



Control Number: 30240



Item Number: 590

Addendum StartPage: 0



Regulatory Department

AT&T Long Distance  
5850 W. Las Positas Blvd.  
Pleasanton, CA 94588

December 18, 2006

Texas Public Utilities Commission  
Central Records  
1701 N. Congress Avenue  
Austin, TX 78701

RE: Project Number 30240 - SBC Long Distance, LLC, Annual 2006 Supplier and Workforce Diversity Report.

Greetings:

Enclosed you will find an original plus three copies of the Annual Report on Supplier and Workforce Diversity from SBC Long Distance, LLC. This report covers the previous four quarters ending on September 30, 2006.

Please contact me at (925) 468-5923 if you have any questions.

Sincerely,

Amy Berlin  
Project Administrator - Regulatory

CC:

The Honorable Rick Perry  
Lt. Governor David Dewhurst  
The Honorable Tom Craddick  
The Honorable Garnet Coleman  
The Honorable Juan "Chuy" Hinojosa  
The Honorable Pete Gallego



Proud Sponsor of the U.S. Olympic Team

590

# Workforce and Supplier Diversity Form

## Workforce Diversity

### AT&T Long Distance

**Data as of 10/1/2006**

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	18	15	3	11	1	2	1	2	0	0	1	0	0
Professionals	14	13	1	8	0	2	1	2	0	1	0	0	0
Technicians	0	0	0	0	0	0	0	0	0	0	0	0	0
Sales Workers	0	0	0	0	0	0	0	0	0	0	0	0	0
Office and Clerical	1	0	1	0	1	0	0	0	0	0	0	0	0
Craft Workers (Skilled)	0	0	0	0	0	0	0	0	0	0	0	0	0
Operatives (Semi-skilled)	0	0	0	0	0	0	0	0	0	0	0	0	0
Laborers (Unskilled)	0	0	0	0	0	0	0	0	0	0	0	0	0
Service Workers	0	0	0	0	0	0	0	0	0	0	0	0	0
Previous Year Totals	5	4	1	2	1	1	0	0	0	0	0	0	0
Year Totals	33	28	5	19	2	4	2	4	0	1	1	0	0

**NOTE:** Double-click on embedded Excel chart to open. Click on a cell or use arrow keys to select an occupational category and ethnic group to update workforce diversity numbers. Do not enter information in Combined Total and Company Totals columns or the This Year Totals row as these will update automatically. Cells left blank will be counted as zero. Click anywhere outside of chart to exit.

AT&T Long Distance 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	38.0%	1.7%	-96%
Commodities Contracts	15.0%	11.8%	-21%
Other Services	5.0%	5.3%	7%
Professional Services Contracts	16.0%	4.1%	-74%
Major Equipment	9.0%	10.3%	15%
Other	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 Long Distance 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	38.0%	1.7%	-96%
Commodities Contracts	15.0%	11.8%	-21%
Other Services	5.0%	5.3%	7%
Professional Services Contracts	16.0%	4.1%	-74%
Major Equipment	9.0%	10.3%	15%
Other	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.

# WORKFORCE AND SUPPLIER DIVERSITY FORM COMPANY INITIATIVES

## LARGE UTILITIES HUB USE REPORT (Texas Purchases)

Utility: AT&T Long Distance

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	327	276	109,953	71,827	139,496	-	321,879
Women	-	85	15,890	32,483	7,416	-	55,874
Total	327	361	125,843	104,310	146,912	-	377,753
Asian American							
Male	-	590	53,536	14,642	218,252	-	287,020
Women	53	9	195,688	25,215	450,575	-	671,541
Total	53	599	249,224	39,857	668,827	-	958,561
Hispanic American							
Male	464	959	4,615	111,316	204,080	-	321,435
Women	886	10,466	121,049	11,979	276,302	-	420,682
Total	1,350	11,425	125,664	123,295	480,382	-	742,117
Native American							
Male	105	94	8,379	5,098	-	-	13,676
Female	-	-	-	-	-	-	-
Total	105	94	8,379	5,098	-	-	13,676
MBE Total	1,836	12,479	509,110	272,560	1,296,121	-	2,092,107
Non-Minority Female	2,477	26,059	575,779	82,228	820,243	-	1,506,785
Total MBE/WBE Procurement	4,313	38,538	1,084,889	354,788	2,116,365	-	3,598,892
Total Unknown Status Procurement <sup>(1)</sup>	Not Applicable to AT&T						
Total Fuel & Purchased Power Procurement	Not Applicable to AT&T						
Total AT&T Direct Non-Fuel Procurement (2)	252,518	376,168	20,817,493	9,218,291	20,681,730	-	51,346,200

