longstanding leader in supplier diversity since 1968—spending \$9.2 billion with diverse suppliers in 2010.

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 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 suppliers.

AT&T Corporate Supplier Diversity Goals

In 2004, the *AT&T Texas Annual Progress Report* established a supplier diversity goal of 20 percent. In 2008, AT&T set a corporate goal to procure 21.5 percent of our products and services from certified minority, women and disabled veteran business enterprises.

Specifically, our supplier diversity goals are:

- 15 percent with Minority Business Enterprises (MBE)
- 5 percent with Women Business Enterprises (WBE)
- 1.5 percent with Disabled Veteran Enterprises (DVBE)

AT&T encourages HUB/diverse suppliers to explore opportunities and compete for business in all aspects of our supply chain. Today, diverse suppliers are participating in every sector of our business such as network and construction, emerging technology, advertising, finance and legal. Diverse suppliers help AT&T maintain our competitive edge by providing innovative and quality products and services that meet the needs of our customers.

The AT&T Global Supplier Diversity Team

The AT&T Global Supplier Diversity team is responsible for:

- Establishing and maintaining corporate supplier diversity policies, strategies and results
- Expanding AT&T's existing base of diverse suppliers
- Developing and implementing AT&T HUB/diverse supplier outreach events
- Developing and managing HUB/diverse supplier mentoring and coaching programs
- Providing internal and external supplier diversity communications and training
- Managing external relationships with diversity councils, advocacy groups and Chambers of Commerce

In 2010, with a focus on achieving our supplier diversity corporate goals, the AT&T Global Supplier Diversity team was structured to include three teams dedicated to supplier diversity Channel Management, Business Development, and Stakeholder Management. These teams focus on expanding the existing base of diverse suppliers, enhancing stakeholder

management by working with councils and advocacy groups and augmenting AT&T business unit awareness.

The AT&T Supplier Diversity Channel Management Team

In 2010, a supplier diversity channel management team was created to uncover more contract opportunities throughout the AT&T enterprise. This "front-door" team explores new and future opportunities with various AT&T business units and is responsible for seeking opportunities in our emerging lines of business by working collaboratively with market segment leaders.

The AT&T Supplier Diversity Business Development Team

The business development team works with existing AT&T diverse suppliers to ensure requirements are clearly communicated so they are successful as suppliers in our ever-evolving supply chain. This team partners with AT&T's strategic sourcing teams to ensure diverse suppliers are given the opportunity to participate in the company's business.

The AT&T Supplier Diversity Stakeholder Management Team

The stakeholder management team designs and manages events and trains employees for participation in supplier diversity outreach events. They work closely with numerous community based supplier diversity organizations, advocacy groups and councils sharing critical knowledge about "*How to Do Business with AT&T.*"

Supplier Development

Through active participation in nationally recognized supplier diversity organizations, AT&T supports mentoring and development programs for HUB/diverse suppliers by providing leadership through active participation in to national councils such as the National Minority Supplier Development Council (NMSDC) and the Women Business Enterprise National Council (WBENC).

Supplier development and outreach efforts also include collaborating with diversity councils, advocacy groups and Chambers of Commerce on identifying new approaches to providing HUB/diverse suppliers with information on how to do business with AT&T. Efforts include coaching, mentoring and training HUB/diverse suppliers on procurement trends, how to remain competitive in today's changing market, and understanding global supply chain operations and supplier requirements.

Additionally, AT&T supports over twenty regional councils and has representatives on twelve WBENC and/or NMSDC council boards. Many of these organizations provide diversity certification services for HUB/diverse suppliers.

Corporate Sponsorships

AT&T sponsors numerous supplier diversity outreach events, such as trade shows, workshops and award/recognition programs. These forums provide HUB/diverse suppliers and corporations the 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 (HMSDC)

- Southwest Minority Supplier Development Council
- The Women Business Enterprise Alliance
- The Women Business Council Southwest

Continuing Educational Opportunities

AT&T's is committed to helping HUB/diverse suppliers improve their operations, while enhancing their ability to win corporate contracts. Through the AT&T Executive Scholarship program the Supplier Diversity organization, promotes innovation and growth for HUB/diverse suppliers. The executive scholarship program provides advanced education that focuses on augmenting the skill sets required to grow a business and embrace innovation.

