

AT&T's support for the LULAC Empower Hispanic America with Technology Initiative is just one snapshot of our citizenship commitment. With the help of \$2.5 million in grants from AT&T, LULAC has developed 55 community technology centers in low-income Hispanic communities.

Connecting With People, Everywhere They Live and Work

AT&T's Corporate Citizenship Commitment

The new  **at&t**

AT&T Citizenship: Contents

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AT&T Citizenship: Commitment

A quest to connect people — when, where and how they want. A passion to deliver meaningful innovation. And, every step along the way, a devotion to our employees and to serve our customers and communities.

At AT&T, we promise always to act responsibly on behalf of our customers, stockholders and employees, and to improve the quality of life in our communities.

Our corporate responsibility commitment encompasses:



Community

... where our AT&T Foundation has provided \$1.9 billion in charitable support nationwide
... and nearly 365,000 employees and retirees form part of the largest industry-sponsored volunteer group in the U.S.



Diversity

... with a workforce that is more than one-third people of color and nearly half women
... and an enduring legacy as a pioneer in supplier diversity – including \$5 billion in spending in 2007



Environment

... where we work to champion air pollution reduction, environmental research, waste reduction and energy conservation
... and keep the workplace safe and healthy by integrating sound practices into our business decisions



Governance

... as we demand honest and ethical conduct in all of our operations
... and have pioneered some of the most meaningful innovations in modern history and have improved the way people live and work

But why? Yes, it's the right thing to do — and that's paramount. And, yes, it's good business. At AT&T, we believe that good citizenship spurs growth, creates stability and triggers new opportunities to help the world communicate.

It's called connecting. It's what we've always done best.

Community: Philanthropy

Advancing education. Strengthening communities. Improving lives.

These are the goals of AT&T and the AT&T Foundation, the corporate philanthropy organization of AT&T Inc. We fund programs that create learning opportunities and meet the needs of diverse communities across the country.

A Look at Our Giving

- > AT&T and the AT&T Foundation have provided more than \$1.9 billion in charitable support to communities across the country.
- > In 2007, AT&T contributed more than \$164 million through corporate-, employee- and AT&T Foundation-giving programs.
- > *Forbes* magazine ranked the AT&T Foundation No. 11 on its 2006 Top 25 Most Generous Corporate Foundations list.
- > The AT&T Foundation is ranked among the largest corporate foundations by the *Chronicle of Philanthropy* and the Foundation Center.
- > AT&T is collaborating with One Economy, Habitat for Humanity affiliates and other low-income housing providers to deliver technology packages and provide increased access to educational, job and workforce resources to 50,000 low-income families.
- > Through the AT&T Excelerator program, AT&T has given more than \$47.8 million in competitive grants to help more than 2,500 community-based organizations integrate technology into their operations and community outreach.

Strengthening Neighborhoods, Enlivening Communities

- > Education is the primary focus of AT&T philanthropy. More than \$45 million was given to support education initiatives across the nation in 2007, and AT&T continues to invest in programs that enhance and enable success in education for students of all ages.
- > The company's community development initiatives help community-based organizations serve the needs of their neighborhoods through expanded educational opportunities and increased technology access.




AT&T, One Economy and Houston Habitat for Humanity partnered to bring in-home Internet access and technology tools to more than 30 low-income Houston families in 2006. Here, AT&T Texas President Jim Epperson joins the effort to make affordable technology available to as many homes as possible and to make a positive impact on the Houston community.

Community: Education

Education – for students of all ages. That's the primary focus of philanthropy at AT&T. Indeed, our AT&T Foundation invests in educational programs that are enhanced by technology and that teach students the necessary skills in order to succeed in an ever-expanding global economy.

Support for Education

- > In 2007, AT&T and the AT&T Foundation provided more than \$45 million to support education initiatives across the nation.
 - > Since 1996, the AT&T Foundation has distributed more than \$428 million to support academic achievement, new classroom technology, after-school programs, teacher-training and many other educational endeavors.
 - > In 2007, the AT&T Foundation launched a \$1.5 million competitive grant program to help nonprofit organizations integrate wireless communications technology into educational projects. The program is designed to help these organizations deliver educational content and create innovative learning opportunities in the communities they serve.
 - > The National Council for Community and Education Partnerships for the Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) received \$10 million from 2004 to 2006 to help low-income students succeed academically in middle and high school and go on to post-secondary education.
- 
- Laura Sanford, president of the AT&T Foundation, interacts with a student at the Boys & Girls Club of San Antonio - Calderon Branch. A longtime supporter of the organization, AT&T funded a new computer technology lab in 2006 fitted with educational software to help children with their homework assignments.
- > AT&T has provided \$4.5 million to support diverse college scholarship programs since 2000, including the United Negro College Fund, the Hispanic Scholarship Fund, the Thurgood Marshall Scholarship Fund, the Asian and Pacific Islander American Scholarship Fund and the National Action Council for Minorities in Engineering.
 - > Since 2005, George Washington University has received \$882,000 to establish and support the AT&T Native American Scholars Program, a first-of-its-kind political leadership development scholarship program for Native American college students at the university's Graduate School of Political Management.

Community: Education

- > Since 2004, the University of Wisconsin Foundation has received \$375,000 to support the Pre-College Enrichment Opportunity Program for Learning Excellence (PEOPLE) program, which provides academic enrichment to minority and disadvantaged youth from public high schools throughout Wisconsin.



The AT&T/One Economy grant program helps low-income families access educational and workforce resources by providing in-home technology. Habitat for Humanity homeowner Tom Martinez and his family have been using their computer and Internet package since 2006. They were the first of 35 families in Austin, Texas, that have been connected.

Supplier Diversity Education Support

AT&T was among the first corporations to sponsor and partner with educational institutions in order to offer expert graduate-level training programs for minority-, women- and disabled-veteran-owned businesses.

Diversity firms that want to work with large corporations must master business basics before becoming corporate strategic partners. AT&T invests in supplier education to help diversity firms improve business operations and transform their businesses when they are ready for the next

level of growth. Several of AT&T's most strategic diversity suppliers are graduates and advocates of the formal educational programs that are supported by AT&T.

