



Control Number: 30240



Item Number: 965

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January 31, 2008

Attn: Filing Clerk
c/o Central Records
Public Utility Commission of Texas (PUCT)
1701 N. Congress
Austin, Texas 78711-3326

**Re: SBC Advanced Solutions, Inc. dba AT&T Advanced Solutions Texas Workforce
Diversity and Historically Underutilized Business (HUB) report filing**

Although there are no current projects established by the state, AT&T Advanced Solutions is voluntarily providing the enclosed copy of its current Texas Workforce Diversity report, under last year's "Project No. 30240", and the HUB report under last year's "Project No. 30238."

Please contact me with any questions or concerns.

Sincerely,

Richard T. Howell
Area Manager-Regulatory Operations

**2007 TPUC HUB Report
AT&T Workforce and Supplier Diversity Form**

**AT&T ASI
Data as of October 1, 2007**

Occupational Categories	NUMBER OF TEXAS FULL-TIME EMPLOYEES FOR REPORTING YEAR												
	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	109	78	31	58	19	9	5	11	7	0	0	0	0
Professionals	14	12	2	12	1	0	1	0	0	0	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	30	1	29	1	14	0	11	0	4	0	0	0	0
Craft Workers (Skilled)	325	274	51	170	21	42	6	53	21	8	3	1	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	578	428	150	280	81	61	30	75	36	11	3	1	0
Year Totals	478	365	113	241	55	51	23	64	32	8	3	1	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.

**2007 TPUC HUB Report
AT&T Workforce and Supplier Diversity Form**

AT&T Supplier Diversity Data

AT&T Advanced Solutions 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	17.1%	24.1%	41%
Commodities Contracts	0.8%	0.7%	-16%
Other Services	2.9%	4.4%	52%
Professional Services Contracts	16.1%	10.2%	-37%
Major Equipment	13.2%	13.0%	-1%
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.

**2007 TPUC HUB Report
AT&T Workforce and Supplier Diversity Form**

AT&T Advanced Solutions 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	18.8%	24.1%	28%
Commodities Contracts	0.8%	0.7%	-18%
Other Services	3.0%	4.4%	47%
Professional Services Contracts	17.7%	10.2%	-42%
Major Equipment	14.1%	13.0%	-8%
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.

2007 TPUC HUB Report
AT&T Workforce and Supplier Diversity Form

LARGE UTILITIES HUB USE REPORT (Texas Purchases)

Utility: AT&T Advanced Solutions

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	619	4	208,500	132,428	221,811	-	563,363
Women	294	-	31,518	10,538	79,127	-	121,477
Total	912	4	240,019	142,966	300,939	-	684,839
Asian American							
Male	1,637	-	85,546	238,970	398,483	-	724,636
Women	106	-	238,136	487,136	553,104	-	1,278,482
Total	1,744	-	323,682	726,105	951,587	-	2,003,119
Hispanic American							
Male	2,958	268	967,435	148,168	2,607,457	-	3,726,287
Women	165,925	239	64,373	217,794	92,102	-	540,434
Total	168,883	507	1,031,809	365,962	2,699,559	-	4,266,721
Native American							
Male	-	120	14,160	-	14,356	-	28,636
Female	402	5	526	-	-	-	933
Total	402	125	14,686	-	14,356	-	29,569
MBE Total	171,941	637	1,610,195	1,235,034	3,966,441	-	6,984,247
Non-Minority Female	47,466	260	676,513	783,722	3,159,654	-	4,667,616
Total MBE/WBE Procurement	219,407	897	2,286,707	2,018,756	7,126,095	-	11,651,863
Total Unknown Status Procurement ⁽¹⁾	Not Applicable to AT&T						
Total Fuel & Purchased Power Procurement	Not Applicable to AT&T						
Total AT&T Direct Non-Fuel Procurement (2)	1,072,259	38,931,066	61,785,128	19,871,188	60,203,231	-	181,862,873

⁽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.