<sup>(1)</sup> Vendors for whom HUB status is not directly known

<sup>(2)</sup> 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 SBC 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, 2005 to September 30, 2006

Address:

City:

Reporting Date: December 30, 2006

Contact Person:

# WORKFORCE AND SUPPLIER DIVERSITY FORM COMPANY INITIATIVES

## LARGE UTILITIES HUB USE REPORT (Outside Texas Purchases)

Utility: AT&T Long Distance

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	227	191	76,150	49,745	96,611	-	222,924
Women	-	59	11,005	22,497	5,136	-	38,696
Total	227	250	87,155	72,242	101,747	-	261,620
Asian American							
Male	-	409	37,077	10,141	151,155	-	198,782
Women	37	6	135,528	17,463	312,055	-	465,089
Total	37	415	172,605	27,604	463,209	-	663,870
Hispanic American							
Male	321	664	3,196	77,094	141,340	-	222,616
Women	614	7,248	83,835	8,296	191,358	-	291,351
Total	935	7,913	87,031	85,391	332,698	-	513,967
Native American							
Male	73	65	5,803	3,530	-	-	9,472
Female	-	-	-	-	-	-	-
Total	73	65	5,803	3,530	-	-	9,472
MBE Total	1,272	8,643	352,594	188,767	897,654	-	1,448,929
Non-Minority Female	1,715	18,047	398,767	56,948	568,075	-	1,043,554
Total MBE/WBE Procurement	2,987	26,690	751,361	245,715	1,465,730	-	2,492,483
Total Unknown Status Procurement <sup>(1)</sup>							
Total Fuel & Purchased Power Procurement							
Total AT&T Direct Non-Fuel Procurement (2)							
	174,886	260,522	14,417,560	6,384,307	14,323,535	-	35,560,811

<sup>(1)</sup> Vendors for whom HUB status is not directly known

<sup>(2)</sup> 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 SBC 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, 2005 to September 30, 2006

Reporting Date: December 30, 2006

Address:

Contact Person:

City:

## **WORKFORCE AND SUPPLIER DIVERSITY FORM COMPANY INITIATIVES**

### **Workforce and Supplier Diversity Form Company Initiatives**

#### **WORKFORCE DIVERSITY & INCLUSION**

At AT&T diversity and inclusion are essential to the company's culture and business success.

In fostering diversity and inclusion, AT&T has created a better business environment, one that makes the company an employer of choice, a preferred business partner and an important contributor to the community.

At AT&T, diversity means promoting an environment of inclusion – one in which each individual is valued and every voice is heard.

In the rapidly evolving telecommunications industry, AT&T's commitment to diversity and inclusion remains strong and a top priority for the company. AT&T's diverse workforce is an asset to the company and a result of its commitment to recruit and hire the very best talent. When we give our employees the best – a distinct, welcoming culture and outlets for career development – they give us their best in return.

Our approach to diversity helped position AT&T as an industry leader. The following outlines the programs and initiatives that support these practices, which demonstrate the company's strategic approach to diversity.

#### **EQUAL OPPORTUNITY PROGRAMS**

AT&T's Workforce Diversity and Inclusion team ensures that equal opportunity goals are met and that the company's employees have access to a team of professionals that can assist them with issues and questions in this area.

The Workforce Diversity and Inclusion team is responsible for:

- Ensuring the company's business practices and processes incorporate diversity and support corporate compliance.
- Ensuring the company complies with federal and state employment laws and regulations, as well as fair employment practices.
- Positioning diversity as a strategic initiative that meets bottom-line results and promotes inclusion for all the company's stakeholders.
- Designing and implementing workforce diversity strategies.
- Responding to external and internal discrimination complaints filed by current and former employees.
- Directing and developing strategies for managing and conducting complaint investigations.
- Serving as company representatives during phases of mediation, settlements, conciliations and Alternate Dispute Resolution.
- Creating, producing and distributing Affirmative Action Programs for identified former AT&T business units.
- Reporting, completing and submitting EEO-1 reports, EO surveys, VETS-100, FCC 395 and other federal mandated documentation for AT&T.
- Communicating to the HR community and other company clients the knowledge required for compliance with Executive Order 11246 and other federal AAP/EEO directives and policies.
- Maintaining internal risk assessment and auditing processes to ensure compliance with federal regulations by providing quarterly Monitoring Status Reports and ad hoc AAP/EEO reports.
- Providing management oversight for all OFCCP compliance evaluation activity.
- Coordinating all company audit reviews, checks, on-sites and focus reviews with human resources community and affected line organizations.
- Serving as the primary point of contact for all Affirmative Action/Equal Opportunity data issues, marketing bids, vendor AAP/EEO validation/certification letters and similar inquiries.