- > AT&T sponsors several entrepreneur programs, which provide in-depth business theory and application classes for diversity-owned companies, at universities around the country, including UCLA, Northwestern University, Dartmouth College and the University of Wisconsin-Madison.
- > In 2006, AT&T was presented with the Investor in Education Award by the Tuck School of Business at Dartmouth College for its exceptional commitment to supplier development.
- > In 2006, Northwestern University's J.L. Kellogg Graduate School of Management, in conjunction with the National Minority Supplier Development Council (NMSDC), bestowed its inaugural NMSDC Advanced Management Education Program Alumni Award on AT&T for its leadership in educating minority businesses.
- > Since 2000, the AT&T Foundation has granted more than \$623,000 in diversity supplier educational scholarships and programming.

Community: Military and Veterans

A salute from all of us at AT&T to the brave men and women of our armed forces — including more than 1,800 AT&T employees who have been called to active duty since Sept. 11, 2001, and especially to the 270 who are currently serving in the military. AT&T has a long and unbreakable commitment to those in uniform.

Supporting Military Personnel

- > For more than 85 years, AT&T has remained dedicated to supporting active military personnel, their families and veterans through charitable contributions, sponsorships, the hiring of military veterans and maintaining policies that support reservists when called to duty.
- > Since 2000, AT&T has donated nearly \$8 million in free prepaid phone cards to military members and has provided nearly \$6 million in grants that support military members and related nonprofit organizations.
- > Since January 2006, AT&T has donated more than \$4 million worth of prepaid phone cards to help support U.S. military members and their families. These donations include direct distributions to troops serving in Iraq, Kuwait, Afghanistan, South Korea, Japan and Europe.
- > The company also has built 70 calling centers in Iraq, Kuwait and Afghanistan that help keep military members in touch with their families.

Cell Phones for Soldiers

- > In July 2007, AT&T announced efforts to support Cell Phones for Soldiers (CPFS), a charity that collects and recycles used wireless phones, then uses the proceeds to purchase prepaid phone cards for military members overseas.



AT&T supports Cell Phones for Soldiers founders Brittany and Robbie Bergquist. The teenage sister-brother tandem from Massachusetts started the program in 2004 after hearing a news report about a local soldier who ran up a large phone bill calling home from Iraq.

- > AT&T and CPFS have set a goal of raising \$1.4 million worth of prepaid cards in the first year of their relationship. This goal will enable every military member stationed in Iraq to make a free 20-minute phone call home.
- > To help the charity reach this goal, AT&T has:
 - Opened all 1,800 AT&T-owned retail store locations, in more than 1,100 cities across the U.S., to serve as cell phone-recycling drop-off sites for CPFS.
 - Committed to donating more than \$500,000 in free phone cards and extended a volume discount for purchasing cards.
 - Extended a national call-to-action for cell phone-recycling during the holidays and launched a new online tool for holiday giving at www.att.com/holidayconnect.

Community: Military and Veterans

Community Investment

- > Since 2000, AT&T and the AT&T Foundation have provided more than \$6 million in grants and contributions to organizations that serve active military members and veterans, including the USO, VFW and the American G.I. Forum.
- > The AT&T Foundation has also provided significant support for national memorials and monuments that commemorate the military and veterans, including \$3 million to the World War II Memorial and \$1 million to the Pentagon Memorial.



In addition to donating prepaid phone cards for U.S. military members stationed overseas, AT&T has built 70 calling centers in Iraq, Kuwait and Afghanistan.

Striving to Be an Employer of Choice

- > From 2004 to 2007, *G.I. Jobs* magazine has recognized AT&T as one of the Top 50 Most Military-Friendly Employers.
- > AT&T provides multiple benefits to its military employees, including differential pay for those who report to active duty and benefits options to employees and their families. In addition, AT&T guarantees either the same or a similar position upon an employee's return from service.
- > In 2006, AT&T officially recognized a new employee resource group, the AT&T Veterans. This group coordinates fundraising opportunities and partnerships with organizations that support active-duty, reserve and retired U.S. armed services personnel and their families. It also organizes company-sponsored events in honor of Veterans Day and Memorial Day.
- > AT&T pursues recruiting opportunities with active-duty, reserve and retired U.S. armed services personnel by attending job fairs and hosting presentations at military transition centers or bases.

Economic Development

- > AT&T's Disabled Veteran Business Enterprise (DVBE) Program, established in 1993, helps ensure that disabled-veteran business enterprises are included in the group of eligible suppliers considered for the company's contracts.
- > AT&T has been recognized as one of the Best Corporations for Veteran-Owned Businesses by *Veterans Business Journal* magazine.
- > In 2007, AT&T spent \$49.3 million with disabled-veteran-owned businesses.
- > In 2005, the Association for Service Disabled Veterans (ASDV) awarded AT&T the Patriot Partner Award for its leadership in DVBE programs and for being an advocate for increasing DVBE opportunities. In 2006, AT&T was recognized again with the Sustained Service Award for unwavering support of disabled-veteran-owned business programs.

Community: Volunteerism

More than 14.3 million hours of personal time have been devoted to community outreach activities. That's in excess of \$257 million worth of volunteer time — in 2006 alone. Yes, the AT&T Pioneers are a busy and big-hearted lot. A team of employee and retired volunteers nearly 365,000 strong, the Pioneers provide life-enhancing support to the communities in which they live and work.

Our Volunteers

- > The AT&T Pioneers form part of the largest industry-sponsored volunteer organization in the country, with nearly 365,000 AT&T employees and retirees serving their communities.
- > The main focus of the AT&T Pioneers is providing immediate help when it is needed, along with creating educational and community programs that improve the quality of life.
- > Within the telecom industry, AT&T is the only company that still provides a dedicated staff for managing and advancing the goals of corporate volunteerism.



The AT&T Pioneers donated more than 5,000 dictionaries to 35 schools in Northern California in the fall of 2007 as part of The Dictionary Project. Pictured is AT&T Pioneer Tonie Johnson with students at Pacific Elementary School in Sacramento.