* 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, 2006 to September 30, 2007

Address:

City:

Reporting Date: December 30, 2007

Contact Person:

2007 TPUC HUB Report
AT&T Workforce and Supplier Diversity Form

LARGE UTILITIES HUB USE REPORT (Outside Texas Purchases)

Utility: AT&T Advanced Solutions

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	386	3	130,002	82,571	138,302	-	351,263
Women	183	-	19,652	6,570	49,337	-	75,742
Total	569	3	149,654	89,141	187,639	-	427,006
Asian American							
Male	1,021	-	53,339	149,001	248,459	-	451,819
Women	66	-	148,481	303,735	344,867	-	797,149
Total	1,087	-	201,820	452,735	593,326	-	1,248,968
Hispanic American							
Male	1,845	167	603,207	92,385	1,625,780	-	2,323,384
Women	103,456	149	40,138	135,797	57,427	-	336,967
Total	105,301	316	643,345	228,182	1,683,207	-	2,660,351
Native American							
Male	-	75	8,829	-	8,951	-	17,855
Female	251	3	328	-	-	-	582
Total	251	78	9,157	-	8,951	-	18,436
MBE Total	107,207	397	1,003,975	770,058	2,473,123	-	4,354,761
Non-Minority Female	29,596	162	421,814	488,660	1,970,082	-	2,910,314
Total MBE/WBE Procurement	136,803	559	1,425,789	1,258,718	4,443,205	-	7,265,075
Total Unknown Status Procurement ⁽¹⁾	Not Applicable to AT&T						
Total Fuel & Purchased Power Procurement	Not Applicable to AT&T						
Total AT&T Direct Non-Fuel Procurement (2)	668,566	24,273,983	38,523,763	12,389,922	37,537,431	-	113,393,666

⁽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.

*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, 2006 to September 30, 2007

Address:

City:

Reporting Date: December 30, 2007

Contact Person:

**2007 TPUC HUB Report
AT&T Workforce and Supplier Diversity Form**

AT&T: Best Practices in Diversity & Inclusion

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

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

Randall L. Stephenson
Chairman and Chief Executive Officer

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

Our vision:

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

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

WORKFORCE DIVERSITY & INCLUSION

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

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

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DIVERSITY RECRUITMENT

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

We realize that diverse, talented and dedicated people are key to a company's success. AT&T seeks out talented individuals from a variety of fields of study, including business, telecommunications, management information systems, engineering, mathematics and international studies. AT&T employs the best people from all backgrounds and perspectives to provide products and services that meet its customers' needs. In 2006, 51 percent of AT&T new hires were women, and 50 percent were people of color.

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

AT&T conducts campus visits to colleges and universities, and attends career fairs that cater to a more diverse population. In 2006, AT&T participated in numerous job/career fairs, such as the Diversity.com Job Fair, National Association of Hispanic MBAs Career Fair, Mosaic Career Fair, National Black MBA Association Career Fair and Women for Hire Career Fair, just to name a few. In addition, AT&T posts job opportunities with diverse recruitment resources such as e-boards. Examples include IMDiversity.com, HireDiversity.com, DiversityInc.com, MonsterDiversity.com and LatPro.com.

LEADERSHIP DEVELOPMENT & TALENT ACQUISITION

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

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

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

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

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

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

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AT&T Workforce and Supplier Diversity Form

DIVERSITY TRAINING

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

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

CAREER DEVELOPMENT

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

- *AT&T Self-Development and Learning Resource Center* – This virtual resource center supports all employees in developing strategies to remain competitive in AT&T's work environment. Services include résumé writing and interview workbooks, skill-building tools, test preparation material, career-related workshops, mentoring material and an extensive library of developmental resources. A section of the library is dedicated to diversity awareness and education.
- *Career Movement* – Management and occupational employees can nominate themselves for job openings throughout the company. Hiring managers are provided with a diversified pool of qualified job candidates.
- *Continuing Skills Training* – As new technologies are introduced, employees are updated to ensure their technical knowledge and abilities remain current.
- *Tuition Assistance Programs* – Financial assistance is provided to management and non-management employees pursuing academic degrees that benefit both the employee and the company. In 2006, AT&T provided tuition assistance to approximately 13,000 employees.