Thirty-five scholarships were awarded to diversity suppliers to attend educational programs at leading graduate schools such as:

- The Minority Business Executive Program, Tuck Graduate School of Business, Dartmouth College
- NMSDC Advanced Management Education Program, Kellogg Graduate School of Management, Northwestern University
- The Management Development for Entrepreneurs (MDE) Program, Anderson School of Management, UCLA
- FastTrac Program, Robinson College of Business, Georgia State University
- Texas A&M University – Mays School of Business, Entrepreneurship Boot camp for Disabled Veterans

Supplier Diversity Outreach Ambassadors

AT&T's ambassador program was established more than ten years ago and reinforces our corporate commitment to include HUB/diverse suppliers in our supply chain. Eight hundred employees from across the company volunteer to be supplier diversity outreach ambassadors; representing the company at HUB/diverse supplier trade fairs and outreach events.

Each ambassador completes an online training program, and participates in an interview with a supplier diversity manager before representing AT&T at supplier diversity outreach events. As such, ambassadors are knowledgeable about our supplier diversity mission and share program information with prospective suppliers, customers, advocacy groups, business councils and government representatives.

Supplier Diversity Recognition Programs

Internal Recognition Programs

AT&T's Global Supplier Diversity organization reinforces the importance of meeting supplier diversity goals through employee recognition. In 2010, AT&T Global Supplier Diversity launched new employee recognition programs: "U-Rock" and the "Harden Award" to reinforce supply diversity goals and recognize supplier diversity accomplishments.

The U-Rock Award: The 101 award winners were recognized for:

- Developing innovative ways to acquire new diverse suppliers
- Volunteering for outreach events
- Improving diversity spend results

The Harden Award: Recognized the AT&T officers who drove significant progress in their organization's supplier diversity results—reinforcing executive-level involvement which is a critical component in driving exponential supplier diversity spending results.

External Recognition Programs

AT&T also annually evaluates and recognizes our large prime suppliers for their contributions to growing diversity in our supply chain. Many of these companies are HUB/diverse suppliers that have established themselves as strategic and successful businesses within our supply chain. Our company also presents a Supplier Diversity Award to the prime supplier that achieves supplier diversity excellence.

Prime Supplier Program

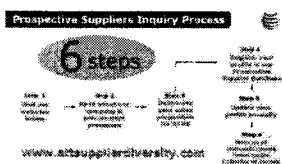
The AT&T Prime Supplier Program is essential in assisting our prime suppliers in increasing the use of minority, women and disabled-veteran owned businesses in their supply chain through subcontracting and value-added reseller arrangements.

Program Highlights:

- AT&T assigned a dedicated manager to the program and re-launched and fortified the program to increase the number of business contracts available to W/MBEs.
- The president of AT&T Supply Chain and Fleet Operations sent a letter to our prime suppliers announcing changes to the program, setting expectations and reinforcing AT&T's commitment to supplier diversity.
- New training materials were developed and delivered to help our prime suppliers establish and enhance their own supplier diversity program
- Prime suppliers were required to file annual plans outlining their company's supplier diversity strategy and were required to report supplier diversity results monthly vs. quarterly

Employee Training & Education

The Supplier Diversity team launched a new on-line diversity and inclusion training designed for all employees. This training presented employees with information about AT&T's overall diversity commitment, philanthropy and diversity marketing. The training provides information on topics ranging from the supplier diversity success stories and testimonials, corporate goals, AT&T leadership support and regulatory compliance. It outlines AT&T's supplier diversity legacy of leadership which ensures diversity suppliers are a part of the AT&T supply chain. More than twenty-two thousand employees have successfully completed the supplier diversity training and have provided positive feedback on the experience.



AT&T's Six-Step Contracting Process for prospective suppliers is posted on the AT&T Supplier Diversity website. This process outlines the required first steps a HUB/diverse supplier should take to engaging AT&T Supplier Diversity.

AT&T sourcing managers play an active role in promoting the inclusion of diverse suppliers within the AT&T supply chain. They are required to follow an internal formalized set of operating practices and specific supplier diversity goals are included in each sourcing manager's performance metrics which are reviewed quarterly with employees.