Advancing Education

- > From New York to California, AT&T Pioneers have joined forces with the OASIS Institute to help mature adults learn the technology skills that they need to re-enter the workforce or to volunteer in their communities.
- > AT&T Pioneers have distributed thousands of dictionaries to students through The Dictionary Project, which helps students better understand our complex world.
- > Through Project: Connect, which is designed to teach students how the technologies that they use work, AT&T Pioneers provide teachers with online video games that enable students to have fun while learning about technologies such as e-mail, compression, fiber optics, cable, satellite, cellular and VoIP.
- > Since 1960, the Talking Book Repair program has brought the joy of the printed word to those who cannot see. Each year, AT&T Pioneers refurbish more than 135,000 special cassette- and record-playing machines. More than 2 million machines have been refurbished to date.

Community: Volunteerism

- > Each year, hundreds of children visit the California state Capitol as part of AT&T's annual Kids Days at the Capitol. The two-day, interactive, hands-on educational project teaches fifth-graders how a bill becomes a law in California. In 2007, more than 600 participating students were involved in the mock legislation.

Supporting Our Communities

- > AT&T Pioneers donate and deliver hundreds of food baskets to area food banks for families in need.
- > Since 1997, AT&T Pioneers have worked with Habitat for Humanity International to build homes across the country.
- > In 2007, the AT&T Foundation provided \$230,000 in grants to 46 organizations through the AT&T CARES program. Through the program, employee resource groups, Pioneer chapters and other qualified internal organizations who have provided a specified number of volunteerism hours to the community are allowed to nominate a nonprofit organization to receive a one-time \$5,000 grant.
- > The Dallas Council Pioneers collected more than \$40,000 worth of supplies, including baby and children's food and clothing, for the Plano Children's Medical Clinic in 2007.



AT&T employees stand with PCMC Director Susan Shuler and Collin County Commissioner Phyllis Cole in front of just a small portion of the record-breaking number of items donated by AT&T to the Plano Children's Medical Clinic during a five-day collection effort.



AT&T Pioneers took the company's commitment to connecting people, everywhere they live and work, to a new level when they conducted a wedding for two U.S. soldiers in 2006. From St. Louis, Katie Fields wed Fred Matney, stationed in South Korea, while a justice of the peace officiated from Montana — all via special video conference.

Support for Our Troops

- > AT&T and the AT&T Pioneers have connected hundreds of troops serving in Iraq with their family members and have allowed them to talk via a video online chat session.
- > Since 2003, the AT&T Pioneers have placed a special focus on supporting our troops. Pioneers have packaged and sent out more than 5,000 care packages to troops in Iraq.
- > AT&T Pioneers have teamed up with AT&T Long Distance to provide free calling cards and to connect current military personnel and veterans in VA hospitals and nursing homes with their families.
- > In 2007, AT&T Pioneers in the Bay Area and Nevada held a motorcycle rally with 120 bike riders to raise funds for the local VA hospital. The funds raised provide support to veterans returning from Iraq.

Diversity and Inclusion: Overview

“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 Stephenson
Chairman and Chief Executive Officer

Striving to Be an Employer of Choice

> AT&T's employee resource groups are open to all employees and support the company's commitment to diversity and inclusion. The company's 10 resource groups include:

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

> Today, AT&T's 50-state workforce is 44 percent female and 39 percent people of color.

> DiversityInc ranked AT&T No. 3 among its 2007 Top 50 Companies for Diversity. AT&T also was ranked No. 3 among the Top 10 Companies for Recruitment and Retention.

Community Investment

> 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.

Outreach to Consumers

> In a typical month, AT&T customer service representatives in U.S. call centers converse with customers in more than 170 languages, from Spanish, French, German and Russian to Japanese, Vietnamese, Armenian and Punjabi.

Diversity and Inclusion: African-Americans

As an employer, a business partner and a service provider of choice for African-Americans, AT&T has long been ingrained in this community. Today, African-Americans make up 21 percent of the company's employee base. But beyond the numbers, AT&T is looking to make a positive, daily difference — on a variety of fronts.

Striving to Be an Employer of Choice

- > In 2007, AT&T was ranked No. 1 among the Top 10 Companies for African-Americans by DiversityInc.
- > AT&T was recognized in 2007 as one of the Top 50 Companies for Black MBAs to Work For by *Black MBA Magazine*.
- > *Family Digest* rated AT&T as one of the Best Companies for African-Americans in 2006 and 2007.
- > Also in 2006, the National Action Council for Minorities in Engineering (NACME) recognized AT&T for its work supporting education and local communities and more than 30 years of commitment to NACME's scholarship programs and research activities.
- > AT&T's HBCU Campus Challenge is a unique marketing competition involving 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.
- > Community NETwork, the African-American Telecommunications Professionals of AT&T, supports the company's commitment to inclusion through its efforts in the workplace, the marketplace and the community.



AT&T has a long and strong legacy of working with community organizations focused on empowering diverse cultures. Here, staff members from AT&T, the title sponsor for the third annual Texas Diversity & Leadership Conference, meet with retired Gen. Colin Powell.



Diversity and Inclusion: African-Americans

Community Investment

- > In 2006, the National Urban League received a \$1.6 million grant to create or expand 16 Digital Career Academies located at Urban League affiliates across the country and to provide high-tech career training. The grant builds on a \$1.07 million AT&T Foundation grant to the National Urban League in 2004.
- > Since 2000, the AT&T Foundation has provided nearly \$4.5 million in support to diverse scholarship programs, including the United Negro College Fund.
- > AT&T has a strong history with organizations focused on the empowerment of the African-American community. And, in 2006, AT&T contributed nearly \$14 million to such organizations as the National Urban League, NAACP, National Black Chamber of Commerce, the National Coalition on Black Civic Participation, the Rainbow Push Coalition, National Council of Negro Women, Congressional Black Caucus Foundation, 100 Black Men of America, Southern Christian Leadership Conference and the Black Leadership Forum.



Bob Reed, AT&T vice president-Diversity and Inclusion, gives a welcome message at the Texas Diversity and Leadership Conference. AT&T was the title sponsor for the event, which served to further a statewide dialogue on both diversity and inclusion in the workplace and in the community.