#### **DIVERSITY RECRUITMENT**

AT&T realizes that diverse, talented and dedicated people are key to a company's success. The company's philosophy is to provide employees with continued opportunities to grow and develop their careers. Management is



## WORKFORCE AND SUPPLIER DIVERSITY FORM COMPANY INITIATIVES

charged with successful implementation of various diversity initiatives as part of this philosophy. AT&T leaders are expected to understand the importance of cultural competency.

In the rapidly evolving telecommunications industry, AT&T's commitment to diversity and inclusion remains strong and a top priority for the company. AT&T's diverse workforce is an asset to the company and a result of its commitment to recruit and hire the very best talent. The company employs the best people from all backgrounds and perspectives to provide products and services that meet its customers' needs. In 2006, 25 percent of AT&T's new hires were women; 40 percent were people of color.

AT&T uses online, print and broadcast outlets for its recruitment advertising. We target magazines that cater to multiple minority groups, like *Diversity/Careers in Engineering & Information Technology*, the *National Association of Colleges and Employers (NACE) Journal*, *The Advocate*, *Ability* magazine, *Careers and the Disabled*, and *Women in Technology International's FastTrack*.

AT&T also conducts campus visits to colleges and universities, and attends career fairs that cater to diverse populations. In addition, the company 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**

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

Designed for recent college graduates, AT&T's Leadership Development Program (LDP) is a rotational program designed for high achievers with outstanding leadership potential. Participants complete three distinct work assignments in various locations and departments throughout the company. Professional development opportunities include assessments, mentoring, networking events, and various training workshops.

The Leadership Development Program continues to make an impact on the diversity of the company's leadership. Since 1988, hundreds of employees have successfully completed the program – 45 percent of these employees are women; 48 percent are people of color.

### **DIVERSITY TRAINING**

Recognizing and valuing diversity is a key strategy for AT&T. 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, which refer to various diversity topics. In addition, employees may also participate in more in-depth diversity training. For example, an internally developed leader-led workshop, *Valuing Diversity and Preventing Workplace Harassment*, is available for management and non-management employees. This workshop is available as a standalone course, but also has long been included in AT&T's standard Manager's Camp basic managerial training. Management employees can also complete a complement workshop, *Creating a Positive and Profitable Work Environment*, which has a module on *Valuing Differences*.

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 website, [www.att.com/diversity](http://www.att.com/diversity), highlights the company's commitment to diversity and includes a message from Chairman and CEO Edward E. Whitacre, Jr. Other available resources include internal communication tools and a AT&T Corporate Citizenship brochure.

### **TALENT DEVELOPMENT**

The company's philosophy is to provide employees with continued opportunities to grow and develop their careers. To support this principle, AT&T offers several programs including:

- *AT&T Career Center* — This virtual career center supports all employees in developing strategies to remain competitive in AT&T's work environment. Services include assistance with resume writing and interview skill-building tools, counseling and assessment, test preparation, career-related workshops, and an extensive library of developmental resources. A section of the library is dedicated to diversity awareness and

## WORKFORCE AND SUPPLIER DIVERSITY FORM COMPANY INITIATIVES

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 Reimbursement Program* — Financial assistance is provided to management and non-management employees pursuing academic degrees that benefit both the employee and the company. In 2006, AT&T's tuition program assisted more than 2,900 participants, 58 percent of whom were women and 38 percent were people of color.

### **WORKFORCE DIVERSITY ACCOUNTABILITY**

Accountability is a key component of AT&T's workforce diversity programs, reinforcing the company's commitment to diversity and inclusion. We have established measurement procedures to evaluate our workforce diversity initiatives, including recruitment and retention. These measurements include:

- Review of workforce profile against diversity goals
- Analyses 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
- SMG Index, which allows managers to compare the performance of organizational groups relative to their affirmative-action goals or to other groups within the organization

### **SUCCESSION PLANNING**

Building the leadership bench through succession planning has been critical to the long-term success of AT&T. We must have people with skills and experience who are prepared to step into leadership positions. Succession planning discussions take place across the company to find managers who have been identified as having potential to perform competitively at the senior manager level. Approximately one percent of the company's management population is identified through this process.

One of the exemplary programs at AT&T is entitled The Candidates for Promotion Program to serve that purpose. In the spring and/or summer of each year, the leadership of each organization identifies employees who exhibit the following Leadership Dimension traits:

- Builds team
- Takes action
- Values customers/shareowners
- Drives change
- Develops others

Once identified, candidates are divided into two groups, Candidates for Promotion and Watch List Candidates:

- *Candidates for Promotion* are those general manager level candidates who have the potential to be competitive at the senior manager level within a few job assignments.
- *Watch List Candidates* are those second level managers and new directors who show longer term potential to be competitive at the senior manager level with continued development.