Key Initiatives

During the October 2010 through September 2011 reporting period, AT&T participated in approximately 138 supplier diversity outreach events nationally, including the following Texas HUB/diverse supplier outreach events:

1. AT&T Meet the Primes Matchmaker event Dallas which included members from the Texas Disabled Veterans Association, Dallas Ft. Worth Minority Supplier Development Council, Southwest Minority Supplier Development Council, and Women's Business Council – Southwest
2. Women's Business Council – Southwest Harvesting Partnerships and Scholarship Summit
3. The Dallas TX, Chinese Institute of Engineers Minority Business Forum
4. Texas Association of African American Chambers of Commerce Conference & Procurement Expo
5. Women's Business Council – Southwest Member Orientation
6. Viva Dallas Hispanic Expo
7. Texas Association of Mexican America Chambers of Commerce Business Summit and Expo
8. 1st Texas Minority Business International Trade Summit
9. Institute for Supply Management (ISM) Suppliers Expo

2011 Supplier Diversity Strategic Initiatives



"Supplier diversity excellence leads to better and more diverse business solutions and greater customer loyalty. Achievement of our supplier diversity goal is a focus of AT&T."

---Marianne Strobel, Executive Director AT&T Global Supplier Diversity

AT&T Supplier Diversity is an organization that connects certified diverse businesses with opportunities to provide products and services to AT&T around the world. The following information highlights the AT&T Supplier Diversity programs:

AT&T Meet the Primes Matchmaker Events: AT&T launched the Meet-The-Primes Matchmaker events to create real contract opportunity with pre-vetted prospective suppliers with our most strategic primes and produced four Matchmaker events located in Chicago, IL, Atlanta, GA, Dallas, TX and Detroit, MI. The events produced 232 diverse suppliers meeting with 56 Fortune 500 Prime Suppliers in 712 meetings.

AT&T launched the Women's Entrepreneur Forum: To serve emerging communications technology needs and ensure U.S. women-owned businesses continue to innovate and grow, AT&T launched the Women's Entrepreneur Forum. This forum was comprised of more than 30 women business leaders who focused on business communications, unique technology needs for small business, future trends in each of the participants' respective industries, and provided a look into how AT&T can help their businesses grow. Forum members met regularly with AT&T sales teams and other entrepreneurs to formulate solutions for small and medium business enterprises.

AT&T Power Up! Technology Pilot: In an effort to build and expand technical capabilities, the AT&T Supplier Diversity team developed *AT&T Power Up!*—a technology webinar which was broadcast nationally. The *Power Up!* pilot focused on teaching HUB/diverse suppliers how to use technology to increase their businesses productivity. The pilot included information on how managed services/cloud computing can improve a company's productivity and profitability. It highlighted several business mobility applications and described how to effectively implement them into the business environment and successfully pursue, submit and gain financial backing for business expansion.

Leadership with Global Minority Women Businesses: AT&T encourages its HUB/diverse suppliers to examine their business case for international operations, alliances and/or joint ventures as they strive to maintain their competitive edge. Additionally, AT&T collaborated with WEConnect International to work with overseas HUB/diverse suppliers to certify HUB/diverse suppliers in several countries around the world helping to secure multi-national corporation contracts.

In May 2011, AT&T Supplier Diversity met with the CEOs of certified minority women owned businesses from India and Canada. The CEO's attended an AT&T sponsored matchmaking event and met with the AT&T Supplier Diversity leadership team to discuss opportunity areas within the AT&T supply chain.

The AT&T Advertising Summit: In 2010, AT&T spent \$50.3 million with diverse advertising firms—an increase 22.9% over 2009. AT&T launched an advertising planning summit designed to assist AT&T advertising suppliers with developing supplier diversity plans that outline how to increase their diversity spend.

The AT&T's Advertising Summit: "*Igniting Inclusion, Empowering Change*" was held in Oct. 2010. It highlighted best practices and identified ways advertising firms can increase diversity in their supply chain. The summit amplified collaboration, broke down barriers, and identified useful tactics that helped advertising agencies and AT&T expand diversity inclusion.

Tim Harden, president of AT&T Supply Chain and Fleet Operations, sponsored the summit along with twelve AT&T executives who met with each of the thirty advertising agencies participating in the summit. Discussions centered around developing actionable plans on how to increase diversity spend by using Tier 1 and Tier 2 diverse suppliers.

The following is a summary of the outcomes from the AT&T Advertising Diversity Summit:

1. Industry representatives identified new approaches to developing and implementing a supplier diversity program. Each set supplier diversity goals.
2. Monthly meetings with participating advertising companies were established to monitor progress and assist in achieving their diversity goals.
3. Collaboration sessions between the participating advertising companies and AT&T's advertising team were scheduled—identifying opportunity areas for diverse businesses in advertising campaigns.