- > The AT&T Foundation provided a \$100,000 grant to 100 Black Men of America in 2006 to support training forums and national outreach for the organization's Mentoring the 100 Way™ program, which certifies volunteers to provide leadership-development training for low-income African-American youth.

Nearly
\$14
million

contributed in 2006 to organizations focused on the empowerment of the African-American community.

Outreach to Consumers

- > AT&T sponsors many local market events in the African-American community, such as:
 - "Home Court," in conjunction with the National Basketball Association.
 - "Quilters of Gee's Bend College Tour" with the Gee's Bend Quilters Collective.
 - Washington, D.C.'s "Black Family Reunion."
 - San Antonio's "Beyond the Dream," in honor of Martin Luther King Jr.
 - Los Angeles' "Black Expo."
- > AT&T strives to develop advertising and marketing campaigns that represent the diversity of the local communities that it serves and that authentically portray African-Americans in positive roles.

Diversity and Inclusion: Asian-Americans

More than 15,000 of our employees, or about 5 percent of our workforce, are of Asian heritage. Our service area covers 2.3 million Asian-American households. And our community impact — especially in the realm of technology — makes a substantial difference.

Striving to Be an Employer of Choice

- > In 2007, the Asian-American Justice Center recognized AT&T with the Bridge Builder Award for the company's leading diversity and inclusion initiatives.
- > APCA (Asian Pacific Islanders for Professional and Community Advancement), FACES (Filipino-American Communications Employees at AT&T), and OASIS (Organization of Asian Indians at AT&T) support the company's commitment to inclusion through their efforts in the workplace, the marketplace and the community.

Community Investment

- > In 2006, AT&T provided more than \$3.7 million to more than 1,280 community organizations serving numerous Asian and Asian-American communities. Grants and corporate contributions supported projects that included technology-center upgrades, language-lab facilities and after-school programs.

- > AT&T is committed to supporting organizations that strengthen Asian-American communities, including:

- Asian-American Justice Center
- Asian and Pacific Islander Wellness Center
- Asian Business Associations
- Asian Pacific American Institute for Congressional Studies
- Asian Pacific American Legal Center
- Asian Women in Business
- Committee of 100
- Economic Business Development
- Organization of Chinese Americans



Members of the Midwest chapter of FACES in Hoffman Estates, IL, used their lunch hour to fill 56 backpacks with purchased school supplies. The backpacks were donated to the AT&T Pioneers' Tools for Learning Project, which helps ensure that hundreds of elementary school children have the supplies they need to start off the school year right.

Diversity and Inclusion: Asian-Americans

Outreach to Consumers

- > AT&T's 22-state footprint covers 2.3 million Asian-American households in the United States and reaches 67 percent of the Asian population in America.
- > In 2005, AT&T launched www.att.com/world, a Web site offering self-service capabilities in the top five most common Asian languages spoken in the United States: Chinese, Vietnamese, Korean, Tagalog and Japanese. The site has received more than 13 million hits since its launch.



AT&T employees and APCA members Doreen Lou, Erwin Furukawa and Arlene Lum pose for a photo after the 2006 APCA Awards Banquet.

- > The company has created media outreach campaigns in Asian languages to announce strategic corporate developments as well as new products and services.
- > AT&T products and services include culturally relevant offers such as Asian-language programming through the company's entertainment strategy and long distance calling plans with competitive international rates.



Chinese Lion Dancers entertain attendees of the APCA Perspectives 2006 conference.

- > Currently, AT&T conducts business in more than 170 languages in select markets, and we market products and services to Asian-American consumers through in-language TV, radio, print and online advertisements, as well as direct-response TV, direct mail and catalogs.



The APCA Southern California Dragon Boat Team has been participating in 500-meter Dragon Boat races for seven years. Traditionally held on the fifth day of the fifth moon on the lunar calendar, dragon boat racing transforms old traditions into an exciting sporting and cultural event and commemorates the life and death of the ancient patriot-poet Qu Yuan, who lived from 340 to 278 B.C. A dragon boat team consists of 18 paddlers, a drummer and a steersman.

Diversity and Inclusion: Hispanics/Latinos

Our service area includes the four states with the highest Hispanic population. Our workforce is 12 percent Hispanic/Latino. And we work to have a daily and meaningful impact in the community, both culturally and economically.

Striving to Be an Employer of Choice

- > *Hispanic Business* magazine has recognized AT&T every year since 1989 as one of the top corporations for Hispanics.
- > Each year since 1998, *LATINA Style* magazine has named AT&T as one of the 50 Best Companies for Latinas to Work for in the United States.
- > The Hispanic/Latino Employee Association of AT&T supports the company's commitment to inclusion through its efforts in the workplace, the marketplace and the community.



Difference-making training is ongoing at the 55 community technology centers funded by \$2.5 million in grants from AT&T to LULAC.

Community Investment

- > In 2006, the League of United Latin American Citizens (LULAC) received a \$1.5 million grant to develop 32 new community technology centers in low-income Hispanic communities and to provide ongoing support for 23 other centers initially funded by a \$1 million grant from AT&T in 2004.
- > AT&T is a strong supporter of Hispanic culture and heritage and has provided grants to institutions such as the Latino Cultural Center and the Smithsonian's Museo Alameda.
- > The Hispanic/Latino Employee Association of AT&T is committed to serving the community through initiatives such as The Hispanic/Latino Employee Association of AT&T High Tech Day, a yearly event that motivates Hispanic students to pursue careers in technology and telecommunications.
- > AT&T is committed to supporting organizations and projects that strengthen the Hispanic community. In 2006, the company contributed more than \$14.3 million to organizations, including the Hispanic Association of Colleges and Universities, Hispanic Leadership Development Foundation, Hispanic Association

Diversity and Inclusion: Hispanics/Latinos

on Corporate Responsibility, Hispanic Scholarship Fund, International Hispanic Cultural Institute, Mexican Fine Arts Center Museum and the National Latina Business Women Association.

Outreach to Consumers

- > AT&T offers service in 22 states, including the states with the highest Hispanic populations: California, Texas, Florida and Illinois.
- > AT&T takes a leading consumer advocate role by distributing information in Spanish to develop programs and initiatives that help customers understand and protect themselves against fraud, scams and deceptive marketing practices.
- > The Spanish-language Web site, www.espanol.att.com, contains relevant product and company information. The site has received more than 46 million hits since launching in 2003.