WORKFORCE DIVERSITY ACCOUNTABILITY

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

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

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AT&T Workforce and Supplier Diversity Form

ORGANIZATION & TALENT REVIEW

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

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

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

EMPLOYEE RESOURCE GROUPS

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

AT&T's Employee Resource Groups include:

- *APCA – The Asian Pacific Islanders For Professional and Community Advancement* is dedicated to creating alliances that enhance professional and leadership opportunities for its members to benefit both AT&T and the community. Through education and membership development, the organization seeks to increase diversity awareness within the corporation and community, promote organizational growth and influence issues that impact Asian Pacific Americans.
- *AT&T Veterans* – The organization was founded in 2006 to raise awareness of the sacrifices made by military veterans and to encourage the company to share information on veteran activities. The organization also provides support to employees who are active or retired military personnel and employees whose loved ones are serving their country in the armed forces.
- *Community NETwork* – The *African American Telecommunications Professionals of AT&T* dedicate their energy toward encouraging and facilitating personal and professional growth of African-American employees, and assisting organizations in the African-American community. The group provides thousands of dollars in scholarships for minority students every year.
- *FACES – The Filipino American Communications Employees of AT&T* fosters understanding and appreciation of all cultures and a posture of valuing differences. Each year, FACES provides scholarships for underprivileged children in the Philippines.
- *HACEMOS – The Hispanic/Latino Employee Association of AT&T* is open to all AT&T employees. Each year, HACEMOS links thousands of students across the country via satellite for High Technology Day, which educates students about technology careers.
- *ICAE – The Inter Tribal Council of AT&T Employees* brings together employees that have an interest in the Native American culture. The group is committed to the cultural development,

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AT&T Workforce and Supplier Diversity Form

career advancement, education, understanding and general well-being of all employees, and more specifically, Native Americans.

- *IDEAL – Individuals with Disabilities Enabling Advocacy Link* is a group for people interested in the employment and other issues of people with disabilities. The mission of the organization is to enhance the understanding, awareness, and resolution of the challenges facing individuals with disabilities in the workplace and to assist them in career advancement. IDEAL also supports the disability community in gaining access to technology.
- *LEAGUE – Lesbian, Bisexual, Gay and Transgendered United Employees at AT&T* provides a supportive environment for LGBT employees and allies to network with one another and to develop professionally. In support of AT&T's diversity vision, LEAGUE promotes an accepting, diverse and respectful work environment.
- *OASIS – The Organization of Asian Indians at AT&T* provides its members with opportunities for self-development, professional enhancement and networking, while supporting the company's business goals.
- *Women of AT&T* – The organization is established to connect and inspire members to achieve their personal and professional goals and to effect change in the community.

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

AT&T PHILANTHROPY: COMMUNITY GIVING

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

In 2006, AT&T and the AT&T Foundation contributed more than \$36 million and supported nearly 1,200 organizations and programs that enrich and strengthen diverse communities nationwide. In addition to its racial and ethnic giving, AT&T is committed to supporting underserved populations that include women, seniors, youth, the disabled and low-income families. In 2006, 67 percent of the foundation's grants were given to help improve the quality of life for low-income residents.

Since 2000, AT&T and the AT&T Foundation have distributed more than \$289 million to programs and initiatives that enhance education, support community vitality and help meet the critical needs of underserved and diverse communities.

Within the AT&T service region, the AT&T Foundation consistently reaches ethnic and racial minority groups with its grant-making at levels surpassing these groups' proportion of in-region population.

AT&T PIONEERS

AT&T Pioneers are employees and retirees who volunteer time to enhance the communities where they work and live. Their main focus is to provide immediate help when it is needed, along with education and community programs that improve quality of life. Nearly 350,000 employees and retiree volunteers make up the AT&T Pioneers, creating the nation's largest company-sponsored volunteer organization.

The Pioneers were on the front lines helping victims of Hurricane Katrina make their first critical phone calls to loved ones at AT&T phone banks – setting up voice mailboxes so that evacuees could begin to

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rebuild their lives – and providing more than 1,000 backpacks and school supplies to children in Katrina shelters.