During the fall of the year, proposed candidates are forwarded up through the organization. Organizational leaders comb the list and once finalized, send their proposed candidates to the chairman and his direct reports for final approval.

Once approved, the employee is notified early in the new calendar year that he/she is a Candidate for Promotion. The

## **WORKFORCE AND SUPPLIER DIVERSITY FORM COMPANY INITIATIVES**

candidate is directed to a Web-based Leadership Enhancement Plan (LEP) tool. The candidate then works hand in hand with his or her supervisor to use the LEP and any other enhancement opportunities to further develop skill sets. The supervisor provides an environment for growth and development for the candidate. With periodic feedback from the supervisor, the participant knows how his/her development is progressing.

The Candidates for Promotion program is one management tool for making decisions regarding AT&T's future leaders. Being named to the list is not a guarantee that a candidate will be promoted. Anyone can be promoted based on performance, ability, potential, and results whether or not he/she is on the candidate list.

### **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 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 that these groups can provide in furthering the company's goal, values and interests. Employee resource groups include representation for women, African Americans, Asian Americans, Hispanics/Latinos, Native Americans, GLBT, veterans, and employees with disabilities.

In addition, AT&T established the Corporate Joint Diversity Council, formed by the presidents of the employee resource groups and the Workforce Diversity and Inclusion team, to address issues, opportunities and best practices at the company.

AT&T's employee resource groups include:

- APCA – Asian Pacific Islanders for Professionals for Community Advancement
- AT&T Veterans
- Community NETwork – African American Telecommunications Professionals of AT&T
- FACES – Filipino-American Communications Employees of AT&T
- HACEMOS – Hispanic Association of Communications Employees of AT&T
- ICAE – Inter-Tribal Council of AT&T Employees
- IDEAL – Individuals with Disabilities Enabling Advocacy
- LEAGUE – Lesbian, Gay, Bisexual and Transgendered United Employees of AT&T
- OASIS – Organization of Asian Indians at AT&T
- WOA – Women of AT&T

### **PHILANTHROPY**

AT&T believes that giving back is essential to being a good corporate citizen. Through the AT&T Foundation, the philanthropic arm of AT&T Inc., the company provides both financial resources for initiatives that improve quality of life.

The AT&T Foundation combines more than 40 years and \$1.7 billion of philanthropic commitment to communities across the country. With its strong giving record, the Foundation is among the top five largest corporate foundations in the United States.

In 2005, AT&T contributed more than \$101 million through corporate, employee and foundation giving programs to enhance education, community vitality, and technology access to help meet the critical needs of underserved communities. Since 1996, AT&T and the AT&T Foundation have distributed more than \$439 million to enhance quality of life and to strengthen communities.

In 2005, AT&T and the AT&T Foundation contributed more than \$21 million and supported nearly 800 organizations and programs that enrich and strengthen diverse communities nationwide. Last year, the AT&T Foundation awarded 47 percent of its direct giving grants to organizations that serve diverse clients, including African-Americans, Native Americans, Asian Americans and Hispanics.

In addition to its racial and ethnic giving, the Foundation is committed to supporting additional populations such as low-income, youth, disabled, seniors and women. In 2005, more than 40 percent of the Foundation's grants were given to help improve the quality of life for low income residents.

## **WORKFORCE AND SUPPLIER DIVERSITY FORM COMPANY INITIATIVES**

AT&T AccessAll, the Foundation's signature program, is a three-year, \$100 million initiative designed to provide technology access to benefit low income families and underserved communities across the country. One of the most significant and far-reaching AT&T AccessAll initiatives is a collaboration with One Economy, Habitat for Humanity affiliates and other low income housing providers to deliver technology packages, including Internet access, to 50,000 low income families.

AT&T Excelerator is one of the Foundation's key giving programs. Since its inception in 2002, the Foundation has provided more than 2,500 technology grants equating to over \$38.8 million to community-based organizations through regional competitive grants to provide enhanced technology resources.

Two national 2005 AT&T Excelerator grants focused on connecting underserved communities.

- The OASIS Institute – OASIS received a \$500,000 grant to support technology training programs for mature adults in 13 cities, teaching computer skills that enable them to remain active in the workforce.
- The United States Hispanic Chamber of Commerce Foundation – The USHCC Foundation received \$500,000 in SBC Excelerator funds to launch 20 Casa Cyber Community Technology centers to serve as small-business technology incubators for Hispanic Chamber members.

The AT&T Foundation supports several supplier diversity development programs around the country, and since 2000, the Foundation has provided more than \$2.8 million in support to diverse scholarship programs, including the United Negro College Fund and the National Society of Hispanic MBAs.