- > In 2006, AT&T converted 520 retail stores to a bilingual concept, and more are planned for 2007. In select markets, AT&T offers bilingual bills and Yellow Pages directories to Spanish-speaking customers.
- > For more than 25 years, AT&T and its brands have offered Spanish-language customer service through its network of 22 call centers.



In 2007 five AT&T employees were recognized among the Hispanic Association on Corporate Responsibility's inaugural group of Young Hispanic Corporate Achievers and participated in a leadership program in Washington, D.C.

- > AT&T products and services include culturally relevant offers, such as Spanish-language programming through the company's entertainment strategy, ringtones and content for cell phones, and Spanish online content through AT&T Yahoo! High Speed Internet and long distance calling plans with competitive international rates.
- > The company has created media outreach campaigns in Spanish to announce strategic corporate developments, new products and services and community initiatives.
- > AT&T translates all key corporate and consumer announcements into Spanish and distributes them to the Hispanic media. The announcements can also be found under the News section of the AT&T Spanish Web site.
- > AT&T develops culturally relevant Hispanic advertising and marketing campaigns in Spanish. Given the diverse U.S. Hispanic market, AT&T also creates advertisements that target Hispanics in English in ways that are relevant and respectful of the Hispanic culture.

Diversity and Inclusion: LGBT Community

At AT&T, we're always striving to be inclusive and respectful to all communities. We believe that that's well-reflected in our support and outreach to the Lesbian, Gay, Bisexual and Transgender community. As one of the elite LGBT employers of choice and with more than \$2 million directed to nonprofits serving LGBT needs, we're committed to being an all-encompassing advocate.

Striving to Be an Employer of Choice

- > For two consecutive years, AT&T has been included among the Human Rights Campaign's Best Places to Work because of its treatment of LGBT employees.
- > In 2006, AT&T was ranked No. 3 among DiversityInc's Top 10 Companies for GLBT Employees.
- > LEAGUE — the Lesbian, Bisexual, Gay and Transgendered United Employees at AT&T — supports the company's commitment to inclusion through efforts in the workplace, the marketplace and the community.
- > In the company's Equal Employment Opportunity (EEO) policy, AT&T bars employment discrimination based on sexual orientation or gender identity.
- > AT&T was one of the first Fortune 500 companies to adopt domestic partner benefits for its LGBT employees. In most cases, AT&T offers the same health benefits to the same-sex partner of an employee that would be provided to an employee's opposite-sex spouse.



The LEAGUE chapter in Alabama held its third annual teddy bear drive to benefit the Children's Hospital in Birmingham. In partnership with Avon Products, LEAGUE members raised funds to purchase more than 100 teddy bears and 200 stuffed animals for children who were hospitalized during the 2007 holiday season.

Community Investment

- > Over the past decade, AT&T has contributed more than \$2 million to nonprofit organizations directly serving LGBT communities.
- > In 2005, the San Diego Lesbian Gay Bisexual and Transgender Community Center received a \$10,000 grant to support the Latino Services project, which provided bilingual computer-education training classes at the organization's Cyber Center.

Diversity and Inclusion: LGBT Community



In the AT&T Fan Zone at Georgia Pride in June 2007, LEAGUE members marketed AT&T services and networked with prospective customers. Event attendees won prizes such as Mardi Gras beads, Atlanta Braves VIP tickets, AT&T GoPhones and other AT&T souvenirs.

- > AT&T sponsored the Equality California Institute's annual awards and gala in 2006 and 2007.
- > Also in 2005, the Lambda Legal Defense and Education Fund received a \$75,000 contribution to support outreach and a community education program.
- > AT&T supports various national LGBT organizations, such as the Human Rights Campaign, Gay and Lesbian Alliance Against Defamation, Servicemembers Legal Defense Network, Gay and Lesbian Victory Institute, Lambda Legal and National Center for Lesbian Rights.
- > In 2007, members of LEAGUE spent more than 61,000 hours volunteering in their local communities and fundraising on behalf of external organizations.
- > Since 1997, the LEAGUE Foundation has awarded more than \$105,000 in scholarships to self-identified LGBT students.

Outreach to Consumers

- > In past years, AT&T's Marketing and External Affairs organizations and various LEAGUE chapters have reached out to LGBT consumers via sponsorships of numerous pride events across the country. Sponsorships ranged from \$500 to more than \$50,000.
- > Through content provider Akimbo, AT&T Homezone customers have access to a library of unique, niche video-on-demand categories, including content specific to the LGBT community. In addition, AT&T U-verse carries content from LOGO.



LEAGUE members staffed the AT&T booth at the 15th annual Magic City AIDS Walk in Birmingham in October 2007. The Pioneer Clown Troupe made balloons for event attendees. Pioneer cookbooks, donated by the Birmingham South Cahaba Council TelecomPioneers, were sold to benefit Birmingham AIDS Outreach.

Diversity and Inclusion: Native Americans

AT&T is respectful and inclusive of those with Native American lineage.

This past decade, AT&T has contributed nearly \$3 million to nonprofit groups serving Native Americans. AT&T has also supported a strong and growing scholarship program and ongoing efforts to honor this heritage.

Striving to Be an Employer of Choice

- > Native Americans and American Indians make up 1 percent of the company's employee base.
- > ICAE, the Inter-Tribal Council of AT&T Employees, supports the company's commitment to inclusion through its efforts in the workplace, the marketplace and the community.

Community Investment

- > AT&T is committed to supporting organizations and projects that strengthen diverse communities. Over the past decade, the company committed more than \$2.8 million to nonprofit organizations serving Native American communities.
- > The University of Oklahoma Foundation will receive \$1.5 million — from 2006 to 2010 — to support a scholarship endowment program designed to recruit and retain Native American students pursuing technology fields of study.
- > The George Washington University's Graduate School of Political Management received \$882,000 in grants and contributions to fund a first-of-its-kind political-leadership-development program for Native American college students from across the country.