Advertising Summit Metrics:

- 30 advertising agencies participated in the planning summit
- 95% were very satisfied with their overall experience
- 87% (26 suppliers) of the advertising prime suppliers attending the event delivered a supplier diversity spending plan
- From Jan 2011 - Apr 2011, 65% of the advertising prime suppliers who participated in the summit increased their AT&T Tier 2 diversity spend by double-digit millions.

The AT&T Finance Summit: In 2010, AT&T worked with sixteen HUB/diverse supplier financial institutions, totaling \$5.4 billion in investments. These firms provided services such as AT&T Foundation investment management, debt underwriting, dealer services for commercial paper issuance and advisory services for liability management.

AT&T continues to increase diversity participation in finance supply chain—utilizing technology such as on-line supplier registration and outreach events to identify mutually beneficial opportunities. AT&T's Finance and Treasury organization participated in workshops for diverse business financial services firms. These events were designed to facilitate introductions of corporate finance managers to diverse financial services firms.

The first AT&T Supplier Diversity Finance Summit was held in December 2010. AT&T's top twenty-five finance prime suppliers, madding up nearly seventy percent of the overall spending in this category, were represented. The finance summit was an interactive event and produced a dialogue of creative solutions and knowledge transfer. AT&T Supply Chain and Finance representatives presented AT&T's requirements for their company's participation and shared the compelling business case for diversity.

Six breakout sessions were central to the agenda. In these breakout sessions teams identified supply chain needs and outsourcing opportunities. Each prime supplier was required to produce an annual supplier diversity plan for 2011 and begin reporting their progress to goal monthly. Many of the finance corporations were not actively implementing supplier diversity programs or initiatives, however, post AT&T Finance Summit each participating firm now promotes supplier diversity.

Results include:

- 6 prime suppliers increased 2010 supplier diversity spend based on proactive engagement with AT&T's Global Supplier Diversity team and identifying opportunity areas for diverse suppliers.
- Continued expansion of Tier II subcontracting
- AT&T added several prime suppliers to our Prime Supplier Program and are now tracking their Tier 2 diversity spend,
- All prime suppliers who participated in the summit developed supplier diversity plans and are reporting supplier diversity progress in 2011.

AT&T finance leadership continues into 2011 with the commitment to progress to 21.5% supplier diversity inclusion—meeting regularly with prospective MBE suppliers to identify opportunities to expand diversity spend. MBEs currently providing products and services in the finance spend category can be provided upon request.

AT&T Supplier Diversity Digital Antenna Solutions (DAS) Day: In September 2011, AT&T sponsored a unique two day event in Irving TX., called the *AT&T Supplier Diversity Digital Antenna (DAS) Solutions Day*. This event marked a new approach to proactively identifying suppliers in the emerging areas of AT&T's business. The invitation only event included forty-eight prospective diverse DAS suppliers who met with AT&T decision makers, AT&T approved Original Equipment Manufacturers (OEMs), and Prime Suppliers in the DAS space. The event provided information on the technical aspects of DAS and AT&T's construction, engineering and system requirements.

Elevating to New Levels

AT&T continues to work with certified HUB/diverse suppliers assisting them with one of today's most essential business component—Emerging Technology. Through our strategic initiatives, such as the AT&T Prime Supplier Program, the *AT&T Power Up!* technology series, and Matchmaker events, AT&T Supplier Diversity promotes innovation and growth and provides HUB/diverse suppliers the opportunity to expand their knowledge of global supply chain requirements, and how to successfully respond to an ever changing market.

AT&T will continue to enhance and implement strategic outreach initiatives—with the goal of creating more opportunities for HUB/diverse suppliers. AT&T Supplier Diversity is something we truly believe in. It's the way in which we choose to do business. It's simply who we are!