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

SUPPLIER DIVERSITY PROGRAMS

AT&T Inc. is a pioneer and a national leader in developing and implementing supplier diversity best practices. AT&T's commitment to supplier diversity is evident in the benchmark-best spending results achieved — among the highest in the nation.

The company continues its long-time leadership in supplier diversity and actively includes historically underutilized businesses (HUBs) in the company's supply chain. AT&T is committed to economic development through the integration of HUBs in our business. 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

POLICY

The AT&T Supplier Diversity Programs are designed to promote, increase, and improve the quality of the overall participation of minority, women and disabled veteran owned business enterprises (M/WBEs and DVBES) in its supply chain. Supplier diversity is a critical initiative of AT&T's business strategy and a key component of the company's plan to deliver the best products and services to its customers.

SUPPLIER DIVERSITY RESULTS

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

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

AT&T ASI HUB performance was 6.41% inside TX and also in AT&T ASI's Southwest region (Outside Texas). This report is for the period of October 2006 to September 2007. AT&T will continue to utilize supplier diversity best practices and programs to increase its HUB utilization.

To meet the diverse needs of our customer base, AT&T encourages HUB suppliers to explore opportunities with our company and compete for business in all aspects of our supply chain. This includes potential opportunities in telecom network services, IT network solutions, outside plant materials and services, professional services and advertising. HUBs help AT&T 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 telecommunications companies in the world.

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AT&T Workforce and Supplier Diversity Form

BUSINESS DEVELOPMENT

AT&T's Supplier Diversity Programs staff assists current and potential HUB suppliers in identifying and developing business opportunities with the company. They work with current suppliers to ensure requirements and standards are clearly communicated so that minority- and women-owned firms are successful as our business and industry transforms.

The Supplier Diversity team offers its expertise to the company's Strategic Sourcing Managers to ensure HUBs are given the opportunity to fully participate in the company's business. Supplier Diversity Managers assist Procurement spend teams in developing supplier diversity purchasing solutions and help them meet supplier diversity spending targets.

SUPPLIER DEVELOPMENT

Our company frequently partners with highly-respected supplier diversity organizations and forums to support development and growth programs for HUBs. AT&T is an active member in the National Minority Supplier Development Council (NMSDC) and the Women Business Enterprise National Council (WBENC). AT&T is active in many NMSDC and WBENC local councils to promote supplier diversity and educate prospective suppliers on our procurement processes. AT&T also works with numerous ethnic Chambers of Commerce to assist them with their supplier development initiatives.

AT&T employees coach, mentor and train prospective and incumbent HUB suppliers to help them understand supply chain operations, supplier requirements, national and global procurement trends. We seek to help them improve their competitive position within their industry. Employees also act as important resources in providing access to AT&T procurement decision-makers.

CORPORATE SPONSORSHIPS

Numerous supplier diversity organizations are funded by AT&T to produce 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. Some of these organizations include the Houston Minority Business Council, Central South Texas Minority Business Council, the Women Business Enterprise Alliance and others. 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. Attached is a list of recognized certification agencies for HUBs (see AT&T Recognized Certification Agencies). This list is also available on our supplier diversity website at www.attsupplierdiversity.com.

CONTINUING EDUCATIONAL OPPORTUNITIES

In our effort to assist HUBs in improving their competitiveness, AT&T sponsors several university-level executive educational programs. We also provided full and partial scholarships to many of these business school certificate programs. These courses aim to improve the operational efficiency and overall strategic business plans of minority- and women-owned firms. These continuing educational opportunities are offered at: 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 at UCLA, Georgia State University FastTrac Program and the Advanced Management Education Program at the J.L. Kellogg Graduate School at Northwestern University. Many minority and women business enterprises have attested to the value these programs bring in increasing their skills and improving their business plans.

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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 encourage corporations to create and support strong networks of financial resources for the healthy development and expansion of HUB businesses.

SUPPLIER DIVERSITY OUTREACH AMBASSADORS

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

SUPPLIER DIVERSITY RECOGNITION PROGRAMS

Each year the Supplier Diversity organization hosts its annual Supplier Diversity Achievement Awards to honor employees who increase opportunities for M/WBEs to participate in our business. This is a companywide event that helps raise the visibility of the company's supplier diversity programs. Officers reinforce to their organizations the importance of including diverse businesses in the company's supply chain.