- > The American Indian College Fund received a \$15,000 grant to support a scholarship program, benefiting tribal college students studying math, science, technology and business.
- > In 2007, members of ICAE participated in Operation Morningstar, a program that seeks to identify and provide aid for poverty-stricken Native Americans.
- > Since 2000, ICAE has awarded more than \$30,000 in scholarships to Native American students.
- > ICAE is a proud supporter of the National Museum of the American Indian and the Women of Nations program.

Outreach to Consumers

- > Through the Lifeline program, AT&T offers discounted phone service for qualified individuals located on federally recognized tribal lands (in select regions). The Lifeline program includes discounted basic residential telephone service, discounted connection charges, free toll-blocking service and a waiver of federal subscriber-line charges.

Diversity and Inclusion: People With Disabilities

AT&T's long heritage of working with people with disabilities helps us better understand and serve all of our customers, including those with disabilities. AT&T strives to be the employer, business partner and service provider of choice for people with disabilities and to develop products and services that provide access to advanced communications tools.

Striving to Be an Employer of Choice

- > U.S. Department of Labor Secretary Elaine Chao honored the former Cingular Wireless with the New Freedom Initiative Award for its innovative employment practices relating to people with disabilities.
- > AT&T has several employee resource groups that are open to all employees and reflect the diversity within the company. IDEAL — Individuals with Disabilities Enabling Advocacy Link — supports the company's commitment to inclusion through efforts in the workplace, the marketplace and the community.
- > AT&T's holistic approach to support its workforce drives its Integrated Disability Service Center. The center provides various services to AT&T to help employees maintain their work commitments when they are faced with medical conditions or disabilities that impact how they perform the essential functions of the job. AT&T's Job Accommodation process allows employees with disabilities to request arrangements for temporary or permanent work restrictions and for reasonable accommodations to assist them in the performance of their job.



Members of IDEAL join together at their annual conference to enhance understanding and awareness of the challenges facing individuals with disabilities in the workplace.

Community Investment

- > During the past 10 years, the AT&T Foundation has contributed more than \$10.3 million in grants to disability-related organizations across the country.
- > In 2006, the Community Technology Centers' Network (CTCNet) received a \$1 million grant to provide new technology resources to people with all types of disabilities, including learning disabilities. In collaboration with the Alliance for Technology Access (ATA), CTCNet upgraded technology services and equipment to benefit people with disabilities at community technology centers nationwide.

Diversity and Inclusion: People With Disabilities

- > In 2006 and 2007, the Center for Accessible Technology received a total of \$200,000 in AT&T support for the development of a human factors usability lab and research for assistive technologies.
- > In 2007, the AT&T Foundation provided a \$50,000 grant to San Antonio Lighthouse for the Blind, which provides educational programs, community support services, career development and training classes for people with low vision.
- > Also in 2007, AT&T provided a \$50,000 contribution to the National Disability Institute for its Real Economic Impact Tour, which provides income preservation asset development for persons with disabilities.



The AT&T Pioneers' Challenger Club in Houston volunteered at The Lighthouse for the Blind Beeping Easter Egg Hunt in 2007. Pioneers donated candy and helped hide beeping eggs for children with low vision, as well as regular eggs for their siblings.

Outreach to Consumers

- > The AT&T Advisory Panel on Access and Aging (AAPAA) is composed of prominent national leaders of organizations focused on disability and/or aging. The AAPAA meets quarterly with business unit leaders across AT&T to provide counsel on issues related to products and services, marketing, customer relations and the employment of people with disabilities.
- > AT&T is a proud sponsor of the 2008 U.S. Olympic and Paralympic teams and features two-time defending Paralympic 100-meter gold medalist Marlon Shirley in AT&T Home Turf, an interactive streaming webisode series that gives fans behind-the-scenes access to the lives of professional athletes.
- > AT&T has developed two Web sites, www.att.com/access and www.wireless.att.com/disabilityresources, that help customers with disabilities easily obtain information on accessibility solutions for communications tools.

Innovation in Action

- > AT&T Labs' human factors engineering team tests the usability of many of the company's designs so that products and services are accessible to and usable by all customers.
- > AT&T offers TTY Relay Service, Internet Relay Service and Video Relay, which combine technology with a dedicated team of employees who offer 24/7 assistance for people who are deaf, have a hearing loss or have a speech disability to help them and people without hearing or speech disabilities communicate in the home, the workplace and the community.
- > AT&T is partnering with Code Factory to offer two new wireless software products, Mobile Speak and Mobile Magnifier, to increase usability for customers who are blind or have low vision.

Diversity and Inclusion: Women

With women making up nearly half of AT&T's workforce — including more than 40 percent of our managers — it's clear that we're committed to recruiting and hiring a diverse workforce. That commitment to women has long extended into the community and to our business partners.

Striving to Be an Employer of Choice

- > Today, AT&T's 50-state workforce is 44 percent female.
- > In 2006, AT&T's tuition reimbursement program assisted nearly 3,000 employees, 58 percent of whom were women.
- > The 2005 Catalyst Census of Women Board of 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.
- > In 2005, AT&T was ranked in the top 10 among the *Fortune* Global 200 largest companies for its high percentage of female board members.
- > The Women of AT&T supports the company's commitment to inclusion through its efforts in the workplace, the marketplace and the community.

More than
40
percent

of our managers are women. Our board of directors is 38 percent female.



On Go Red for Women Day, the Oklahoma City Chapter of the Women of AT&T wore their favorite red clothes and joined thousands of women across the country to help the American Heart Association support education about heart disease in women.

Community Investment

- > AT&T has long supported women's initiatives through AT&T Foundation giving. Since 2000, more than \$28 million has been given to projects that enhance girls' education opportunities in math and science, that provide training for girls to acquire technology skills and that support female-owned businesses through training and incubation initiatives.

Diversity and Inclusion: Women

- > AT&T provided the single largest corporate contribution to any women's organization, fund or program with its \$10 million grant in 1998 to help build The Women's Museum — a Smithsonian Institution affiliate in Dallas.
- > In March 2006, the AT&T Foundation provided a \$100,000 grant to the International Museum of Women to support Imagining Ourselves: A Global Generation of Women. The project includes an interactive, online exhibit at www.imow.org, and features stories and art focusing on the experiences of young women, as well as a series of gatherings in which participants discuss the collection.