## **WORKFORCE AND SUPPLIER DIVERSITY FORM COMPANY INITIATIVES**

### **SUPPLIER DIVERSITY PROGRAMS**

In November 2005, SBC Communications Inc. closed its approved acquisition of AT&T Corp. The new combined company operates under the AT&T Inc. brand name. This report describes AT&T Inc.'s Supplier Diversity Programs which administers the program for AT&T Long Distance (LD).

The new company continues its long-time leadership in supplier diversity and actively includes historically underutilized businesses (HUBs) in our supply chain. The company is committed to economic development through the integration of HUBs in our business. Supplier diversity remains a critical strategic initiative and a key component of the company's plan to deliver the best products and services to our customers. Our Supplier Diversity Programs are designed to promote, increase and improve the quality of the overall participation of diversity suppliers in our supply chain. The Supplier Diversity Programs are TL 9000 quality registered and are administered by the company's Supplier Diversity Programs 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

### **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 Minority Business Enterprises (MBE)
- 5 percent Women Business Enterprises (WBE)

For this October 2005 to September 2006 report period, AT&T Long Distance's Texas HUB performance is 7% and outside Texas HUB performance is 6%. Both results reflect an 18% decrease over 2005 HUB spend and is short of AT&T's supplier diversity goals. Key leadership and teams have been notified of the results so that improvement plans can be developed and implemented. AT&T's Supplier Diversity Programs still remain critical to the business and spending data is being analyzed to formulate improvement plans so that AT&T can move towards goal achievement.

HUB suppliers are encouraged to explore opportunities with AT&T and compete for business in all aspects of our supply chain, from IT network solutions and central office operations to advertising and training. They help us meet the needs of our diverse customer base and maintain our competitive edge by providing quality products and services to our customers. Our minority and women owned suppliers have helped AT&T become one of the most admired companies in

## **WORKFORCE AND SUPPLIER DIVERSITY FORM COMPANY INITIATIVES**

the world.

### **BUSINESS DEVELOPMENT**

Diverse companies are provided a variety of assistance by the Supplier Diversity Programs staff. The staff helps current and potential HUB suppliers in identifying and developing business opportunities with the company. They work with suppliers to ensure requirements and standards are clearly communicated so that minority and women owned firms are successful in our complex and ever-evolving telecommunications and entertainment supply chain.

The Supplier Diversity team offers supplier diversity expertise to the company's Cross Functional Sourcing Teams (CFST) and supports the Strategic Sourcing Managers in ensuring that HUBs are given the opportunity to fully participate in the company's business. Supplier Diversity Managers assist CFST teams to develop supplier diversity purchasing solutions and help them meet supplier diversity spending targets.

### **SUPPLIER DEVELOPMENT**

AT&T works hard to coach, mentor and train HUB suppliers doing business with us and those seeking to do business with us. Supplier Diversity Managers and Strategic Sourcing Managers work closely with diverse suppliers to help them understand our supply chain operations, supplier requirements, national and global procurement trends, their competitive position within their industry, and where to find and utilize resources that will help them win corporate business. We help diverse suppliers work to gain a competitive edge through training and coaching.

Our company frequently partners with highly-respected supplier diversity organizations and forums to provide development for HUBs. AT&T is an active member in the National Minority Supplier Development Council (NMSDC) and the Women's Business Enterprise National Council (WBENC). We belong to many of the local minority purchasing councils and women business partner organizations of these national organizations both inside and outside of Texas. We also hold memberships with numerous minority Chambers of Commerce that work to promote supplier diversity.

### **CORPORATE SPONSORSHIPS**

Numerous supplier diversity organizations are funded by AT&T for the purpose of producing outreach events, such as trade shows, award and recognition programs and workshops. All of these forums provide diverse suppliers and corporations an opportunity to network and explore potential business opportunities. We also fund the North Central Texas Regional Certification Agency and other certification agencies that provide free-of-charge certifications to minority- and women-owned businesses nationwide. See attached list of recognized certification agencies for HUBs.

## **WORKFORCE AND SUPPLIER DIVERSITY FORM COMPANY INITIATIVES**

### **CONTINUING EDUCATIONAL OPPORTUNITIES**

An important part of AT&T's Supplier Diversity Programs includes assisting HUBs to improve their competitive position via university-level executive educational programs. AT&T has helped found and continues to sponsor several certificate programs aimed to improve the operational efficiency and overall strategic business plans of minority and women owned firms. AT&T provides scholarships to HUBs to attend the: Minority Business Executive Program at the Amos Tuck Graduate School at Dartmouth College, the WBENC –Tuck WBE Program at Dartmouth College, the Wisconsin Minority Business Management Seminar at the University of Wisconsin-Madison, the Management Development for Entrepreneurs Program at the Anderson School of Business, UCLA, and the Advanced Management Education Program at the J.L. Kellogg Graduate School at Northwestern University. Many M/WBE suppliers have attested to the value these programs bring in increasing their skills and competitiveness.