AT&T Diversity Awards & Recognitions

2010 AT&T Awards & Recognition	
Corporation of the Year	NMSDC National Minority Supplier Development Council (2010)
Corporation of the Year	South Florida Minority Supplier Development Council (2010)
MBE Choice Award	NSMSDC (2010)
Executive of the Year, Marianne Strobel Executive Director AT&T Global Supplier Diversity	NCMSDC (2010)
CEO Circle	US Hispanic Chamber of Commerce (2010)
Buyer of the Year	South Florida Minority Supplier Development Council (2010)
Corporation of the Year	Wisconsin Supplier Development Council (2008, 2010)
Corporation of the Year	Tennessee Minority Supplier Development Council (2010)
Manager of the Year	Wisconsin Supplier Development Council (2010)
Top 10 Corporations	Greater Women Business Council (2010)
Distinguished Supplier Diversity Award	Corporation MBDA Atlanta Region (2010)
Distinguished Supplier Diversity Award	Individual MBDA Atlanta Region (2010)
America's Top Corporations for Women Business Enterprises	WBENC (2000-2010)
Top Five Inclusive Fortune 100 Companies for Hispanics	Hispanic Association for Corporate Responsibility (HACR) (2010)
Supplier Diversity Excellence	US Hispanic Contractors (2010)
Top 50 Companies for Diversity	DiversityInc. (2002-2004, 2006, 2008, 2010)
Top 10 Companies for Supplier Diversity	DiversityInc. (2002-2004, 2010)
Top Businesses Advocates for US Asian Markets	Diversity Business.com (2010)
Top 10 Companies for African Americans	DiversityInc. (2010)
40 Best Companies for Supplier Diversity	Black Enterprise Magazine (2006, 2010)
Diversity Leader Award Profiles	Diversity Journal (2010)
Million-Dollar Club Award,	U.S. Hispanic Chamber of Commerce (2010)
Corporate Partner of the Year	State of FL Supplier Diversity Office (2010)
Cultural Diversity Award	Onyx Magazine (2010)
Top Organizations for Multicultural Business Opportunities, (Div 50)	DiversityBusiness.com (2000-2010)
Corporate 100	Hispanic Magazine (1989-2010)
Best 10 Corporations for Veteran-Owned Businesses,	Vetpreneur Magazine (2009-2010)
George Washington Award	Gold Coast Veterans Foundation (2010)

Addendum—HUB Report

December 30, 2011

Filing Clerk
Public Utility **Commission** of Texas
1701 North **Congress Avenue**
Austin, TX 78711

Re: Project 30238 - Historically Underutilized Business (HUB) Report

Attached is Southwestern Bell Telephone, Inc.'s, d/b/a AT&T Texas report on Historically Underutilized Businesses (HUB). A HUB is defined as business enterprises that are 51% owned and controlled by US citizens who are socially disadvantaged because of their identification as members of certain groups, including African-American, Hispanic, Native American or Asian Pacific and Women as defined in the Texas Government Code § 481.101(1). This report is filed in accordance with Substantive Rule §26.80 (b) and includes the previous four quarters ending on September 30, 2010.

AT&T Texas has no vendors with unknown status, as all our vendors must be certified to qualify as a HUB.

Please call me at (512)457-2255 if you have any questions.

Sincerely,

Gary Volluz
AT&T Texas

Attachment:

Large Utilities HUB Use Report—Texas Purchases

LARGE UTILITIES HUB USE REPORT (Texas Purchases)

Utility: AT&T Southwest

MBE Procurement	Construction M/WBE \$	Commodities M/WBE \$	Other Services M/WBE \$	Professional Services M/WBE \$	Major Equipment M/WBE \$	Other M/WBE \$	Total HUB Purchases M/WBE \$
African American							
Male	680,354	1,772,487	1,736,507	7,696,507	75,306,867	-	88,692,822
Women	40,966	-	192,348	4,748,486	1,777,744	-	6,759,573
Total	721,350	1,772,487	1,928,855	12,444,992	78,584,411	-	95,452,195
Asian American							
Male	717,677	2,350,558	1,094,731	18,503,823	32,745,450	-	54,712,239
Women	191	4,607,778	845,159	5,539,645	5,468,424	-	16,461,197
Total	717,868	6,958,336	1,939,890	24,043,468	37,513,874	-	71,173,436
Hispanic American							
Male	1,793,681	235,834,348	27,323,657	17,488,995	54,583,902	-	337,024,580
Women	935,266	3,211,216	1,811,321	2,741,240	27,681,764	-	36,360,808
Total	2,728,947	239,045,564	29,134,978	20,230,235	82,265,667	-	373,405,388
Native American							
Male	470,078	1,385,552	2,289,983	-	5,374,027	-	9,519,640
Female	5,502	3,478,409	44,128	-	301,015	-	3,829,054
Total	475,580	4,863,961	2,334,111	-	5,675,042	-	13,348,694
MBE Total	4,643,746	252,640,344	35,337,935	56,718,695	204,038,993	-	553,379,713
Non-Minority Female	3,828,171	47,470,228	19,349,954	14,874,951	69,930,816	-	155,254,118
Total MBE/WBE Procurement	8,271,917	300,110,571	54,687,889	71,593,646	273,969,809	-	708,633,830