In April, Women of AT&T members from the San Antonio chapter held their annual charity golf tournament. Proceeds from the tournament benefit local women's and children's charities.



AT&T employees in Oklahoma City got behind the wheel to help contribute to the BMW Ultimate Drive supporting Susan G. Komen for the Cure. Upon completion of every drive, each participant added her own name to the vehicle, which is a living memorial in honor of those who have lost their battle against breast cancer.

- > Since 2000, AT&T has also contributed nearly \$1.5 million to support the Girl Scouts of the USA and local chapters through programs such as the Read to Lead and Girl Scout Family Literacy Project, as well as to establish an integrated technology platform between the headquarters and local councils.
- > In February 2007, a \$350,000 grant was awarded to the Atlanta Women's Foundation Inc. to support public education, advocacy and leadership-development initiatives for underserved women and girls of Atlanta.

Supplier Diversity

Continuing to build on our 40-year legacy as a pioneer in supplier diversity, AT&T's ongoing initiative is crucial to our business. And it's a key component in delivering the best products and services to our customers. Promoting, increasing and improving the quality of participation of minority-, women- and disabled-veteran-owned business enterprises in our supply chain is what this vital program is all about. We are proud to be recognized as a national leader in developing and implementing supplier diversity best practices.

Our Spending Record

- > In 2007, AT&T spent \$5 billion with diverse suppliers, representing 12.5 percent of its procurement base. In the past 10 years, AT&T spent more than \$27 billion with diverse suppliers, an increase of 288 percent.
- > AT&T has an aggressive goal to spend 21.5 percent of its total procurement budget with diversity-owned enterprises. Specifically, the company's diversity goals are:
 - 15 percent with Minority Business Enterprises (MBE).
 - 5 percent with Women Business Enterprises (WBE).
 - 1.5 percent with Disabled Veteran Business Enterprises (DVBE).
- > In 2006 and 2007, AT&T ranked No. 1 among DiversityBusiness.com's Top Organizations for Multicultural Business Opportunities. Voting business owners have included AT&T in this list for eight consecutive years, every year since the list's inception, based on the consistency and quality of business opportunities granted to minority- and women-owned companies.
- > 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 companies qualify at this level.



Supplier Diversity

Minority Business Enterprises (MBE)

- > In 2007, AT&T spent \$3 billion with minority-owned firms.
- > AT&T is represented on the board of directors and is an active member of the National Minority Supplier Development Council. AT&T has been recognized by the organization for its longtime distinguished record of supporting minority businesses.



Women's Business Enterprises (WBE)

- > In 2007, AT&T spent \$1.8 billion with women-owned businesses.
- > AT&T's formalized WBE program has been in place for more than two decades.
- > AT&T has been named as one of America's Top Corporations for Women's Business Enterprises by the Women's Business Enterprise National Council for nine consecutive years for its efforts in breaking down barriers that keep women-owned business enterprises from gaining fair access to procurement opportunities.

Disabled Veteran Business Enterprises (DVBE)

- > In 2007, AT&T spent \$49.3 million with disabled-veteran-owned businesses.
- > AT&T's DVBE program, established in 1993, helps ensure that disabled-veteran business enterprises are included in the group of eligible suppliers considered for the company's contracts.
- > In 2005, AT&T received the Patriot Partner Award from the Association for Service Disabled Veterans (ASDV) for its leadership in DVBE programs and for being an advocate for increasing DVBE opportunities. The following year, AT&T was recognized again by the ASDV with the Sustained Service Award for the company's unwavering support of disabled-veteran-owned business programs.
- > In 2007, *Veterans Business Journal* named AT&T as one of the Best Corporations for Veteran-Owned Businesses for being a corporate leader and advocate for increasing DVBE opportunities.



Environment

At AT&T, we strive to be good stewards in the communities we serve. Caring for the environment and for people's health and safety is a critical part of corporate citizenship. We are committed to sound policies and practices in those areas on behalf of our employees and business contacts.

Stewardship

- > AT&T includes environment, health and safety performance specifications in network equipment design standards.
- > AT&T educates employees on environment, health and safety (EH&S) issues through the EH&S intranet site — a hotline operating 24/7 — and compliance and awareness job aids, programs, practices and training.
- > The AT&T Executive Environmental Council provides a regular forum for the company's senior management to discuss environmental policies, review performance of environmental management systems and ensure environmental compliance.



AT&T has led the way in environmental research by mentoring students in the field and by providing three faculty fellowships annually. AT&T employees joined Georgia Southern University to present Dr. Wei Tu with a \$25,000 grant and name him an AT&T Faculty Fellow in Industrial Ecology.

- > AT&T supports employees' efforts to improve environmental and energy-efficient behavior at work, home and in their communities. AT&T recognizes employees and teams that make noteworthy contributions to the environment with the Champions of the Environment award.

Energy Conservation

- > AT&T conducted comprehensive energy audits in its top 325 energy-consuming buildings in 2006 and 2007.
- > AT&T has established a policy to purchase Low Emissions Vehicles (LEV) or Partial Zero Emissions Vehicles (PZEV) for the company's fleet.
- > AT&T has initiated a pilot program to test hybrid vehicles to assess their service capabilities and potential energy-consumption benefits.
- > In March 2007, AT&T co-sponsored the inaugural Telecommunications Carriers' Group (TCG) Energy Summit. AT&T, a founding member of the TCG, invited selected manufacturers to share information and ideas on driving energy efficiency into telecommunications network equipment.

Environment

- > In 2005, AT&T became the first telecommunications company to join the California Climate Action Registry for operations in California. This registry, created by a California statute in 2001, helps companies and organizations track, publicly report and reduce emissions of the gases that can lead to global climate change.