### **FINANCIAL SUPPORT AND RESOURCES**

AT&T was one of the first companies to provide significant funding for financial resource programs specifically for diverse companies. We are long-time contributors to the Business Consortium Fund, the NMSDC's national loan program for minority owned firms. AT&T recognizes that supplier diversity best practices encourages corporations to create and support strong networks of financial resources for the healthy development of HUB businesses.

### **SUPPLIER DIVERSITY OUTREACH AMBASSADORS**

Our corporate commitment to improve our business with diverse firms does not reside within the Procurement organization alone. Employees from across the company volunteer to be Supplier Diversity Outreach Ambassadors which represent the company at trade fairs and outreach events. This program was established more than ten years ago, and helps fortify our company's efforts to reach out to HUBs. These Ambassadors are knowledgeable about the supplier diversity mission and share program information with customers, advocacy groups, business councils and government representatives.

### **SUPPLIER DIVERSITY RECOGNITION PROGRAMS**

Each year the Supplier Diversity organization hosts the annual Supplier Diversity Achievement Awards to honor employees who increase opportunities for M/WBEs to participate in our business. This is an enterprise-wide event that helps raise the visibility of the company's supplier diversity programs. Officers reinforce to their organizations the importance of supplier diversity to the corporation. Additionally, we evaluate suppliers' overall quality and contributions to our company and recognize top performers at the annual Supplier Forum recognition event. Supplier diversity participation is an element of this evaluation, and each year a Supplier Diversity award is given to a prime supplier for their accomplishments to promote supplier diversity.

### **PRIME SUPPLIER PARTICIPATION PROGRAM**

AT&T's Prime Supplier Participation Program help suppliers establish their own detailed and specific plans for working with M/WBEs as subcontractors and Value Added Resellers (VARs). This is one of the most essential efforts within the Supplier Diversity Programs. The policy states that contracts of \$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

## **WORKFORCE AND SUPPLIER DIVERSITY FORM COMPANY INITIATIVES**

their goals. Our step-by-step "How-To" guide and training classes for strategic suppliers provides the necessary details to ensure prime suppliers fully understand how to succeed in this significant initiative

### **EMPLOYEE TRAINING AND EDUCATION**

All contract managers receive mandatory supplier diversity training. The Supplier Diversity team works with Strategic Sourcing Managers to help them increase supplier diversity participation within the products and services they procure for the company. Our supplier diversity web sites are also a ready source of information about our programs, providing program history and facts, spending results, key initiatives, supplier referrals, outreach event calendar, and much more. Supplier diversity commitments are included in contract managers' performance appraisals.

### **KEY INITIATIVES OCTOBER 2005 - SEPTEMBER 2006**

During this reporting period, some key initiatives implemented by AT&T's Supplier Diversity Programs included:

- Conducting three Prime Supplier Match Making events with Texas supplier diversity advocacy organizations. The events, held in Dallas, Houston and San Antonio, brought AT&T prime suppliers and HUB companies together to learn about supplier diversity resources, corporate supply chains and potential 2<sup>nd</sup> tier opportunities within AT&T's extended supply chain. AT&T's prime suppliers held individual interviews with hundreds of diverse suppliers to learn about their companies and examine procurement opportunities. The event also included training sessions for AT&T's prime suppliers to help them succeed in setting and meeting supplier diversity goals.
- Participating in the NMSDC's pilot program, Center of Excellence, with the Central South Texas Minority Business Council. One of 6 pilots nationwide, the San Antonio-based effort works to enhance successful business relationships between corporations and MBEs by strengthen the supplier development process. The participating corporations and MBEs used 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 corporation.
- Major sponsorship of the NMSDC national conference in October 2005 in Dallas. AT&T's contract managers, supplier diversity team and executive leadership participated in meeting hundreds of HUB suppliers and coaching them through AT&T's prospective supplier process. AT&T's Procurement President, Maureen Merkle, also gave a presentation to corporate and MBE attendees as well as met with suppliers during the conference.