Total Unknown Status Procurement ⁽¹⁾

Total Fuel & Purchased Power Procurement

Total AT&T Direct Non-Fuel Procurement (2)

⁽¹⁾ Vendors for whom HUB status is not directly known

⁽²⁾ Expenditures for goods and services from vendors not including wages, benefits and other non-negotiable goods and services such as utilities, taxes, and postage

⁽³⁾ These figures represent total dollars spent by AT&T Southwest Operations

⁽⁴⁾ The HUB status of ALL vendor dollars contained in this report were certified through one of the independent certification agencies attached

Not Applicable to AT&T						
Not Applicable to AT&T						
94,298,317	508,015,017	468,272,780	384,145,526	854,182,987	-	2,308,914,628

Reporting Period: October 1, 2010 to September 30, 2011

Reporting Date: December 30, 2011

Large Utilities HUB Use Report—Outside Texas Purchases

LARGE UTILITIES HUB USE REPORT (Outside Texas Purchases)

Utility: AT&T Southwest

MBE Procurement	Construction M/WBE \$	Commodities M/WBE \$	Other Services M/WBE \$	Professional Services M/WBE \$	Major Equipment M/WBE \$	Other M/WBE \$	Total HUB Purchases M/WBE \$
African American							
Male	11,892,308	428,841,769	59,410,503	102,887,862	805,644,712	-	1,408,276,954
Women	91,711	598,242	4,738,830	69,301,956	24,248,857	-	99,680,397
Total	11,884,019	429,441,011	64,149,333	172,589,818	829,893,569	-	1,507,957,351
Asian American							
Male	8,322,634	164,558,461	51,693,413	320,873,936	297,784,617	-	841,213,061
Women	-	10,438,079	13,622,891	66,837,584	59,034,006	-	149,932,560
Total	8,322,634	174,996,540	65,316,304	387,711,520	356,798,623	-	991,145,421
Hispanic American							
Male	9,014,980	1,710,298,991	815,822,741	196,634,252	817,001,042	-	3,548,770,007
Women	20,520,219	38,520,364	29,011,534	49,959,685	266,331,364	-	404,343,195
Total	29,535,199	1,748,817,355	844,834,275	246,593,937	1,083,332,405	-	3,953,113,202
Native American							
Male	29,773	2,731,007	3,496,597	-	6,573,057	-	10,130,234
Female	1,631,481	3,925,208	659,154	8,813	465,608	-	6,691,262
Total	1,661,254	6,657,213	4,155,751	8,813	7,238,665	-	22,821,496
MBE Total	49,403,105	2,359,612,121	978,455,062	806,903,889	2,280,363,293	-	6,475,037,470
Non-Minority Female	88,986,993	568,892,425	293,849,202	200,029,663	1,566,513,081	-	2,718,271,364
Total MBE/WBE Procurement	138,390,098	2,928,504,546	1,272,304,265	1,006,933,552	3,846,876,375	-	9,193,308,835
Total: Unknown Status Procurement	Not Applicable to AT&T						
Total: Fuel & Purchased Power Procurement	Not Applicable to AT&T						
Total AT&T Direct Non-Fuel Procurement (2)	837,078,904	17,174,775,268	8,819,208,381	7,780,888,618	14,544,123,367	-	49,166,074,527

Vendors for whom HUB status is not directly known

Expenditures for goods and services from vendors not including wages, benefits and other non-negotiable goods and services such as utilities, taxes, and postage

These figures represent total dollars spent by AT&T Southwest Operations

The HUB status of ALL vendor dollars contained in this report were certified through one of the independent certification agencies attached