Waste Reduction

- > AT&T recycles used oil and antifreeze from its fleet of service vehicles and backup power generators. This reduces energy usage, waste and the generation of air emissions associated with petroleum production and refining.
- > AT&T actively promotes online paperless billing and printing double-sided phone bills.
- > AT&T offers a national recycling program to help its customers play an important role in reducing waste. Through the AT&T Reuse & Recycle program, consumers are invited to bring unwanted wireless phones, personal digital assistants (PDAs), accessories and batteries (regardless of the manufacturer or carrier) to AT&T-owned retail stores and participating authorized dealer stores for recycling.
- > AT&T refurbished and recycled nearly 3.9 million phones and recycled more than 911,000 pounds of accessories and batteries in 2007.
- > AT&T Yellow Pages directories are produced to be recyclable and are printed on paper containing at least 40 percent post-consumer recycled content. Directory books are recycled into new phone books, newsprint, cardboard boxes, compost, insulation and other household products.



By promoting alternate billing practices such as e-bill, AT&T reduces waste and the unproductive use of valuable resources. The AT&T Billing Solutions Technology team has suppressed more than 123 million pages of customer invoices over the past 18 months.

- > AT&T is identifying and removing thousands of miles of old copper cable that's no longer in use, selling it to recyclers and using some of the proceeds to pay for network upgrades.

Research

- > AT&T has led the way in research on industrial ecology — a multidisciplinary science that investigates how the economy and the environment can coexist.
- > For the past 13 years, the AT&T Foundation has provided awards of \$25,000 to three academic researchers.
- > In 2006, the *Journal of Industrial Ecology* honored AT&T for the company's pivotal role in the journal's development and for its contributions to the field of industrial ecology.

Environment

Products and Services

AT&T offers a diverse selection of products and services that provide its customers with choices that can reduce their environmental and energy impacts associated with activities such as material-handling, transportation alternatives and travel.

- > E-billing, consolidated billing and online documentation provide options to reduce unnecessary paper consumption and other waste products commonly associated with the communications media supply chain.

**Nearly
3.9
million**

phones were refurbished and recycled, and more than 911,000 pounds of accessories and batteries were recycled in 2007.

- > Teleconferencing, video conferencing and Webconferencing provide customers with a variety of choices that “dematerialize” the products and services that they choose. These communications technologies also provide businesses and customers with potential cost savings.

- > Through a collaboration with Cisco, AT&T offers the TelePresence Meeting solution, a new type of video conferencing service that combines rich audio, High Definition video and interactive elements to deliver a virtual in-person experience. The service, which runs on the AT&T corporate network, can be used by customers in place of unnecessary travel and when meetings demand a high level of collaboration.
- > Web hosting provides reliable power to AT&T’s Web site-ownership customers, thus consolidating, centralizing or otherwise customizing strategic telecommunications facilities that would normally be designed, built and managed individually.
- > Use of AT&T services, including entertainment media (music and video downloading), reduces environmental impacts commonly attributed to CD/DVD packaging, manufacturing, transporting and disposal.
- > AT&T retail facilities offer end-to-end life-cycle management of select customer equipment, including integrated recycling of mobile phones, accessories, batteries and PDAs.

Governance

“AT&T is committed not only to adhering to laws and regulations that govern our business but also to the highest standards of ethics, integrity and personal and corporate responsibility. In so doing, we have gained and retained the public’s trust and confidence for more than a century. We have become a global leader by keeping our house in order.”

— Randall Stephenson

Chairman and Chief Executive Officer

AT&T Code of Ethics

AT&T’s Code of Ethics provides all directors, officers and employees with guidelines on the company’s values and expectations. The principles and procedures set forth in the code are intended to:

- > Encourage honest and ethical conduct, including fair dealing and the ethical handling of conflicts of interest.
- > Encourage full, fair, accurate and timely disclosure.
- > Encourage compliance with applicable laws and governmental rules and regulations.
- > Ensure the protection of the company’s legitimate business interests, including corporate opportunities, assets and confidential information.
- > Deter wrongdoing.

**We
earn
trust**

by speaking clearly and honestly and by keeping promises. We adhere to the highest ethical standards.

Code of Business Conduct

AT&T’s Code of Business Conduct provides basic guidelines that help employees make responsible and ethical decisions. At least once a year, employees must sign an acknowledgment stating that they have read the code and that they understand it, both in letter and in spirit. Violations are considered a serious matter and may result in disciplinary action, including dismissal. As outlined in the Code of Business Conduct:

- > Employees are expected to comply with all applicable laws, regulations, court and commission rulings governing our business in every country in which we operate.
- > Employees must treat our customers with courtesy and respect, and they must maintain and respect customers’ privacy, as required by law.

Governance

- > Furthermore, they must ensure that company property is used appropriately and only for the benefit of AT&T, its customers and stockholders.
- > Employees are required to adhere to federal securities laws and to refrain from buying or selling AT&T stock and the stock of any other company based on information that is not yet disclosed to the public.

Ethics and EEO Line

The AT&T Ethics and EEO Line is a hotline that has been specially developed so that every employee knows that suspected violations of the Code of Business Conduct or other company rules and practices can be reported outside the chain of command. Callers to the line are not required to identify themselves.

Corporate Governance Guidelines

AT&T's Corporate Governance Guidelines were developed by the company's board of directors as a common set of expectations for how the board and its committees should perform their duties. These guidelines provide instruction on topics such as the qualifications for board membership and the standards for assessing the directors' independence. They also address the holding of regular executive sessions of nonmanagement directors, the structure and governance of the committees and the self-evaluation process for the board and its committees.

Responsibility to Stockholders

- > AT&T greatly values the trust and confidence that our stockholders place in the company. In recent years, we have taken many steps to benefit our stockholders and strengthen their confidence in the way we run our business.
- > We have made changes in executive compensation by replacing stock options and restricted stock with performance shares as long-term compensation — better aligning the interest of our managers with those of our stockholders.



In June 2007, Randall Stephenson took the reins of the world's largest communications company as chairman and CEO.

- > In uncontested elections (where the number of candidates is equal to or less than the number of board positions), we now require that directors be elected by a majority vote, allowing stockholders to vote for or against each director. This puts us at the forefront of an issue that many stockholders view as a key corporate governance matter.
- > Our efforts are reflected in AT&T's Corporate Governance Quotient scores from RiskMetrics Group. As of our annual meeting in April 2007, our GCO score was better than 82.2 percent of the S&P 500 companies and better than 99.2 percent of the companies in the telecommunications industry.