At AT&T's annual Supplier Forum, we evaluate suppliers' overall quality and contributions to our company and recognize top performers as strategic business partners. Supplier diversity participation is an element of this evaluation, and each year a Supplier Diversity award is given to a prime supplier for its accomplishments in promoting supplier diversity.

PRIME SUPPLIER PARTICIPATION PROGRAM

AT&T's Prime Supplier Participation Program helps suppliers establish their own supplier diversity programs with detailed and specific plans for working with M/WBEs as subcontractors and Value Added Resellers (VARs). This is one of the most essential initiatives 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 their goals. Our step-by-step guide and training classes for strategic prime suppliers provide the necessary methods and procedures to ensure prime suppliers 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, an outreach event calendar, and much more. Supplier diversity commitments are included in contract managers' performance appraisals.

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KEY INITIATIVES

During the October 2006 to September 2007 reporting period, some key initiatives were implemented by AT&T's Supplier Diversity Programs including:

- Active participation in over 150 supplier diversity outreach events nationally, including Texas HUB outreach events: Houston Minority Business Council Expo, TAMACC Annual Convention & Expo, Alliance of Minority Contractors of Houston Social, Houston Asian Chamber of Commerce events, TX Rainbow PUSH Coalition outreach, Dallas Black Chamber of Commerce workshop, Central South Texas Minority Business Council Hard Hat trade show and Expo, WBENC Salute to Women Business Enterprises Awards, Dallas-Fort Worth Minority Business Council's Access, Texas Diversity & Leadership Conference, and several other outreach events
- Member of NMSDC's Center of Excellence mentoring initiative with the Central South Texas Minority Business Council. One of six programs nationwide, the San Antonio-based effort works to enhance successful business relationships between corporations and minority business enterprises by strengthening the supplier development process. The participating corporations and MBEs 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.
- Providing leadership for supplier diversity national initiatives through the Billion Dollar Roundtable (BDR). This supplier diversity think-tank, is an initiative of the Dallas-based publisher of Minority Business News USA. AT&T is working to increase contracting for HUBs in non traditional areas through our contributions to the BDR's white paper on supplier diversity contracting in the advertising industry. AT&T is a member of the Billion Dollar Roundtable, a supplier diversity think tank of corporations that spend more than \$1 billion annually with diverse companies. Only 12 member companies qualify at this level.
- Co-chaired DiversityNEXT supplier diversity programs at national industry event, NextCom. At this event corporate officers and global leaders met to highlight the convergence of technology, IT and entertainment. As co-chair, AT&T designed programs to spotlight future opportunities for diversity suppliers in the converged industry. A video was produced featuring the various HUB companies that have been key suppliers in delivering the new IPTV solutions for our industry.
- Produced Quality Certification Training overview workshops for diversity suppliers in Dallas and other cities across the nation. AT&T partnered with WBE quality trainers—Bizphyx to provide free, orientation and counseling to HUB owners on how to gain relevant quality certifications for their businesses. The initiative also offered a unique opportunity for the firms to receive discounted rates for certification mentoring.
- AT&T was acknowledged by several TX organizations for its supplier diversity leadership. Examples of this included receiving the Pinnacle Advocate Award from the Houston Citizens Chamber of Commerce for championing African American small businesses and winning the Corporate Citizen of the Year Award from the East End Chamber of Commerce for promoting small and diverse businesses.

2008 SUPPLIER DIVERSITY PROGRAMS AND INITIATIVES

AT&T's world-class supplier diversity programs will continue to lead the mission to fully include minority- and women- owned firms in our business, our industry and beyond. Our supplier diversity initiatives are strategic to our business success. We remain committed to incorporating best-in-class practices to keep HUB suppliers in our supply chain, even as globalization and industry convergence 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

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company's top corporate initiatives—the build out of our U-Verse product. U-Verse, in its phased roll-outs, is enabling AT&T customers to access integrated digital TV, super high-speed broadband access, and voice over IP (Internet Protocol) services via a new fiber-rich network. As the company continues to evolve, the Supplier Diversity team will continue to ensure HUB suppliers are fully included in this significant strategic project via:

- Leveraging our Prime Supplier Participation Program
 - Utilizing multiple sourcing tools and databases to find best qualified HUB suppliers
 - Coaching and mentoring to build capacity in existing diversity suppliers
 - Working closely to develop and implement diversity solutions with Strategic Sourcing teams in opportunity areas
-

AT&T Diversity Awards & Recognitions

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

- **40 Best Companies for Diversity and 15 Best Companies in Supplier Diversity, *Black Enterprise Magazine* (2007)** *Black Enterprise* magazine honored AT&T as one of the 15 Best Companies in Supplier Diversity based on its commitment to procuring goods and services from companies owned by African-Americans and other diverse groups. In addition, AT&T was included among the 40 Best Companies for Diversity for its commitment to diversity in four key areas: supplier diversity, senior management, board of directors and employee base.
- **2007 Corporation of the Year, 100 Black Men of America Inc. (2007)** 100 Black Men of America, a nonprofit organization committed to the intellectual development of youth and the economic empowerment of the African-American community, honored AT&T for its commitment to the 100 Black Men of America's mission, as well as the company's diversity and community outreach initiatives.
- **Best Companies for African Americans, *Family Digest Magazine* (2004, 2006 — 2007)** *Family Digest* evaluated more than 1,000 companies on employee demographics, recruitment, company culture, and spending with black-owned suppliers, among other criteria.
- **Best Corporations for Veteran-Owned Businesses, *Veterans Business Journal* (2005 – 2007)** 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 Work, Human Rights Campaign (2006, 2008)** AT&T Inc. was named to this list based on its treatment of LGBT employees. Every year since 2004, the company has also received a perfect 100 percent score on the HRC's Corporate Equality Index for its fair treatment, including protection against discrimination, parity of health care benefits for domestic partners and other criteria. (The HRC did not publish a Best Places to Work list in 2007.)
- **CareerFocus Eagle Award, National Eagle Leadership Institute (NELI) (1997, 2002, 2004, 2005, 2007)** Numerous AT&T executives have received this honor, including Ray Wilkins, Jr., David S. Huntley, Norma Martinez Lozano, Cynthia Marshall and Carmen Nava. The Eagle Award recognizes individuals for their professional commitment and model leadership abilities that inspire others to achieve greater levels of success in the business and the community.
- **Corporate Diversity Honor Roll, *Latin Business Magazine* (2004 – 2007)** *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

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management and involvement with Hispanic suppliers. Companies were surveyed for their commitment outreach, procurement, workforce and philanthropy.

- **Crystal Oil Can Award, Chicago Minority Business Development Council (2007)** The Chicago Minority Business Development Council (CMBDC) honored AT&T for its four decades of support to the organization with the Crystal Oil Can Award, an award given to a corporation that has worked to "oil the squeaky hinges to open the doors of opportunity for minority businesses."
- **Diversity Elite 60, Hispanic Business Magazine (2005 – 2007)** 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 50 Best Companies for Latinas to Work, LATINA Style Magazine (1998 — 2007)** 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 10 Companies for African Americans, DiversityInc (2006, 2007)** In 2007, AT&T ranked No. 1 among DiversityInc's Top 10 Companies for African Americans based the company's strong diversity record and company programs geared toward African American employees. The company was also included in this specialty list in 2006.
- **Top 10 Companies for Recruitment & Retention, DiversityInc (2006, 2007)** AT&T Inc. was recognized as a leader in recruiting and retaining diverse employees based on its recruitment strategy, employee programs and annual retention rates.
- **Top 50 Companies for Black MBAs to Work, Black MBA Magazine (2007)** AT&T was included among the top 50 companies that make a concerted effort to recruit, develop and retain African American MBAs.
- **Top 50 Companies for Diversity and Hall of Fame, DiversityInc (2001 — 2007)** DiversityInc ranked AT&T third among its 2007 Top 50 Companies for Diversity for the company's commitment to diversity and inclusion in the workplace and marketplace. In 2005, DiversityInc named the company to its Hall of Fame as a result of making the Top 50 list since the inception of this ranking.
- **Top 50 Corporations for Supplier Diversity, HISPANIC Trends Magazine (2007)** AT&T was included in this list of companies that actively seek out minority suppliers and programs that recruit and retain minority suppliers, provide mentor/mentee opportunities, and offer training and networking opportunities.
- **Top 50 Most Military-Friendly Employers, G.I. Jobs Magazine (2004 — 2007)** The company was selected out of hundreds of companies for inclusion in the G.I. Jobs Top 50 list based on its dedication to supporting the military through events and programs, hiring a large percentage of military veterans, and maintaining policies that ensure reservist employees and their families continue to receive compensation when the soldier is called to active duty.
- **Top Organizations for Multicultural Business Opportunities, DiversityBusiness.com (2000 – 2007)** In 2006 and 2007, voting business owners ranked AT&T as the No. 1 organization for multicultural business opportunities for its consistency and quality of business opportunities granted to minority- and women-owned companies. AT&T has been included in this list, also known as the "Div 50," since its inception eight years ago.