## **WORKFORCE AND SUPPLIER DIVERSITY FORM COMPANY INITIATIVES**

- Driving increased opportunities for HUBs with our Advertising spend initiative. This industry has large-spend, yet low-supplier diversity results. AT&T has worked with and trained some of its top advertising firms on how to include minority and women in their supply chains and establish supplier diversity programs. AT&T's also helped lead the Billion Dollar Roundtable to adopt an advertising initiative and produce a white paper for increased opportunities. One of AT&T's largest advertising agency, at our encouragement, has now joined supplier diversity organizations and have started their own program.
- Produced the 2<sup>nd</sup> EMS Forum to continue to address recent declines in diversity utilization as manufacturing work has been outsourced from Original Equipment Manufacturers (OEMs) to Electronic Manufacturing Services (EMS) companies. The forum brought together officers and business leaders of global OEM and EMS firms. The full-day event included presentations, panel discussions and breakout sessions to address the challenges, solutions and next steps to fostering the further development of supplier diversity within the EMS sector.
- Co-chaired DiversityNEXT supplier diversity programs at national industry event—TelecomNEXT. This event highlighted the convergence of technology and future opportunities for diversity suppliers. AT&T's Procurement President gave a presentation on future trends and opportunities; diversity suppliers establishing new solutions for next-generation products featured
- Provided several scholarships to diversity suppliers to attend executive training programs for diversity firms at top business schools at Dartmouth College, Northwestern University, UCLA and the University Wisconsin-Madison. These scholarships help HUB suppliers improve their performance and assists in improving their competitive position for gaining increased business opportunities.
- Conducted annual meetings with leaders of key internal client groups, such as advertising, legal and finance to re-emphasize their roles and responsibilities in meeting diversity supplier purchasing goals.
- Officers and the Supplier Diversity team delivered numerous key speaking engagements to share supplier diversity best practices, key learnings and/or provide training to diversity firms and corporations.

AT&T participated in several outreach events nationwide to meet qualified HUB suppliers and assist them by providing directions, contacts and advice on to how to do business with AT&T. These supplier diversity outreach events included tradeshows, workshops and award programs. An example of those events and involvement include:

- Texas Diversity Council Forum
- AT&T Prime Supplier Training, Dallas

## **WORKFORCE AND SUPPLIER DIVERSITY FORM COMPANY INITIATIVES**

- Small Business Administration/SCORE Business Matchmaking, Houston
- Texas Women's Museum: Major Corporate Sponsor
- National Minority Supplier Development Council, Dallas: National Conference & Business Fair Corporate Sponsor, Workshop Presenter, Board of Directors Member
- Women Business Enterprise National Council: National Conference Sponsor, Workshop Presenter, Vice-Chair Board of Directors
- Billion Dollar Roundtable Annual Meeting, Dallas
- Alcatel Supplier Diversity Day
- US Dept of Commerce's MBDA National Minority Enterprise Development Week Conference

### **2006 SUPPLIER DIVERSITY PROGRAMS AND INITIATIVES**

AT&T's world-class supplier diversity programs will continue to be leaders in the mission to fully include minority and women owned firms in our business, our industry and beyond. Our supplier diversity initiative is strategic to our business success. We, therefore, remain committed to incorporating best-in-class practices to keep HUB suppliers in our supply chain, even as globalization is rapidly changing the supply chains of corporations.

In addition to ongoing programs and initiatives to meet its 20 percent HUB spending goal, the Supplier Diversity team will focus heavily on developing opportunities for diverse suppliers in one of the company's top corporate initiatives, Project Lightspeed. Project Lightspeed, in its phased roll-out, 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. As the company continues to evolve, the Supplier Diversity team will work to insure HUB suppliers are fully included in this multi-billion-dollar venture through:

- 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

### **AWARDS AND RECOGNITION**

This year AT&T has received multiple honors and recognitions for the company's unwavering commitment to diversity and inclusion. These include:

- **"Most Honors for Diversity," *DiversityInc's* Top 10 Specialty Lists --**  
*DiversityInc* named AT&T Inc. to six of its Top 10 specialty lists, the highest number of honors received by any U.S. company. The rankings recognize AT&T for its commitment to diversity in the workplace and marketplace and include Top 10 honors for supplier diversity, African American workforce, Latino workforce, executive women, GLBT employees, and recruitment and retention. The company

## WORKFORCE AND SUPPLIER DIVERSITY FORM COMPANY INITIATIVES

was also named to *DiversityInc's* Top 25 Noteworthy Companies list.