Reporting Period: October 1, 2010 to September 30, 2011

Reporting Date: December 30, 2011

AT&T Supplier Diversity Data—Texas

AT&T Texas Supplier Diversity— Oct 1st, 2010 to Sept. 31st 2011			
Actual = Total HUB/DIVERSE SUPPLIERS procurement plus total small business procurement/total company procurement	Actual for Previous FY 2009-2010	Actual for Current FY 2010-2011	Percent Change
Construction contracts	7.9%	10.8%	40.6%
Commodities contracts	39.7%	62.3%	76.4%
Other services	31.9%	13.2%	-57.9%
Professional services contracts	19.9%	19.5%	70.4%
Major equipment	33.5%	34.3%	-5.5%
Other	0.0%	0.0%	n/a
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 other than buildings such as pipelines, communication and power lines, sewer and water mains, asphalt and concrete construction of roads, trenching, cable laying, conduit construction, land clearing and leveling.			
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 services, janitorial, travel/lodging, automotive repair, and photography.			
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, surveying services, weather services, environmental, financial, etc.			
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/DIVERSE SUPPLIERS -- 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 Women as defined in the Texas Government Code § 481.101(1)			
7. Other -- Any commodity or service not covered by the above categories.			

AT&T Supplier Diversity Data—Outside Texas

AT&T Outside Supplier Diversity Oct 1st, 2010 to Sept. 31st 2011			
Actual = [Total HUB/DIVERSE SUPPLIERS PROCUREMENT + Total Small Business Procurement/Total Company procurement	Actual for Previous 2009-2010 FY*	Actual for Current 2010-2011 FY	Percent Change
Construction Contracts	0.0%	25.8%	25.8%
Commodities Contracts	0.0%	18.0%	18.0%
Other Services	0.0%	21.1%	21.1%
Professional Services Contracts	0.0%	15.3%	15.3%
Major Equipment	0.0%	29.6%	29.6%
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 other than buildings such as pipelines, communication and power lines, sewer and water mains, asphalt and concrete construction of roads, trenching, cable laying, conduit construction, land clearing and leveling.			
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 services, janitorial, travel/lodging, automotive repair, and photography.			
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, surveying services, weather services, environmental, financial, etc.			
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/DIVERSE SUPPLIERS -- 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 Women as defined in the Texas Government Code § 481.101(1)			
7. Other -- Any commodity or service not covered by the above categories.			

*Previous AT&T outside supplier diversity 2009-2010 FY year data provided results for Missouri, Oklahoma, Kansas & Arkansas. Current AT&T outside supplier diversity FY 2010-2011 provides results at the national level.

Recognized Certification Agencies—Disabled Veteran Enterprises

Association for Service Disabled Veterans (ASDV)

Address: PO Box 20312

Stanford, CA 94309

Type of certification: Disabled veteran business certifications

Supplier Processing Fee: \$250; a site visit, if required, would have additional cost; \$100 renewal fee

Validation Period: Valid for 2 years, Renewal for two year increments

Telephone: 650-949-3751 or 415-437-1400

Web Address: <http://www.asdv.org>

Department of Veterans Affairs' VetBiz Registry

Type of certification: Disabled veteran business certifications

Supplier Processing Fee: No fee to vendor

Validation Period: Valid for 3 years.

Telephone: (866) 584-2344, or (202) 303-3260

Web Address: <http://www.vetbiz.gov/vip/verify.htm>

State of California Department of General Services, Procurement Division, Office of Small Business and DVBE Services (OSBDS)

Office Address: 707 3rd Street, First Floor, Room 400

West Sacramento, CA 95605

Mailing Address: P. O. Box 989052

West Sacramento, CA 95798-9052

Type of certification: For California-based Disabled-Veteran Businesses

Supplier Processing Fee: No fee to vendor

Validation Period: Up to 3 years

Telephone: 916-322-5060; 1-800-559-5529

Web Address: <http://www.osmb.dgs.ca.gov>

Recognized Certification Agencies—Minority & Women Owned Enterprises

Supplier Clearinghouse

Office Address: 606 S. Olive Street, Suite 1120

Los Angeles, Ca 90014

Type of certification: Minority and Women owned business certifications

Supplier Processing Fee: No fee to vendor

Validation Period: Valid for 3 years.

Vendors certified by the NMSDC and/or WBENC will have a shortened Comparable Agency Verification filing process.