AT&T Recognized Certification Agencies

December 2007

In order to standardize requirements and insure a uniform quality for certification as a minority, woman or disabled veteran owned business and to create greater efficiency in the verification and access to certifications, AT&T will accept certifications from the certification agencies specified below:

For suppliers serving AT&T West (CA and NV):

CPUC Clearinghouse – applies to all AT&T companies Northern California Office: <div style="text-align: center;">1670 Pine Street San Francisco, Ca 94109</div>	
Type of certification:	Minority and Women owned business certifications
Supplier Processing Fee:	No fee to vendor
Validation Period:	Valid for 3 years. <i>(Vendors certified by other clearinghouse-approved agencies, such as the NMSDC will have a shortened Comparable Agency Verification filing process)</i>
Telephones:	• Northern California – 800-359-7998
Web Address:	http://www.cpuc.ca.gov
State of California Department of General Services, Procurement Division, Office of Small Business and DVBE Services (OSBDS) Office Address: <div style="text-align: center;">707 3rd Street, First Floor, Room 400 West Sacramento, CA 95605</div> Mailing Address: <div style="text-align: center;">P. O. Box 989052 West Sacramento, CA 95798-9052</div>	
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

For suppliers serving other AT&T affiliates:

CPUC Clearinghouse – applies to all AT&T companies Northern California Office: <div style="text-align: center;">1670 Pine Street San Francisco, Ca 94109</div>	
Type of certification:	Minority and Women owned business certifications
Supplier Processing Fee:	No fee to vendor
Validation Period:	Valid for 3 years. <i>(Vendors certified by other clearinghouse-approved agencies, such as the NMSDC will have a shortened Comparable Agency Verification filing process)</i>
Telephone:	• Northern California – 800-359-7998
Web Address:	http://www.cpuc.ca.gov
National Minority Supplier Development Council (NMSDC) and all of its affiliated regional councils 1040 Avenue of Americas, 2 nd 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 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

For suppliers serving other AT&T affiliates (Continued):

Association for Service Disabled Veterans (ASDV) <i>for businesses located OUTSIDE of California</i> PO Box 20312 Stanford, CA 94309	
Type of certification:	Disabled veteran business certifications
Supplier Processing Fee:	\$138, site visit, if required, would have additional cost
Validation Period:	Valid for 1 year
Telephone:	650-949-3751
Web Address:	http://www.asdv.org
Cherokee Nation, Career Services, Tribal Employment Rights Office (TERO) 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

Other AT&T recognized certification agencies:

City of Chicago Office of Compliance and Certification 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 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) 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) 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 Building and Procurement Commission, Historically Underutilized Business (HUB) Office Address: 1711 San Jacinto Austin, TX 78701 Mailing Address: P. O. Box 13047 Austin, TX 78711-3047	
Type of certification:	Minority and Women-owned business certifications
Supplier Processing Fee:	Fee to vendor
Validation Period:	Valid for 4 years.
Telephone:	512-463-6363
Web Address:	http://www.tbpc.state.tx.us/hub