- **America's Top Corporations for Women's Business Enterprises, Women's Business Enterprise National Council** -- AT&T Inc. was among the top corporations in the nation that buy products and services from women-owned businesses. The company has earned this award since its inception for its efforts in breaking down barriers that impede women-owned business enterprises from gaining fair access to procurement opportunities.
- **Award of Excellence, Wisconsin Supplier Development Council** -- Paul La Schiazza, former president — AT&T Wisconsin, received this honor for leading AT&T in its outstanding effort to support minority- and women-owned businesses in Wisconsin, central Illinois and Iowa.
- **Best Corporations for Veteran-Owned Businesses, Veterans Business Journal** - AT&T Inc. was named to the list for its unwavering support of veteran-owned businesses. This is one of the top honors in the disabled veteran business enterprise (DVBE) arena — only nine other companies received this recognition.
- **Best Places to Launch a Career, BusinessWeek Magazine** -- AT&T was listed among the corporations that have the highest reputations among college students and provide the best opportunities for young college graduates who are beginning their careers.
- **Best Places to Work, Human Rights Campaign** -- AT&T Inc. was named to this list based on its treatment of GLTB employees. The company received high marks for its fair treatment, including protection against discrimination, parity of health care benefits for domestic partners and other criteria.
- **Corporate 100, HISPANIC Magazine** -- AT&T Inc. was included in this list that includes the top 100 companies that offer the most opportunities for Hispanics. The company has been included in *Hispanic* magazine's Corporate 100 list for 17 consecutive years. This honor is based on efforts in minority recruitment, marketing and minority supplier outreach.
- **Corporate Citizenship Award, National Action Council for Minorities in Engineering** -- AT&T was recognized for its work in supporting education and local communities and for more than 30 years of commitment to NACME's scholarship programs and research activities.
- **Corporate Diversity Honor Roll, Latin Business Magazine** -- *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.
- **Corporate Equality Index, Human Rights Campaign** -- For the third consecutive year, the company received a perfect 100 percent score for its fair treatment of GLBT employees. Fortune 500 and other major companies were evaluated on key indicators that include policies prohibiting discrimination based on sexual orientation and gender identity as well as equal health care benefits.
- **Corporate Leader of the Year, Mabuhay Alliance** -- AT&T received this honor for the launch of its business technical assistance program, which provides support to technical businesses and community organizations to improve their business

## WORKFORCE AND SUPPLIER DIVERSITY FORM COMPANY INITIATIVES

operations. The program is a joint venture of AT&T and the Anderson School of Business at UCLA.

- **Honor Roll, Catalyst** -- The *2005 Catalyst Census of Women Board Directors of the Fortune 500* ranked the company fifth out of 64 Fortune 500 companies for its percentage of women on the company's board of directors.
- **Investor in Education Award, Tuck School of Business at Dartmouth College** - Since 2003, Tuck has annually presented the Investor in Education Award to a company with a strong reputation for leadership in supplier diversity and development. AT&T was selected for the Investor in Education Award for its commitment to providing scholarships for minority business owners interested in attending the MBEP and other educational programs.
- **MBE Coordinator of the Year, National Minority Supplier Development Council (NMSDC)** -- This award recognizes innovative supplier development activities and leadership across industry groups and across the country. Joan Kerr, executive director of AT&T Supplier Diversity, received this honor for her unwavering dedication to incorporating diverse businesses throughout the company's supply chain.
- **NMSDC AMEP Alumni Award, National Minority Supplier Development Council (NMSDC) Advanced Management Education Program (AMEP) Alumni Group** -- AT&T received the first NMSDC AMEP Alumni Award for its leadership in educating minority businesses and for funding scholarships for program participants. This is the first year that the NMSDC Advanced Management Education Program Alumni Group has recognized a corporation for support of the program.
- **The 50 Best Companies for Latinas to Work, LATINA Style Magazine** -- The company has been named one of the top U.S. companies for meeting the workplace needs deemed most important by *LATINA Style*'s Hispanic female readers. The company ranked among the publication's top 50 companies for nine consecutive years. In 2006, the company was ranked among the top 12 best companies for Latinas to work.
- **Top 50 Companies for Hispanics, Hispanic Business Magazine** -- AT&T was ranked among the top companies based on the company's commitment to reaching out to Hispanics in the areas of recruitment, promotion, procurement, philanthropy and marketing. The company ranked third on the publication's Top 40 Companies for Hispanics list and ninth on the Top 10 Companies for Workforce Diversity list in 2005.
- **Top Companies for Minorities, The Diversity Network/Fortune Magazine** -- AT&T Inc. was included in this list based on its leadership in workforce and supplier diversity. The list was compiled based on research by The Diversity Network, a diversity recruitment and consulting service that recognizes best-in-class companies committed to diversity and inclusion across all business functions. The list was published in Fortune Magazine.
- **Top Corporations for Multicultural Business Opportunities, DiversityBusiness.com** -- Voting business owners ranked the company among top corporations in supplier diversity. The company has received this honor for five consecutive years. This recognition is based on the consistency and quality of

**WORKFORCE AND SUPPLIER DIVERSITY FORM  
COMPANY INITIATIVES**

business opportunities granted to minority- and women-owned companies.

- **Utility Leadership Award, National Association of Regulated Utilities Commissioners (NARUC)** -- AT&T received this honor for being a leader of in providing market access and economic opportunities to diverse businesses in the electricity, gas, water, and telecommunications procurement marketplace.