Telephone: 1- 800-359-7998

Web Address: <http://www.thesupplierclearinghouse.com>

National Minority Supplier Development Council (NMSDC) – and all of its affiliated regional councils

Address: 1040 Avenue of Americas, 2nd Floor

New York, NY 10018

Type of certification: Minority-owned business certifications-regional/national

Supplier Processing Fee: Fee to vendor

Validation Period: Valid for 1 year

Telephone: 212-944-2430

Web Address: <http://www.nmsdcus.org>

Women's Business Enterprise National Council (WBENC) – and all of its partner organizations

Address: 1120 Connecticut Avenue NW, Suite 950

Washington, D.C. 20036

Type of certification: Women-owned business certifications

Supplier Processing Fee: Fee to vendor

Validation Period: Valid for 1 year

Telephone: 202-872-5515

Web Address: <http://www.wbenc.org>

Minority Bank Deposit Program (MBDP) Agency

Address: Federal Reserve Bank of St. Louis Attn: T Attn: Treasury Support Center Analysts PO Bo PO Box 442 St. Louis, MO 63166

Type of certification: Minority-owned business certifications

Supplier Processing Fee: \$0

Validation Period: Valid for 1 year

Telephone: (202) 874-7055 Fax: (202) 874-6575

Web Address: mary.bailey@fms.treas.gov

Cherokee Nation, Career Services, Tribal Employment Rights Office (TERO)

Address: PO Box 948

Tahlequah, OK 74465

Type of certification: Minority owned business certification

Supplier Processing Fee: Processing fee for granted certifications

Validation Period: Valid for 1 year

Telephone: Within Oklahoma: 800-256-0671

Outside Oklahoma: 918-456-0671

Web Address: <http://www.cherokee.org/services/commerce>

City of Chicago Office of Compliance and Certification

Address: City Hall – Room 403

121 North LaSalle Street

Chicago, IL 60602-1284

Type of certification: Minority and Women-Owned Businesses

Supplier Processing Fee: Fee to Vendor

Validation Period: 3 years

Telephone: 312-744-0835

Web Address: <http://www.cityofchicago.org>

State of Illinois Department of Central Management Services, Business Enterprise Program

Address: 100 West Randolph, Suite 4-400 Chicago, IL 60601

Type of certification: Woman, minority and handicap business certifications

Supplier Processing Fee: None

Validation Period: Valid for 2 years

Telephone: 312-814-4190

Web Address: <http://www.purchase.state.il.us>

North Central Texas Regional Certification Agency (NCTRCA)

Address: 624 Six Flags Drive, #216

Arlington, TX 76011

Type of certification: Minority and Women-owned business certification

Supplier Processing Fee: No fee to vendor

Validation Period: Valid for 1 year

Telephone: 817-640-0606

Web Address: <http://www.ntcrca.org>

South Central Texas Regional Certification Agency (SCTRCA)

Address: 301 South Frio, Suite 310

San Antonio, TX 78207

Type of certification: Disadvantaged, Minority and Women-owned business certifications

Supplier Processing Fee: No fee to vendor

Validation Period: Varies depending upon the type of certification; minimum one year

Telephone: 210-227-4722; 1-866-439-4722

Web Address: <http://www.sctrca.org>

Texas Comptroller of Public Accounts, Historically Underutilized Business (HUB)

Office Address: Lyndon B. Johnson State Office Building

111 East 17th Street

Austin, TX 78774

Mailing Address: P.O. Box 13528, Capitol Station

Austin, TX 78711-3528

Type of certification: Minority and Women-owned business certifications

Supplier Processing Fee: Fee to vendor

Validation Period: Valid for 4 years

Telephone: 512-463-3024 or 888-863-5881 (toll-free)

Web Address: <http://www.cpa.state.tx.us/procurement/prog/hub/hub-certification/>

North Carolina HUB (Statewide Uniform Certification)

Office Address: 1336 Mail Service Center

Raleigh, NC 27699

Type of Certification: Minority and Women-owned business certifications

Supplier Processing Fee: \$0

Validation period: 2 years

Telephone: 919-996-4278

Web Address: <http://www.doa.state.nc.us/hub/index.htm>

New York Empire State Division of Minority and Women Business Development

Office Address: 633 Third Avenue

New York, NY 10017-6706

Type of Certification: Minority and Women-owned business certifications

Supplier Processing Fee: \$0

Validation period: 3 years

Telephone: 1-800-782-8369

Web Address: <http://nylovesmwbe.ny.gov/cf/search.cfm?v=3503>

State of NJ MBE/WBE Certification NJ Division of Revenue

Office Address: Business Support Services Bureau

P.O. Box 455

Trenton, NJ 08646

Type of Certification: Minority and Women-owned business certifications

Supplier Processing Fee: \$100.00

Validation period: 3 years

Telephone: (609) 292-2146